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POVERTY REDUCTION AND SUSTAINABILITY
AT THE BASE-OF-THE-PYRAMID:
CHALLENGES FOR NEW AND
EXISTING BUSINESS MODELS

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“Like slavery and apartheid, poverty is not natural. It is man-made and it can be overcome and eradicated by the actions of human beings.”

– Nelson Mandela –

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Danksagung

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List of Abbreviations

4C	Common Code for the Coffee Community
ACCORD	Accord on Fire and Building Safety in Bangladesh
AOM	Academy of Management
BOP	base-of-the-pyramid
CCO	communicative constitution of organisations
CO ₂	carbon dioxide
COVID-19	coronavirus disease 2019
CSR	corporate social responsibility
DFG	Deutsche Forschungsgemeinschaft
EGOS	European Group for Organizational Studies
HPI	Human Poverty Index
IBA	Inclusive Business Accelerator
ISO	International Standard Organization for Standardization
MDG	Millennium Development Goal
MPI	Multinational Poverty Index
NGO	non-governmental organisation
OECD	Organisation for Economic Cooperation and Development
PPP	purchasing power parity
SDG	Sustainable Development Goal
UN	United Nations
UNDP	United Nations Development Programme
UTZ	UTZ certified (from <i>Utz Kapeh</i> , meaning ‘good coffee’ in Mayan language Quiché)
VHB	Verband der Hochschullehrer für Betriebswirtschaftslehre

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Overview of Dissertation Papers

No.	Title	Author(s)	Journal/ Outlet VHB classification & Impact Factor	Status (as of April 2021)	Conference Presentations and Reviews	Awards
I	Gaining Mutual Benefits Through Business-non-profit Partnership in Base-of-the-Pyramid Markets: A Relational View	Grimm, Jordis & Gilbert, Dirk Ulrich (2019)	Chapter in peer-reviewed book: Sales, Arnaud (ed.): Corporate Social Responsibility and Corporate Change. Ethical Economy (Studies in Economic Ethics and Philosophy), Vol. 57. Springer, pp. 177-203.	Published (print & ebook) https://doi.org/10.1007/978-3-030-15407-3_9	- 78th Academy of Management Annual Meeting 2018, Chicago. Paper Session.	n/a
II	Cognitive Frames of Poverty and Tension Handling in Base-of-the-Pyramid Business Models	Grimm, Jordis (2020)	<i>Business & Society</i> VHB JourQual3: B Clarivate Impact Factor: 4.074	First Published November 2020 https://doi.org/10.1177/0007650320975184	- Accepted after three rounds of ‘revise and resubmit’ for the <i>Business & Society</i> special issue “ <i>New Perspectives on Bottom of the Pyramid Strategies</i> ”. Guest editors: Nikolay A. Dentchev, Alain Verbeke, Jeremy Hall, Laura Michelini & Jenny Hillemann.	n/a
III	The Influence of Agonistic Deliberation on Decoupling and Recoupling: A Process Perspective on the DETOX International Sustainability Standard	Grimm, Jordis; Schormair, Maximilian & Gilbert, Dirk Ulrich	<i>Journal of Management Studies</i> VHB JourQual3: A Clarivate Impact Factor: 4.888	Under Review (first round)	- 80th Academy of Management Annual Meeting 2020, Vancouver (virtual). Paper Session. - 36th EGOS Colloquium 2020, Hamburg (virtual). Presentation in sub-theme 33 ‘Multiple Lenses on the Complexity of Institutions’. - Early short paper version “Co-Constructing Decoupling and Recoupling: A Process Perspective on the IAS DETOX” published in AOM Proceedings 2020 as Best Paper short version. https://doi.org/10.5465/AMBPP.2020.151	<i>AOM SIM Division Best Paper List (5% of accepted papers)</i>

Synopsis

1 Introduction

„Poverty is pain, it feels like a disease. It attacks a person not only materially but also morally. It eats away one’s dignity and drives one into total despair.”

A poor woman from Moldavia 1997 (cited in Naraya 2000, p.2)

The number of the global poor has declined for decades. In 1990, the World Bank still termed more than one third of the global population or 1,985 million people extreme poor (World Bank, 2018, p. 21). In their last global account in 2017, the World Bank announced that 689 million people or 9.2 percent of global population lived in extreme poverty (World Bank, 2020, p. 2). This is undoubtedly a positive development. However, I invite all readers of this dissertation to pause for a moment, bringing to mind that 689,000,000 individual, tragic, bitter fates hide behind the actual number of the global poor. More than 40 percent of the poor live in economies affected by fragility, conflict and violence, and half of those living in extreme poverty are children. Taking into account higher poverty lines reflecting conditions of lower-middle-income countries, one quarter of the world’s population lives in poverty (World Bank, 2020, p. 29). Moreover, the number of the global poor is expected to rise again for the first time in a generation, as the Covid-19 pandemic reinforces the influence of climate change and armed conflicts that were already slowing down poverty reduction progress over the past few years (World Bank, 2020, p. 21). All the more urgent echoes the call to “end poverty in all its forms everywhere” (United Nations, 2015, p. 14) . It should be part of our innermost values not to abandon any sister or brother of humankind to endless poverty. It is extremely difficult to overcome poverty yourself and alone. First, poverty is related to structures that those affected by poverty can rarely influence (Royce, 2018). Second, poverty is a condition that makes it more difficult in a physical and mental way for people to surpass challenges in comparison to people who are not affected by poverty. Poverty can paralyse: malnutrition makes you tired, poor education prevents you from exploiting your inherent potential, and managing every day your own survival as well as your children’s and your family’s survival is exhausting all economic and temporal resources (Banerjee & Duflo, 2012). Hence, reducing and finally abandoning poverty must be a collective task, not least because poverty is inextricably linked with wealth. Some people can live in prosperity because others stay poor. Many of those products and services we daily benefit from are based on exploitative work, pollution not affecting us but others, colonial

structures created by our ancestors, or borrowings from the future in form of CO₂ emissions, for which our grandchildren will pay less interests than the grandchildren of people living in other climatic regions. Taking action against poverty is an ethical imperative and a normative necessity.

This was already recognized by the authors of the seminal UN report “Our common future”, also known as the Brundtland Report, that laid the foundation for a global political consensus to strive for a more sustainable development on a global scale. They declared: “*Sustainable development requires meeting the basic needs of all and extending to all the opportunity to fulfil their aspirations for a better life. A world in which poverty is endemic will always be prone to ecological and other catastrophes*” (United Nations, 1987, (3), par. 27). Sustainable development means to not only strive for intergenerational justice – emphasized through the fight against climate crisis and environmental degradation – but also for intragenerational justice – giving importance to those who suffer from poverty today. The fight against poverty is inevitably part of any effort towards sustainability.

The call to contribute to poverty reduction addresses actors not only from the political sphere but also from the economic sphere. Corporations and managers can influence the life and livelihood of poor people. Management scholar C.K. Prahalad adopted this idea during the late nineties. He did not frame a normative request but linked the topic of poverty with making a fortune (Prahalad, 2005; Prahalad & Hart, 1999). In his view, it was possible to abandon poverty, if only managers in multinational corporations changed their way of thinking. According to Prahalad, managers should not see the poor as a tragedy or problem separated from their own business activities, but as viable costumers and business partners. From this perspective, the world of the poor is an untapped market where fortunes can be made. He coined the term base-of-the-pyramid and its acronym BOP, describing the bottom layer of the global income pyramid, where it is worthwhile doing business to mutual advantage of both corporations and the poor. Management scholars and practitioners took up the idea and the term, starting the BOP debate (Dembek et al., 2020; Kolk et al., 2014).

As the author of this dissertation, I was fascinated by the BOP concept from the start, as it combines my two academic interests, i.e. management science and international development. However, at the same time I was shocked by the shallowness, with which corporate approaches were suggested as a quasi-panacea for the complex, systemic, multi-layered, not consistently defined concept of poverty. In this spirit, the motivation was born to engage with the BOP concept in a dissertation thesis that allows for thoroughly studying the literature, spotting gaps

and developing own contributions to consolidate the debate. This dissertation is the result of my efforts.

Studying the BOP literature, I observed a striking shortage of the debate. There is a clear lack of focus on poverty and an almost exclusive emphasis on challenges for profitability, hardly considering challenges for poverty reduction, even though the objective of contributing to poverty reduction is part of the defining core of the BOP concept (Dembek et al., 2020; Kolk et al., 2014). BOP business models aim at both profitability and poverty reduction by including people from the BOP as consumers or in value adding activities. Therefore, this dissertation lays the focus on shifting the BOP debate towards a conceptualisation of poverty and the analysis of under-examined challenges for poverty reduction. This cumulative doctoral thesis studies challenges for poverty reduction from different perspectives and applies varying theoretical lenses. More precisely, I analyse challenges for poverty reduction internal versus external to the business that initiates a business model with intended poverty impact, as well as challenges specific for implementing new business models versus challenges for adapting existing ones. Furthermore, I vary the levels of analysis, taking into account the micro level of individuals, who take decisions for BOP business models that are shaped by cognitive frames of poverty, the meso level of organisations that form business-non-profit partnerships, and the macro-level of the institutional environment that influences organisations adapting existing business models to positively impact BOP communities and workers through international sustainability standards. Figure 1 gives an overview of the perspectives taken and aligns the three dissertation papers accordingly.

Challenges for poverty reduction through implementing new business models through adapting existing business models ...
... external to the business ...	<p>Paper I</p> <p>... related to business-non-profit partnerships.</p> <p>level of analysis: meso-meso</p>	<p>Paper III</p> <p>... related to implementing international sustainability standards.</p> <p>level of analysis: macro-meso</p>
... internal to the business ...	<p>Paper II</p> <p>... related to cognitive frames of poverty.</p> <p>level of analysis: micro-meso</p>	

Figure 1: Classification of the dissertation articles (own illustration).

Paper I titled “*Gaining Mutual Benefits Through Business-non-profit Partnership in Base-of-the-Pyramid Markets: A Relational View*” is a conceptual paper that firstly explores the meaning of mutual value creation in business-non-profit partnerships and secondly analyses the characteristics of the determinants of economic and social value creation in partnerships at the BOP through applying a framework of the relational view (Dyer & Singh, 1998). Paper II titled “*Cognitive Frames of Poverty and Tension Handling in Base-of-the-Pyramid Business Models*” is empirical in nature and identifies four cognitive frames of poverty that differ in content and structure. Building on these frames, the study explores how different cognitive frames of poverty shape the handling of poverty-profitability tensions that corporate actors are confronted with while implementing BOP business models. Paper III titled “*The influence of agonistic deliberation on decoupling and recoupling: A process perspective on the DETOX international sustainability standard*” expands the BOP concept to the adaptation of existing business models and the possibility to impact the BOP through the substantial implementation of international sustainability standards. It explores how a standard setter’s and a standard taking organisation’s interactions unfold over time and how the sequences of deliberative interactions of varying levels of agonism are linked with implementation efforts at the company. Paper III thereby emphasizes the strong link between poverty reduction and sustainable development as a broader concept. In sum, this doctoral thesis conceptually and empirically explores different challenges for poverty reduction through BOP business models and thereby contributes to a shift of the BOP discussion towards a better consideration of poverty and a theory-based analysis of barriers for its reduction.

The synopsis of this cumulative doctoral thesis proceeds as follows: Chapter 2 focuses on the theoretical backgrounds of the dissertation. In the first two sub-chapters, it lays the foundation through addressing the course of the BOP debate over the past 15 years (2.1) and by introducing the discussion of poverty in theory and practice and its strong connection with sustainability (2.2). In the following, chapter 2 addresses challenges for poverty reduction through implementing new business models (2.3) and adapting existing ones (2.4), outlining for each perspective the central theoretical concepts and related debates on which the three research papers of this dissertation are based. These are business-non-profit partnerships (2.3.1), cognitive frames (2.3.2), international sustainability standards (2.4.1), and decoupling (2.4.2). In chapter 3 “Research Agenda”, I address the major shortcomings of the relevant literature, present the four research questions of the three papers, show how they build on each other, and argue why it is relevant to answer them. Chapter 4 gives an overview of the methodological approach of the dissertation, differentiating between conceptual methods (4.1) and empirical methods

(4.2). In respect to the latter, I explain sampling strategy (4.2.1), data collection (4.2.2), and data analysis (4.2.3) for each of the two empirical papers. Thereafter, I provide the key substance and central line of argumentation of each paper in chapter 5 “Summary of Articles”. Subsequently, I reflect on the overall contribution of the dissertation as a whole as well as of the individual papers (6.1) and outline practical implications (6.2). Chapter 7 represents the final section of the synopsis, where I stress limitations and avenues for future research. The synopsis is then followed by the full versions of all three research articles. I added Paper II and Paper III in the format of the published versions and Paper III in the format of the submitted version.

2 Theoretical Background

C.K. Prahalad and Stuart Hart were the first to introduce the term base-of-the-pyramid to management science (Prahalad & Hart, 1999, 2002). The publication of the book “The Fortune at the bottom of the pyramid” by Prahalad (2005) further pushed the academic and practitioner-oriented discussions on business approaches targeting the BOP. Since then, scholars adopted a variety of different theoretical perspectives to describe such approaches and to discuss sense and meaning of BOP and BOP business, antecedents and outcomes of BOP approaches, and ethical concerns. In this section, I will portray the overall development of the BOP debate in management science over the past 15 years and outline critical perspectives (2.1). Since the BOP approach and its critique are inextricably linked to the concept of poverty and its deficient recognition in the debate so far, I will thereafter outline how poverty is discussed by professionals and academics in the international development sphere (2.2). After having elaborated on these fundamental and interlinked debates, I will differentiate between two groups of challenges arising from the attempt to address poverty at the BOP through corporate approaches. First, I accentuate challenges for implementing new business models (2.3) with a focus on the challenges linked to business-non-profit collaboration (2.3.1) and cognitive frames (2.3.2). Second, I stress challenges for adapting existing business models (2.4) and especially emphasise the challenges linked to international sustainability standards (2.4.1) and decoupling (2.4.2).

2.1 Base-of-the-pyramid business models

One way to graphically organise the world population into groups of income results in a pyramid. This pyramid has a very broad base representing the majority of the world’s population that has available a comparatively low income, a middle layer with moderate income and a small top layer with comparatively high income. Thus, the so-called base-of-the-pyramid

(BOP) refers to the economically weakest part of the world population, mainly people in so-called developing and emerging countries. The term BOP was coined by management scholars C.K. Prahalad and Stewart Hart (Prahalad, 2005; Prahalad & Hart, 2002), who suggested that the global poor and corporations alike can benefit from approaching the BOP with new business models, thus combining profitability with poverty reduction. At the core of the BOP concept are two aspects (Dembek et al., 2020; Kolk et al., 2014; Lashitew et al., 2021): first, the inclusion of people considered to be part of the BOP, in a corporate value chain as either consumers of products and services or in value adding activities; second, the two-fold objective of contributing to poverty reduction while at the same time sustaining corporate profitability.

The inclusion of the BOP in a value chain can be realised as either one among other more conventionally oriented market activities; or as the one and only purpose of the business. Thus, instead of referring to BOP businesses it is more accurate to refer to BOP business models. The term business is often related to an organisational entity, whereas the term business model can be understood as a holistic explanation of how a firm realises a specific business venture (Zott et al., 2011). Usually, a business model is described as being composed of different elements (Osterwalder et al., 2005; Shafer et al., 2005; Teece, 2010). These elements consist of at least the value proposition, value creation and delivery, as well as value capture (Bocken et al., 2014; Schaltegger et al., 2016). Companies seeking to create corporate advantages and poverty reduction through BOP business models are confronted with several contextual constraints for finding an appropriate value proposition, designing value creation and delivery processes, and benefiting from value capturing. These constraints include, among others: geographically isolated locations of BOP constituents resulting in severe last-mile-distribution challenges, an ability to pay influenced by highly volatile and low income, weak formal institutions impeding claims for contract breaches, strong informal institutions often combined with a lack of trust in bigger companies, lack of customer knowledge regarding products and technologies as well as partially different cultures and norms at the BOP as compared to focal firms' origins (Parmigiani & Rivera-Santos, 2015; Rivera-Santos & Rufin, 2010).

The early BOP publications primarily refer to business models that include the BOP as the addressee of value proposition, i.e. consumers of adapted products and services. The early proponents of the BOP concept brought to the fore the idea that, while people at the BOP individually may not be lucrative consumers, collectively they dispose of relevant aggregated income and thus can become profitable target groups (Anderson & Markides, 2007; Hammond, 2007; Hart, 2006; Prahalad, 2012). Based on this idea, also referred to as BOP 1.0, the early BOP

debate focuses on how to develop business models that generate enough sales to become profitable (Kistruck et al., 2012; Seelos & Mair, 2007). In general, the early publications only superficially engage in explaining how BOP business models contribute to poverty reduction, implying that a financial sustainable business model will automatically help to reduce poverty. Some argue that the mere increase of available products and services at the BOP empowers the poor, what is understood as poverty reduction (Hammond & Prahalad, 2004; Prahalad, 2005).

On the one hand, the BOP 1.0 approach provoked a vivid debate among scientists and practitioners from the business as well as the development field. Many were fond of the idea to combine a fortune with poverty reduction. On the other hand, the number of critical voices increased regarding the ability to reduce poverty through BOP 1.0 business models (Chatterjee, 2014). Some argue that it must be specified what kind of products and services are adequate for BOP business models' value propositions that can contribute to poverty reduction (Arnold & Valentin, 2013; Karnani, 2007). Others point to the fact that it is difficult to decrease poverty through selling products without improving productive capacity and earning power of the poor (Karnani, 2017). Following this critique, the BOP approach developed further, with authors stating that not making value at the BOP but co-creating value with the BOP should be strived for (London et al., 2010; London & Hart, 2010; Nahi, 2016; Simanis et al., 2008), which is called the BOP 2.0 approach. Thus, researchers took more into account the value creation and value delivery part of BOP business models and discussed how to integrate the poor as producers and service providers (Angeli & Jaiswal, 2016; Dembek et al., 2018).

Despite the extension from BOP 1.0 to BOP 2.0, some critique remained. First, several critical management and anthropology scholars point to the fact that the BOP approach in general does not take into account power imbalances, neither global nor local (Arora & Romijn, 2012; Cross, 2019; Varman et al., 2012), obfuscates systemic reasons for the persistence of poverty (Schwittay, 2011), and fuels a neo-liberal discourse that delegates responsibility to overcome poverty to individuals through hard work and smart decisions (Dolan & Rajak, 2018), thus undermining claims for public provision of public goods and more political empowerment of marginalised groups (Bonsu & Polsa, 2011; Peredo et al., 2018). In sum, these scholars accuse the BOP debate of depoliticising the highly political issue of business and poverty. Second, scholars argue that the BOP concept does not sufficiently take into account environmental issues of BOP business models, emphasising that pollution and poverty are interlinked (Arnold & Williams, 2012; Casado Cañeque & Hart, 2015; Wijen, 2008). Third, critique arose as to how to account for impact on poverty, e.g. taking into consideration the impact of BOP business models on whole communities or integrated individuals only, considering potential trade-offs between

benefits and risks in BOP communities, and weighing short- and long term horizons (Ansari et al., 2012; Beninger & Francis, 2015; Hall et al., 2012; London, 2009).

These different forms of critique are fuelled by a lack of clarity of what poverty and its reduction – as one of the defining characteristics of BOP business models – means to BOP scholars and practitioners. In order to be able to advance the BOP debate by this dissertation, it is necessary to elaborate on how poverty has been discussed among international development experts in contrast to BOP scholars in management science, which will be examined in the following chapter.

2.2 Poverty and the BOP

Given the importance of poverty for the BOP concept, I will give a short overview of different poverty conceptions at international level. I will pay particular attention to the concepts of international development institutions over time, as they are the actors leading the public debate on poverty.

One widespread understanding of poverty relates to income. In this sense, a specific poverty line separates the poor from the non-poor. Absolute poverty lines derive from a sum of things that are considered essential in a specific society and cannot be covered by an amount smaller than that defined by the absolute poverty line (Chen & Ravallion, 2010). The first well-known international poverty line introduced by the World Bank defined those as extreme poor, who had less than one dollar a day to spend, expressed in purchasing power parity (PPP). The idea behind PPP is that a unit of currency should enable a person to buy the same basket of goods in one country as in another country, thus outbalancing volatile currency exchange rates (Taylor & Taylor, 2004). The smaller than one dollar a day amount reflects the inability of any person to cover a person's minimum nutritional, clothing, and shelter needs (Chen & Ravallion, 2010). The extreme poverty line was adjusted in 2008 and 2015, when more precise data about prices were available, and is now (as per 2020) defined as less than 1.90 \$ a day in PPP terms (Ravallion et al., 2009; World Bank, 2018, 2020).

As outlined in the introduction of the synopsis, 2017 is the last year for which global data on extreme poverty are available. At that time, 9.2% of global population, i.e. 689 million people, suffered from extreme poverty (World Bank 2020, p. 2). The relative and the absolute number of people suffering from extreme poverty declined continuously from 36% and nearly 2 billion in 1990 (World Bank 2018, 1). It is, however, predicted to rise the first time for decades in 2020, as the disruption of the COVID-19 pandemic reinforces the effects of armed conflicts and climate change that were already slowing poverty reduction progress for the last five years

(World Bank 2020). Not only those at risk of starving and other severe deprivation of minimum needs are called poor in an income sense. The World Bank defines two more income-related poverty lines, based on the national poverty lines of lower-middle-income -countries and upper-middle-income countries to separate the formerly called “moderate poor” (Castañeda et al. 2016) from the non-poor. The 3.20 \$ a day and 5.50 \$ a day poverty lines complement the measurement of global income poverty. These lines translate into 1.8 billion people and 3.3 billion people living in income poverty of different levels (World Bank, 2020). The monetary understanding of poverty has dominated the debate for many years, which was also due to the relatively easy measurability of income and consumption. The Millennium Development Goal (MDG) No. 1 “Eradicate extreme poverty and hunger”, which aimed to reduce by half the number of people living on less than one dollar (PPP) a day until 2015 (with 1990 being the base-year), is a reflection of the dominant focus on monetary poverty in the late 1990s. Putting poverty reduction first among the eight MDGs emphasizes the relevance of ending poverty for reaching sustainability.

The monetary focus was also adopted by the early BOP debate. Even though many of the BOP articles in management science do not define poverty at all (Kolk et al. 2014; Dembeck et al. 2019), the perception of low purchasing power as the essence of poverty and of cheaper goods and services as a potent response, as expressed in the BOP 1.0 approach, reflects an uni-dimensional, monetary conception of poverty (Nahi, 2016). Accordingly, a controversial dispute emerged among scholars about who belongs and who does not belong to the BOP assuming an income-related poverty definition (Arnold & Valentin 2013; Hammond 2007; Karnani 2006). This is still a contentious issue, as the rhetoric of many BOP articles rather refer to extreme poverty, whereas popular cases more often address target groups that suffer from moderate income poverty, i.e. representing the middle class in low-income and lower middle income countries.

When referring to absolute poverty, income does not count as an end in itself but as an essential vehicle for satisfying basic needs. The basic needs approach was widely discussed in international development policy in the late 1970s and early 1980s (McNamara, 1980; Reader, 2006, 2006). Advocates of the basic needs approach did not comprehensively define what objectively belongs to basic needs. Streeten & Burki (1978, p. 413) describe a hierarchy in basic needs: At the lowest level, there are those needs that have to be met for continued survival, such as food, water, shelter, and protection from fatal diseases. At a second level, there are those needs that enable productive survival, e.g. a minimum of education. They also vindicate the point of view that, ultimately, there are non-material needs, e.g. participation in decision-taking, which may

also count as a basic need depending on the agreement a society reaches. The basic needs approach tried to shape international development policy for the benefit of basic needs-oriented public service investments instead of general economic growth strategies. From the 1980s onwards, the basic needs approach was gradually superseded by the neoliberal growth strategies of the Washington Consensus focusing on international trade (Gore, 2000) that fostered the above-mentioned focus on income-related poverty definitions.

However, the idea that poverty is a multidimensional, complex construct that goes beyond the variable of income did not vanish. Amartya Sen and Martha Nussbaum developed the so-called capability approach (Nussbaum, 2003; Sen, 1999). For Sen (1999), the objective of any development attempt is that every individual has the freedom to lead the kind of life he or she has reason to value. Sen terms the various things a person may value doing or being “functionings”. These can vary from functionings more essential for survival, like being nourished or being free from avoidable diseases, to more complex functionings like being able to take part in community life or having self-respect (1999, p. 75). The capability set of a person reflects the feasibility for that person to achieve a bundle of functionings, i.e. a set of real opportunities, “the paths that lie open to you” (Alkire, 2005, p. 121). Poverty then is the deprivation of basic capabilities (Sen, 1999, p. 87). Capability deprivation is not only influenced by low income but also by several other aspects and, as such, poverty in the sense of capability deprivation is multidimensional.

The capability approach had a strong influence on international development organisations, including the two most influential ones, i.e. the United Nations Development Programme (UNDP) and the World Bank. In 1997, the UNDP operationalised a multidimensional approach to poverty when it introduced the Human Poverty Index (HPI), which included not only income indicators but also indicators for deprived health and education. The Multidimensional Poverty Index (MPI) superseded the HPI in 2010. The MPI includes ten weighted indicators for the deprivation of health, education, and material standards of living to better reflect multidimensionality of poverty (Alkire & Foster, 2011). Recently, also the World Bank announced that it complements the monetary approach to poverty measurement based on income by a core set of indicators for non-monetary dimensions of education and basic infrastructure (World Bank, 2018, 2020). International indicators mainly refer to the above-mentioned needs for continued and productive survival, as they include health, education, material well-being, and access to infrastructure services such as electricity and sanitation. However, psychological aspects or social needs, like being part of a community or being treated with dignity, are also part of a bundle of functionings people have reason to value. Poor people express the deprivation of capabilities

to fulfil these functionings as a burdensome part of poverty (Narayan, 2002). Referring to the capability approach, the Organisation for Economic Cooperation and Development (OECD) notes that a concept of poverty “should include all the most important areas in which people of either gender are deprived and perceived as incapacitated in different societies and local contexts” (OECD, 2001, p. 38). The organisation offers a set of five basic capabilities, the deprivation of which will constitute poverty. These include the deprivation of economic capabilities (i.e. to consume, to earn income, to have assets), human capabilities (i.e. to secure health, education and nutrition), socio-cultural capabilities (i.e. to assure social status and dignity), political capabilities (i.e. to invoke human rights, to have a voice and some influence on policies), and protective capabilities (i.e. to withstand economic and external shocks and to diminish vulnerability) (OECD, 2001). Such a multidimensional understanding was also taken into account when the United Nations’ Sustainable Development Goals (SDGs) were adopted. SDG No. 1, as the successor of MDG No. 1, includes indicators for extreme and relative income poverty as well as indicators related to human capabilities and protective capabilities (United Nations, 2021).

In sum, many different conceptualisations of poverty exist in literature and practice (Wisor, 2017). The main criteria to distinguish these are the difference between absolute and relative poverty, the difference between uni-dimensional poverty conceptions or multidimensional ones, and, finally, the dimensions of poverty considered (particularly material dimensions such as food, shelter, water; dimensions of productivity such as health and education, and broader immaterial dimensions like deprivation of socio-cultural or political capabilities). With an increasing influence of the capability approach, the multidimensional understanding of poverty seems to have slowly overcome the uni-dimensional monetary approach to poverty in the international development debate of academics and practitioners.

However, the inclusion of this progress in the debate of management scholars and the BOP approach is slow (Kolk et al., 2018; Nahi, 2016). Only very few BOP publications include poverty definitions that are different from income-based concepts (Ansari et al., 2012), and over a quarter of the BOP articles reviewed by Dembek et al. (2020) did not offer any definition of poverty at all. Although being based on the concept of poverty reduction, the BOP debate lacks a clear focus on the definition of poverty. This omission is consequential in that it hampers a consequent consideration of challenges for effective contributions to poverty reduction when designing and implementing BOP business models. This dissertation contributes to shifting the BOP debate more towards a poverty focus in two ways. First, it translates the fuzzy concept of “mutual value” for the BOP and businesses (Dembek & York, 2020; London et al., 2010) into

poverty reduction in the sense of reduced capability deprivation, while at the same time taking into account distributional aspects between business and BOP constituents and net effects between different dimensions of poverty (see Paper I). Second, it addresses the poverty conceptions of BOP practitioners and analyses how these differ from the developmental debate on poverty and how different conceptions influence the design and implementation of BOP business models (see Paper II). Contributing to poverty reduction in a multidimensional sense comes with challenges. In focussing on the poverty part of the BOP concept, this dissertation offers a view that moves away from the BOP literature's emphasis on challenges for profitability to enable a more complete analysis of challenges for BOP business models. To understand such challenges is a necessary foundation to analyse the potential of business models for poverty reduction and sustainability at the BOP. Corresponding to the dissertation's focus on the poverty part of the BOP concept, the following chapters address specific topics and theories that help to understand challenges for poverty reduction through implementing new BOP business models (2.3) and through adapting existing business models (2.4).

2.3 Challenges for poverty reduction at the BOP through implementing new business models

It is not easy to develop and implement new business models and reach the twofold objective of contributing to poverty reduction at the BOP and obtaining corporate profitability. As set out above, the majority of BOP articles focuses on challenges for reaching profitability, whereas the focus of this dissertation are challenges for contributing to poverty reduction. In the context of this dissertation and referring to the Cambridge Dictionary (Cambridge Dictionary, 2021), I define a challenge as a situation of being faced with something that needs great effort of different kind in order to be done successfully and therefore put to the test the organisation and involved persons. Challenges for reaching poverty reduction through implementing new business models can be divided into challenges external to and internal to the business. This dissertation contributes to a better understanding of one specific challenge in each sphere, taking into account appropriate theoretical lenses. In chapter 2.3.1, I elaborate on the topic of business-non-profit partnerships and the relational view. In chapter 2.3.2, I elaborate on challenges originated at the micro level of individual actors and the cognitive lens. In congruence with the early BOP debate, chapter 2.3 refers to corporations that aim to design and implement new business models.

2.3.1 Business-non-profit partnerships and BOP

Businesses that aim at implementing new BOP business models are confronted with constraints related to market conditions, formal regulatory institutions, and informal socio-cultural institutions that differ from known home markets (Lashitew et al., 2021). Many scholars argue for entering partnerships with non-governmental organisations (NGOs), public development actors, or BOP based self-help groups, as pure market mechanisms are either not available or not suited to overcome these constraints (Calton et al., 2013; Dahan et al., 2010; Rivera-Santos et al., 2012). These partners can outbalance a firm's lack of knowledge and expertise about living at the BOP, access to local sourcing abilities or distribution networks, and trust in BOP communities. Scholars refer to such partnerships using different terms. Among those are inclusive networks (Reficco & Márquez, 2012), business-non-business collaboration (R. Hahn & Gold, 2014), business-non-profit alliances (Rivera-Santos et al., 2017), or cross-sector partnerships (Schuster & Holtbrügge, 2014). In this doctoral thesis, I use the term business-non-profit partnership to emphasise that such partnerships in a BOP context comprise a business actor that has to consider profitability objectives (even though other objectives may be present) and a non-profit actor that primarily focuses on contributing directly or indirectly to poverty reduction in a multidimensional sense (even though financial objectives may also be present). The BOP literature purports such partnerships essential to realise economic and social value creation of BOP business models. However, many articles mainly take the corporation's perspective how to make use of the non-profit partners' capabilities to overcome constraints for profitability, rather assuming than addressing the impact on poverty (van den Waeyenberg & Hens, 2012; Webb et al., 2009). A non-profit partner is no guarantee for leveraging the impact at the BOP, but assuming an effectivity orientation of that partner increases the likelihood of a positive contribution to poverty reduction (Hussler & Payaud, 2019; Nahi, 2018). Therefore, the question of how to form, organise and govern such partnerships is in itself a challenge for improving the contribution to poverty reduction. This challenge is inter-organisational and thereby external to the BOP business.

BOP business-non-profit partnerships are related to the broader literature on cross-sector partnerships addressing social and environmental issues. This literature is broad, dispersed and multi-disciplinary, it includes a multitude of theoretical approaches and methods applied and uses a variety of terms that are related to each other but are not unequivocally defined (Clarke & Crane, 2018; van Tulder et al., 2016). Available literature reviews arrange existing literature around the three questions of 1) 'when', 2) 'how', and 3) 'so what' cross-sector partnerships

and build frameworks with different components. The first building block is referred to as general and partner-specific antecedents for cross-sector partnerships (Bryson et al., 2015), the analysis of partnership formation (Selsky & Parker, 2005) and the emergence of partnerships respectively (Branzei & Le Ber, 2014). The second building block is referred to as the partnerships' actors and actions (Clarke & Crane, 2018), the implementation of partnerships (Selsky & Parker, 2005), the processes of partnerships (Austin & Seitanidi, 2012) and the evolution and governance of partnerships respectively (Branzei & Le Ber, 2014). The third building block is referred to as the outcomes of partnerships (Austin & Seitanidi, 2012; Bryson et al., 2015; Selsky & Parker, 2005) and the impact on issue respectively (Clarke & Crane, 2018). The last component, i.e. the question concerning the outcome and impact of such partnerships, is less frequently addressed by the literature so far, especially regarding impact on the societal level, rather than the organisational level. There "is a tendency to assume societal betterment rather than provide the necessary evidence" (Austin & Seitanidi, 2012, p. 958). However, whether and how a positive impact on the macro level can be realised that would be impossible without the partnership depends on how such partnerships are organised and whether the non-profit partner can enforce substantial social value creation.

Therefore, the analysis on how economic and social value creation in business non-profit partnerships can be realised, i.e. a prescriptive perspective taking into account the specific constraints of the BOP context, can help to overcome challenges for poverty reduction through new business models. Prescriptive research that incorporates a profound theoretical perspective and focus on both economic and social value creation in partnerships is fairly missing in the BOP debate (Nahi, 2016, 2018). This dissertation makes a contribution through leveraging the explanatory potential of the relational view established in strategic management research. The relational view focuses on how firms can jointly create value through alliances that would not have been possible by each actor alone and is based on the seminal work of Dyer and Singh (1998). They developed a framework specifying four key sources for additional value created through partnerships, i.e. relation-specific assets, knowledge-sharing routines, complementary resources, and effective governance mechanisms. Paper I contributes to better understanding how to organise partnerships in new BOP business models by applying the relational view for the analysis of business-non-profit partnerships in this specific context.

2.3.2 Cognitive frames and BOP

Another challenge to improve the contribution to poverty reduction through new business models is rooted in the businesses themselves, i.e. the individual actors that design and implement

the business models. Characteristics of individuals can influence organisational outcomes as has been emphasised, for instance, by research on leadership (Yukl, 1989) or on entrepreneurship (Grégoire et al., 2011). However, researchers have seldom taken a micro-perspective to analyse BOP ventures (for partial exceptions see Olsen & Boxenbaum, 2009; Reficco & Gutiérrez, 2016; Sharma & Jaiswal, 2018). One specifically useful theoretical lens to analyse the influence of characteristics of individual actors in BOP business models is the cognitive perspective.

The cognitive perspective focuses on the mental processes involved when taking decisions in and for organisations. Cognition theory is based on the early work of Simon (1955) and has been taken up by management science in the last decades, with an emphasis on strategic management topics (for an overview see e.g. Cornelissen & Werner, 2014; Kaplan, 2011; Narayanan et al., 2010; Walsh, 1995). The cognitive perspective sees managers as “information workers”, who are scanning, processing and spreading information in highly complex situations (Walsh, 1995, p. 280). Managers employ knowledge structures to take efficient decisions, as it is impossible to evaluate all circumstances from the outset. Walsh defines a knowledge structure as “a mental template that individuals impose on an information environment to give it form and meaning” (1995, p. 281). In the cognition literature, different terms coexist that refer to these knowledge structures, such as cognitive categories, schemes, models, or frames (T. Hahn et al., 2014; Kaplan, 2011). I use the term cognitive frame, which represents the underlying structures of beliefs, perception and appreciation through which managers filter and interpret information (C. G. Gilbert, 2006; Grewatsch & Kleindienst, 2018). Cognitive frames are based on prior experience and learning. Every person has and uses cognitive frames, with the advantages of time-saving information processing, interpretation and action. Potential disadvantages of cognitive frames are the risk of selective perception, creation of blind spots, stereotypic thinking, underestimation of fundamental changes in the environment, and inhibition of creative problem solving or innovation (Walsh, 1995).

Cognitive frames play a particularly critical role in complex and ambiguous contexts, as such situations are usually not mastered by organisational routines or decision heuristics (Menon, 2018). Complexity and ambiguity in BOP business models result from both external and internal complexity. External complexity is related to the above-mentioned constraints in market conditions, formal regulatory institutions and informal socio-cultural institutions. Internal complexity is related to the goal duality inherent in BOP business models, to which this sub-chapter refers. Such hybridity creates tensions (Battilana & Lee, 2014; Smith et al., 2013). Tensions are

dualities between elements that seem logical individually but become inconsistent when juxtaposed (Smith & Lewis, 2011, p. 384). When corporate actors perceive tensions, they have to handle them somehow. Scholars defined a repertoire of responses to tensions that can be grouped into passive, avoidance-based responses, which only enable to provide short-term relief from tensions, and pro-active responses, which try to deal with tensions on a longer term basis and reconceptualise actors' experiences of the tensions (Jarzabkowski et al., 2013; Jarzabkowski & Lê, 2017; Lewis, 2000; Smith & Lewis, 2011).

How a managerial actor perceives and acts upon tensions is stated to be influenced by the cognitive frames the actor holds about the elements between which the tensions exist (T. Hahn et al., 2014). In the case of BOP business models, this translates into an important role of actors' cognitive frames of profitability and poverty. While even profitability is not easy to define, as time horizons can play an important role for this construct (Sharma & Jaiswal, 2018), poverty is an even more complex construct with different meanings, as I have outlined in chapter 2.2. Assumingly, the cognitive frames of poverty can influence the perceived poverty-profitability tensions and the responses taken in BOP business models. This can be illustrated by a well-discussed case example of the BOP debate. Hammond and Prahalad (2004) mention the selling of affordable single sachets of the skin-lightening cream Fair&Lovely by the multinational Unilever in Indian rural markets as a positive example of aligning the tension between poverty reduction and profitability, because they interpret more choice of poor consumers among available products as an expression of more voice, what they call empowerment. Following this line of argument, the affordability and availability of Fair&Lovely single sachets is interpreted as an increase in the political dimension of poverty in reference to the above-mentioned five dimensions of poverty based in the capability approach (OECD, 2001). In contrast, Karnani (2007) emphasises an unsurmountable tension between poverty reduction and selling skin-whitening cream, as this product reinforces racist patterns of white skin as superior, so that this business model is incompatible with a focus on the socio-cultural dimension of poverty, i.e. increased dignity. Arnold and Valentin (2013) in turn emphasise the human dimension of poverty, when they highlight the high opportunity costs of selling products and services to the poor that do not directly support the satisfaction of basic needs, such as nutrition, shelter, health, and education. They argue that expenses for such products inevitably decrease the expenses for basic needs satisfaction and thus intensify poverty in its human dimension. Following this interpretation of poverty, Unilever's business model of selling cosmetic beauty products to poor consumers would create severe tensions between poverty reduction and profitability. This example illustrates that the conception of poverty influences the perception of tensions and the

responses taken to handle the goal duality inherent in BOP business models. Despite the resulting relevance of the construct of poverty, the influence of corporate actors' cognitive frames of poverty on how tensions are handled in BOP businesses, thereby influencing the impact on poverty reduction, has not been taken into account so far. This is all the more surprising as research has shown that public actors' conceptualisations of poverty and the poor impact the design of public policies and programmes (Bradshaw, 2007; Green, 2006; Laderchi et al., 2003).

When analysing the influence of cognitive frames on managers' actions, researchers are interested in the content and structure of such frames (Hockerts, 2015; Kabanoff & Brown, 2008). Content refers to the kind of attributes a specific actor associates with a specific issue. Structure refers to the frame's complexity, i.e. the number of attributes and the degree of interconnectedness among the attributes (Walsh, 1995). Content and structure taken together influence managers when they scan and interpret information and respond to their interpretations (T. Hahn et al., 2014).

The relevance of cognitive frames of poverty on the impact of BOP business models is associated with the research on cognitive frames of sustainability and its influence on the social performance of organisations. Frequently, scholars refer to a more simple and a more complex frame of sustainability of corporate actors (T. Hahn et al., 2014; Hockerts, 2015; Olsen & Boxenbaum, 2009). The less complex "business case frame" has less content attributes and is characterised by an alignment logic focusing on economic attributes and clear means-end relationships (T. Hahn et al., 2014, p. 467). The more complex "paradoxical frame" is characterised by the inclusion of a wider variety of attributes and expresses different reinforcing, neutral and conflicting connections between and among those attributes, thus lacking a clear focus or alignment logic (T. Hahn et al., 2014, p. 468). T. Hahn et al. (2014) argue that a less complex frame can predispose a manager to take up a pragmatic stance on sustainability issues that blanks out tensions but can positively influence social performance of organisations due to a hands-on attitude. However, some empirical studies find that more complex frames of sustainability are associated with a higher societal performance of firms (Crilly & Sloan, 2012; Gröschl et al., 2019; Hockerts, 2015).

In sum, the relationship between the characteristics of cognitive frames and the sustainable performance of organisations is still unclear and can only partially inform research on the impact of managers' cognitive frames of poverty on handling the tensions inherent in BOP business models and the resulting impact on poverty. Paper II enriches the BOP debate by taking a

cognitive perspective. In this context, it examines the specific challenge arising from the personal cognitive attitudes of managers that design and implement BOP business models. Elucidating specific cognitive frames of poverty and their influence on tension handling offers leverage points for improving the impact of BOP ventures on poverty.

2.4 Challenges for poverty reduction at the BOP through adapting existing business models

In chapter 2.3, I elaborated on challenges for poverty reduction at the BOP that result from designing and implementing new business models, particularly the external challenge related to business-non-profit partnerships and the internal challenge related to corporate actors' cognitive frames of poverty. However, overcoming challenges for designing and implementing new business models is not the only way to improve the potential poverty impact of corporate approaches. BOP 2.0 brought to the fore the importance of integrating the BOP into value adding activities (see chapter 2.1). Taking this perspective, it becomes obvious that many multinational enterprises have already integrated people from the BOP in their conventional business models. This refers to workers in deeper tiers of global value chains of the textile, toy, electronics, seafood, chocolate, and many other sectors. In such value chains workers from the BOP suffer from poverty in its multidimensional sense. Workers are hit by the deprivation of economic capabilities, as they earn wages below national or regional poverty lines (Schrage & Hubert, 2018; Selwyn, 2018); they suffer from the deprivation of human capabilities as they are exposed to chemicals, dust and noise without occupational safety measures and a lack of access to healthcare and education for themselves and their families (Lucchini & London, 2014); they suffer from the deprivation of socio-cultural capabilities, as in factories they are victims of violence and discrimination that are opposed to dignity and assured social status (Sander, 2016) – in particular women (Akhter et al., 2019); they suffer from the deprivation of political capabilities as unionists are dismissed and murdered and collective bargaining is systematically impeded (Gill, 2007; Guzmán et al., 2012); and they suffer from the deprivation of protective capabilities, as hire-and-fire mentalities predominate and sick-pay or maternity rights do not exist or are not enforced (Barrientos et al., 2019; Dolan, 2004). Thus, it is not only possible to tackle poverty through implementing new BOP business models, but also through the adaptation of existing business models, aiming at improving conditions for already integrated BOP workers in global value chains.

There are different potential linkages between firm-specific decisions of existing international businesses and poverty, including decisions on foreign direct investment, trade partners or philanthropic corporate social responsibility (CSR) initiatives (Kolk et al., 2018). This doctoral

thesis focuses on one specific approach of positively influencing different dimensions of poverty, i.e. international sustainability standards, which are also referred to as international accountability standards (D. U. Gilbert et al., 2011). Developing, adopting and implementing such standards comes with challenges. Analysing these challenges lays the ground to improve corporate approaches to poverty reduction and sustainability at the BOP through existing business models. In the following two sub-chapters, I introduce the scholarly debate on international sustainability standards (2.4.1) and focus on potential gaps between adopting a standard and implementing it, which is also referred to as decoupling (2.4.2). Thereby, this doctoral thesis contributes to better understand not only specific challenges for implementing new BOP business models, but also challenges for adapting existing business models that contribute to poverty reduction and sustainability at the BOP.

2.4.1 International sustainability standards

Many conditions that contradict a sustainable development, such as global poverty, pollution of waters, deforestation, soil degradation, global warming, or gender and class inequalities are complex and not bound to spheres of national political governance. Business actors, especially multinational corporations, are called to take action and use their resources and influence to contribute to a more sustainable development, especially when political institutions with sufficient scope and depth of influence are not present (Scherer & Palazzo, 2011; Voegtlin & Scherer, 2017). International sustainability standards are one approach to exercise influence in global corporate value chains to achieve a more sustainable development. Standards to positively influence social and environmental problems have been discussed in management science for a long time but have been addressed using different terms, although referring to similar examples such as SA8000, the UN Global Compact, the Bangladesh ACCORD on Fire and Building Safety, the Forest Stewardship Council, or the Roundtable on Sustainable Palm Oil. In the early years of the new millennium, scholars used the term ‘international accountability standards’ (Behnam & MacLean, 2011; D. U. Gilbert et al., 2011; Jamali, 2010; Rasche, 2009) to emphasise the idea of making corporations accountable for their actions and omissions by means of such standards. Other authors refer to these standards as standards of corporate social responsibility (CSR) (Colle et al., 2014; Fransen et al., 2019; Husted et al., 2016) to emphasise the voluntary construct of such regimes as opposed to public regulation. In addition to these terms of higher level subsumption, there are authors who distinguish between global social or labour standards (Beschoner & Müller, 2007) and environmental standards (Delmas & Pekovic, 2013) according to the specific focus of the standards studied. However, more recent publications frequently refer to international sustainability standards (Bakker et al., 2019;

Bennett, 2017; Montiel et al., 2019; Rawhouser et al., 2017; Vigneau et al., 2015), pointing to an increased acceptance of that term. In this synopsis, I therefore use the term international sustainability standards and, referring to D. U. Gilbert et al. (2011, p. 24), define these standards as “voluntary predefined rules, procedures, and methods to systematically assess, measure, audit and/or communicate the social and environmental behavior and/or performance of firms”, with a sphere of influence greater than national level or single organisations’ boundaries.

International sustainability standards are usually thought to unfold effect over global value chains, with the aim to positively influence those people and regions that suffer most from unsustainable practices. As a consequence, the relationship between international sustainability standards and global poverty is tight. This applies not only to more obvious cases, like the SA8000 standard that focuses on social and labour rights of workers and thereby can unfold a direct effect on deprived human and socio-cultural capabilities, but also with regard to environmental standards. Poor people are specifically vulnerable in respect to environmental degradation that can result in e.g. floods, harvest losses, health risks, etc. Environmental degradation like deforestation and pollution of waters usually impact poor people in particularly harmful ways, as they barely can use coping strategies less poor people are able to apply (Angelsen & Dokken, 2018). Therefore, international sustainability standards with a focus on environmental dimensions, like the DETOX standard aiming at zero discharge of hazardous chemicals in global textile supply chains, can decrease the vulnerability of workers and communities. Thus, environmental standards can improve the protective capabilities of people from the BOP and thereby contribute to poverty reduction.

International sustainability standards have to be a) developed, b) widely adopted and c) substantially implemented to unfold potential positive influence on different dimensions of poverty. Regarding a) the development of international sustainability standards, research focused on the circumstances why, when and how such standards emerge (Giovannucci & Ponte, 2005; Levy et al., 2016; Manning et al., 2012; Rawhouser et al., 2017; Reinecke et al., 2012; Slager et al., 2012), on the normative ground and legitimacy of such standards in general and of specific initiatives (Bennett, 2017; D. U. Gilbert & Rasche, 2007; Mena & Palazzo, 2012; Moog et al., 2015), and put emphasis on the specificity of multi-stakeholder initiatives (MSI) (Bakker et al., 2019; Fransen & Kolk, 2007; Soundararajan et al., 2019).

Regarding b) the adoption of international sustainability standards, institutional theory suggests that firms may adopt standards for legitimacy reasons rather than instrumental reasons to either respond to pressure from the institutional environment or copy competitors’ behaviour

(DiMaggio & Powell, 1983; Suchman, 1995). Several authors empirically studied the circumstances of diffusion and adoption of standards, emphasising, for instance, the adopting firms' task exposure to the public (Jiang & Bansal, 2003), firms' relationship to headquarters (Darnall, 2006) and trading partners (Delmas & Montes-Sancho, 2011; King et al., 2005), firms' foreignness versus localness (Husted et al., 2016), firms' uncertainties about standards dynamisms (Montiel et al., 2019), and firms' internal resources and capabilities (Perego & Kolk, 2012).

Regarding c) the implementation of international sustainability standards, the sustainability outcome of such implementation is of particular interest. However, available research presents ambiguous results. In a meta-analysis of the effects of sustainability standards on small-holder farmers, Meemken (2020) finds that 16-22% of these farmers obtain higher household incomes, but that not all farmers benefit from these standards. Akoyi and Maertens (2018) discover that triple Utz-Rainforest Alliance-4C certification in Uganda increases income, land and labour productivity and reduces monetary poverty, while double Fairtrade-Organic certification is associated with higher producer prices but lower land and labour productivity, thus failing to increase producer income. In contrast, Chiputwa and Qaim (2016) find that all kinds of certification – Utz, Fairtrade or Organic – increase food security and dietary quality, mainly through higher incomes and improved gender equity: in certified households, women have greater control of monetary revenues from sales. In a review of the empirical research on the impact of the environmental standard ISO 14001, Boiral et al. (2018) find that several studies indicate a positive impact on environmental indicators such as reduction in waste, air pollution and CO₂ emissions, while others find no significant relationship. Reviewing the literature on private regulation through labour standards in global supply chains, Kuruvilla et al. (2020) conclude that there is a growing consensus that the growth in standard adoption has not been accompanied by a steady improvement in working conditions and that empirical studies point to only a modest increase in overall compliance and continuing violations. The evaluation of outcomes and impact gets even more difficult if different dimensions of sustainability are considered. Brandi (2017) suggests that there is a trade-off between the impact of standards on social and ecological dimensions in the palm oil sector related to the inclusion of small-holder farmers. Vanderhaegen et al. (2018) find that international sustainability standards in the coffee sector improve either productivity and farm incomes or biodiversity and carbon storage but fail to eliminate trade-offs between socioeconomic and environmental outcomes. In sum, the literature cannot prove a clear cut relationship between the adoption of an international sustainability standard and significant social and/or environmental improvements.

The literature presents different explanatory approaches for why the adoption and implementation of international sustainability standards show ambiguous results. Meemken (2020) points to the relevance but insufficient recognition of the institutional context where standards are implemented. Bakker et al. (2019) emphasise that different actors apply different moral principles to justify the impact of standards. Thus, it also lies in the eye of the beholder what constitutes a desirable outcome (see also Hoogesteger & Massink, 2021). Others consider the nature of the standards themselves and criticise that the audit-schemes that are usually integrated in certification-based standards are not suited to disclose standard infringements, allow for pretending non-existence improvements, or prevent mutual understanding and learning (Amundsen & Osmundsen, 2019; Egels-Zandén & Merk, 2014; Kuruvilla et al., 2020; Soundararajan et al., 2019). Another discussion addresses the “implementation extensiveness” (Smits et al., 2020) of firms that adopt international sustainability standards, i.e. whether such standards are implemented in a serious and substantial way or are only superficially integrated into organisations and value chains, putting a façade that only makes a pretence of more sustainable practices. This latter aspect is of utter relevance in the context of this doctoral thesis and is tied to the theoretical concept of decoupling that is rooted in institutional theory. Therefore, I will explore the concept of decoupling in greater depth in the following sub-chapter.

2.4.2 Decoupling

In their seminal work extensively cited by scholars in institutional theory tradition, J. W. Meyer and Rowan (1977) outline that organisations are forced to incorporate new practices and procedures that are institutionalised in society. Organisations thereby increase their legitimacy and as a consequence their survival prospects. Sometimes, conformity with new institutionalised rules conflicts with organisations’ efficiency criteria. Organisations may solve this conflict by building gaps between their formal structure and actual work activities, what is called decoupling. Reconsidering this contribution, Bromley and Powell (2012) develop a typology of decoupling that distinguishes between policy-practice decoupling and means-ends decoupling. I will elaborate on both in the following.

Policy-practice decoupling describes a situation where a new policy – e.g. an international sustainability standard – is “adopted purely as ceremonial window dressing or implemented, evaluated, and monitored so weakly that they do little to alter daily work routines” (Bromley & Powell, 2012, p. 489). In the context of sustainability standards, policy-practice decoupling is usually interpreted negatively, also referred to as ‘greenwashing’ or corporations that ‘do not walk their talk’ by activists or popular press. In a review of existing research on decoupling,

Boxenbaum and Jonsson (2017) organise research around studies that confirm that decoupling exists, studies that enlighten when and why decoupling occurs (i.e. antecedents of decoupling), and studies that address outcomes of decoupling. In the tradition of institutional theory and the roots of the decoupling concept, several studies addressing the antecedents of decoupling emphasise characteristics of the external environment; among those, for instance, which actors exert pressure and their relationship with the adopting companies (Fiss & Zajac, 2004; Huq & Stevenson, 2020; Kern et al., 2018; Kostova & Roth, 2002; Luo et al., 2016; Marquis & Qian, 2014; Okhmatovskiy & David, 2011; Testa et al., 2018) as well as characteristics of the policy to adopt (Behnam & MacLean, 2011). In addition, aspects that are internal to the adopting company are also found to have explanatory power for decoupling, such as the governance structure (Westphal & Zajac, 2001), the integration rationale of top management (Heras-Saizarbitoria & Boiral, 2013; Misangyi, 2016), or the discourse taken up by top management (Gondo & Amis, 2013) – which are all more related to deliberative forms of decoupling strategies. However, a few studies also find antecedents for emergent forms of decoupling, such as the degree of consensus among managers (Crilly et al., 2012), power struggles of groups inside the organisation (Harrison et al., 2015), or different working cultures of sub-units (Sandholtz, 2012). In sum, research reflects a high complexity as to when and why decoupling occurs. Decoupling is associated with interrelated characteristics of the institutional environment, the adopting organisation and individuals involved and is difficult to predict unequivocally (Halme et al., 2018; Smits et al., 2020).

Less research has been dedicated to analyse outcomes of policy-practice decoupling. Some studies analyse outcome at the organisational level. For instance, Westphal and Zajac (1998) show that purely symbolic corporate actions can engender significant positive stockholder reactions and deter more substantive governance reforms, thus perpetuating power imbalances in organisations. Lamin and Zaheer (2011) also show that decoupling strategies can bring legitimacy from specific stakeholders. However, even if decoupling strategies can work to gain external legitimacy, MacLean and Behnam (2010) and MacLean et al. (2015) show that decoupling can decrease internal legitimacy, followed by negative consequences for firms through changed conduct of employees. Regarding the outcome at the macro-level, Aravind and Christmann (2011) find that low-quality implementers of the environmental standard ISO 14001, i.e. decoupling firms, do not differ significantly in environmental performance from non-certified firms. In contrast, Graafland and Smid (2019) show that even when firms decouple CSR policies and practices, i.e. only weak programmes are existent, these decoupling firms

in terms of CSR impact nevertheless outperform companies that do not adopt CSR policies at all.

Beside the difficulty of defining and operationalising outcome and impact, especially in the context of corporate sustainability (Imbrogiano, 2020), it is difficult to predicate outcomes of decoupling policy and practice, as the temporal dimension is of great relevance – demanding a process perspective on the phenomenon of decoupling. Boxenbaum and Jonsson (2017, p. 26) point to the fact that it may be difficult to maintain a constant gap between adopted policies and implemented practices for a longer period as “individuals refuse to see themselves as only ceremonial props” and that also practices meant to be symbolic can unfold impact on organisations and lead to recoupling over time. For instance, Tilcsik (2010) shows that new hires that were meant to only symbolically express conformity with a new policy fulfilled their mandate with high commitment and incrementally dominated the organisation. Similarly, Haack et al. (2012) call decoupling a transitory phenomenon justified by empirical observations of how intra-organisational narratives on a new standard gradually converged through social interaction and became constitutive of organisational change. However, Bartley and Egels-Zandén (2016) argue that, in case of international sustainability standards, a full recoupling between policy and practice where multiple incentives come into alignment over whole value chains, is not widespread. They see pathways to tighter coupling as highly contingent, e.g. contingent on leveraging policies by local advocates such as unions or NGOs (similar Kaine & Josserand, 2017). All together, Bartley and Egels-Zandén (2016) consider recoupling to be less accretive than expressed by scholars like Haack et al. (2012) and Christensen et al. (2013, 2017) and believe that change through contingent coupling may be temporary since the underlying problem of competing demands is rarely resolved, a perspective that is empirically confirmed by Pike (2020).

Even the exposure of decoupling practices may have varying consequences. Egels-Zandén (2014) finds that, when suppliers violating sustainability standards were confronted with increased surveillance by lead firms, they recoupled their practices. In contrast, Clark and Newell (2013) find that even after decoupling of rating policies and practices had been exposed in the U.S. capital market, the legitimacy of the actors involved was not undermined enough to make them change their practices substantially, as a discourse that normalised decoupling was promoted. Similarly, Hensel and Guérard (2020) argue that, contingent on reactions of the exposed organisation and the institutional environment, exposure may actually weaken rather than reinforce norms that activists attempt to promote by exposing decoupling. To summarise, more research that takes a dynamic perspective on policy-practice decoupling and recoupling pro-

cesses is necessary to enlighten the potential of contributing to positive outcomes through implementing international sustainability standards. Paper III involves such a process perspective and thereby strengthens the debate on de- and recoupling dynamics in institutional theory.

However, even when international sustainability standards are substantially implemented, so that tight coupling between policy and practice exists, this might not directly translate into substantial outcomes. A situation where an adopted policy has factual organisational consequences and work activities are altered, but where scant evidence exists that these activities are linked to organisational effectiveness and intended outcomes, is called means-ends decoupling by Bromley and Powell (2012). Wijen (2014) argues that means-ends decoupling is of high concern in opaque fields, like corporate sustainability, where practices, causality, and performance are hard to fully understand, causally attribute, and precisely measure. He explains that in the case of international sustainability standards, standard setters from the institutional field drive to create and maintain concrete and uniform rules, apply strong incentives and disseminate 'best practices' to ensure substantive adopter compliance and avoid policy-practice decoupling. However, these rigid measures can be at odds with the necessity to react flexibly and embed practices locally in order to take into account the complexity and diversity of challenges to sustainability on a global scale. Therefore, measures meant to avoid policy-practice decoupling may foster means-ends decoupling by constraining the agency of adopters to act in a flexible and context-sensitive manner.

While Bromley and Powell (2012) and Wijen (2014) put forward a valuable conceptual argument, empirical work on when, how and why means-ends decoupling occur and how it could be avoided is scarce. Among the few studies that focus on means-ends decoupling or briefly touch upon the topic are Colle et al. (2014), who point to the effect that standard adoption can favour the emergence of a thoughtless mindset supporting the erosion of individual responsibility or a change from a pro-active to a retrospective attitude; Kuruvilla et al. (2020), who further clarify how field opacity is related to means-ends decoupling in the case of global labour standards; Dick and Coule (2020), who analyse how internal actors mitigate the tension between avoiding means-ends decoupling and being accused of policy-practice decoupling; Soundararajan et al. (2019), who argue for more intense deliberation in standard initiatives with more diverse stakeholders in order to support collective, collaborative actions and thereby avoid means-ends decoupling; and Bree and Stoopendaal (2020), who point to the regulator's role to support the avoidance of means-ends recoupling.

In sum, we know too little about the role of actors from different levels, i.e. from the institutional context and the organisation level, to avoid policy-practice and means-end decoupling of international sustainability standards over time. Paper III contributes to close this gap by combining a processual perspective with a multi-level approach.

3 Research Agenda

As the review of the literatures of interest in chapter 2 indicates, while BOP business models and the related challenges to contribute to profitability and poverty reduction have sparked much interest in recent years, a number of research gaps remain. In the following, I will identify the specific gaps that this doctoral thesis aims to address through the different research articles.

First, the meaning of poverty and its reduction can be argued to form the foundation for the discussion of BOP business models in management science, as the objective to contribute to poverty reduction constitutes a defining element of the BOP concept (Kolk et al., 2014). Yet, so far the BOP literature lacks a comprehensive consideration of the interdisciplinary discussion of poverty as a complex and multidimensional concept (Alkire & Foster, 2011; Laderchi et al., 2003; Sen, 1999; Wisor, 2017). The escalating normative debate of the BOP concept that encompasses a large body of controversial arguments (Arnold & Valentin, 2013; Chatterjee, 2014; Karnani, 2006; Peredo et al., 2018) is mirroring this paucity, as the line of argument pro and con corporate approaches to poverty reduction is among others dependent on the underlying concept of poverty. Moreover, exposing the meaning of poverty and its reduction is the first step to push the BOP debate more clearly to a better consideration of the poverty reduction part of BOP business models. Research has until now mainly concentrated on the profitability part, i.e. economic value for the firm, rather assuming than analysing a contribution to poverty reduction as a concrete value for the BOP. Scholars refer to the twofold objective of BOP business models in different ways, among those “mutual value creation” (Dembek & York, 2020; London et al., 2010), which is, however, insufficiently translated into the concept of poverty and its reduction. Paper I aims at addressing this gap through its first research question: *What does value creation mean in business-non-profit partnerships, which aim at implementing BOP business models for mutual benefits?*

Second, having a focus on the poverty part of the two-fold objective inherent in the BOP concept it is consequential to concentrate on the challenges that arise for reaching that objective. However, consistent with the dominant focus on profitability, BOP research mainly emphasises challenges that have to be overcome to reach profitability of BOP ventures, rather than challenges for poverty reduction. In particular, scholars discuss that companies can overcome the

challenge of lacking trust and knowledge about the BOP with the help of business-non-profit partnerships (Calton et al., 2013; Dahan et al., 2010; Rivera-Santos et al., 2012). However, a perspective on how such partnerships have to be organised to be well positioned to contribute to both, i.e. to profitability and to poverty reduction, has seldom been taken. Paper I, which is conceptual in nature and based on the relational view and the related concept of inter-organisational value-generating processes (Dyer & Singh, 1998), addresses this gap by its second research question: *What are the critical potential determinants and facilitators for value creation in business-non-profit partnerships related to BOP business models?*

Third, when analysing challenges for BOP business model implementation, the BOP literature so far has tended to focus on external factors such as poor regulatory environments, suboptimal physical infrastructure and a misfit between mainstream supply and specificities of BOP consumers. There are only a few studies that focus on internal barriers to implementing BOP business models, mainly addressing organisational circumstances of business models ceasing to exist and focussing much less on poverty reduction (Halme et al., 2012; Olsen & Boxenbaum, 2009; Reficco & Gutiérrez, 2016; Sharma & Jaiswal, 2018). To better understand the challenges for poverty reduction that are internal to BOP businesses, individual characteristics of practitioners responsible for implementing the business models are of concern, but are rarely referred to. Guided by the cognitive perspective, the empirical Paper II addresses this gap by its research question: *How do corporate actors with different cognitive frames of poverty respond to tensions while implementing BOP business models?*

Fourth, taking into account value creation elements of business models, it stands to reason that the adaptation of existing business models is an adequate approach to tackle poverty at the BOP that complements approaches of implementing new BOP business models. Improvements for workers and communities from the BOP that are already included in global value chains can decrease the deprivation of several basic capabilities, i.e. reduce poverty in its multidimensional sense. International sustainability standards aim at social and environmental improvements that are directly and indirectly related to poverty reduction. However, the implementation of international sustainability standards in global value chains comes with challenges. Scholars in particular discuss that the adoption of such standards are sometimes decoupled from daily practices, i.e. only superficially implemented (Behnam & MacLean, 2011; Sethi & Schepers, 2014). Despite the attention that the theoretically well-grounded concept of decoupling has received in the literature, a dispute has arisen with respect to its (non-)persistence in practice. While scholars vindicating a performative view of communication suggest that sustainability ‘talking’ constitutes ‘walking’ over time, i.e. ascribing decoupling to be a transitory phenomenon

(Christensen et al., 2017, 2020; Haack et al., 2012; Schoeneborn et al., 2020), others do not share this view (Bartley & Egels-Zandén, 2016; Kaine & Josserand, 2017; Pike, 2020). So far, we lack a deeper understanding of the processes involved in corporations' decoupling and re-coupling practices and the contingent factors influencing the narrowing of the gap between policy and practice and means and ends of international sustainability standards. In particular, further research is needed to address the role of the institutional environment for de- and re-coupling processes, e.g. the regulator that sets a new standard (Bree & Stoopendaal, 2020). To better understand the prospects and challenges associated with international sustainability standards as a mean to contribute to poverty reduction in its multidimensional sense, Paper III hence aims to empirically address the underlying processes of how a company manages to adapt its existing business model through a new environmental standard that has the potential to positively influence human and protective capabilities of workers and communities from the BOP, if substantially implemented. The guiding research question of Paper III is as follows: *How do communicative interactions between a standard setter and standard taker influence decoupling and recoupling over time?*

Overall, this cumulative doctoral thesis aims to critically examine challenges for poverty reduction and sustainability that are associated with implementing new and adapting existing business models. Doing so is relevant for several reasons. First, developing a greater understanding of these challenges and of how organisations and individuals manage to tackle such challenges is relevant, since the literature so far has been inconclusive as to whether and to what extent implementing new business models and adapting existing ones represent an effective approach to poverty reduction and sustainability at the BOP. Introducing appropriate theoretical perspectives into the BOP debate, this doctoral thesis aims to advance the theoretical understanding of the role of corporate approaches for poverty reduction. Second, the specific context of poverty and sustainability at the BOP fuels back into the academic discussion of the theoretical perspectives taken. Answering the outlined research questions is relevant, as it permits to contribute to theory development in both institutional theory, particularly dynamic perspectives on decoupling, and cognition theory, particularly on the role of cognitive frames' content and structure for organisational outcome. Third, the outlined questions are relevant to be explored for reasons concerning the practical sphere. Improving corporate approaches to poverty reduction at the BOP, be it through implementing new business models or adapting existing ones, requires a thorough analysis of challenges that impede an effective contribution. Accordingly, developing further empirical and theoretical insights into the phenomenon of BOP business models, as this dissertation endeavours, is important to understand how corporate approaches

to poverty reduction and sustainability can be constructively improved to enhance their effectiveness. This doctoral thesis supports more effective approaches by informing managers how to make better informed decisions regarding the formation of partnerships, tension handling, and standard implementation. Moreover, knowledge which has arisen from this dissertation can guide actors from the political and societal sphere. It can assist non-profit organisations in preparing for partnerships in BOP business models, it can inform political agents from business supporting programs to be aware of different, partially counterproductive cognitive frames of poverty among participants, and it can advise standard setters how to manage communication that impedes both policy-practice and means-ends decoupling.

4 Methodology

The above identified gaps and ensuing research questions require both further theoretical conceptualisation and empirical research, which allows for an in-depth exploration of challenges for poverty reduction related to implementing new and adapting existing business models. In setting up this doctoral thesis, I applied different research methods. Paper I is conceptual in nature, using well-discussed examples of BOP business models as illustrating cases. Paper II and III are empirical papers grounded in different qualitative approaches. Overall, the doctoral thesis is rich in methodological variation. To gain a comprehensive picture of the studied phenomenon of challenges for poverty reduction, the dissertation focuses on different methodological approaches (conceptual and qualitative), different levels of analysis (micro-meso, meso-meso and meso-macro), different units of analysis (multinational corporations and small and medium-sized enterprises) and applies different approaches regarding scope and depth of study (single case study and medium-sized sample study). In the following, I outline the conceptual methods (Paper I) and qualitative-empirical methods (Paper II and III) used to address the research agenda and refer back to the mentioned variations.

4.1 Conceptual methods

Conceptual manuscripts use theory to offer alternative ways to consider implications confronting the field and do so in targeted ways to construct their arguments (Callahan, 2010). Conceptual work has to develop logical arguments for associations rather than testing them empirically (Gilson & Goldberg, 2015), comprises abstract thinking involving the mental representation of an idea (MacInnis, 2011), and seeks to address or resolve tensions, inconsistencies and contradictions surrounding an issue (van de Ven, 1989). In conceptual papers, the development of arguments involve the integration and combination of insights of earlier developed concepts

and theories (Hirschheim, 2008). Conceptual papers seek to tie existing theories in thought-provoking ways, link work across disciplines, offer multi-level insights, and widen the horizons of our thinking, but in contrast to theoretical work they need not propose new theory on a construct level (Cropanzano, 2009). At the core of conceptual work is the “notion of providing a bridge” (Gilson & Goldberg, 2015, p. 128), be it between theories, between fields or between levels of analysis. Jaakkola (2020) points to the need to explain why the theories and concepts on which the conceptual work is grounded were selected. Justification should be based either on a fit between the chosen concept and a focal phenomenon that is observable but not adequately addressed in the existing research, or it should be based on the observation that a research domain is internally incoherent or incomplete calling for a concept or theory with an ability to address the observed shortcomings, thus offering a supplementary value. In the latter case, a domain theory or debate is infused by a method theory (Lukka & Vinnari, 2014) to bridge an observed gap. In Paper I, I follow this approach twofold, corresponding to the two research questions through building two different bridges over two different gaps.

First, observing the insufficient consideration of the meaning of poverty in the BOP debate (Dembek et al., 2020; Kolk et al., 2014), I build a bridge from the vivid debate among academics and practitioners of development cooperation (Alkire & Foster, 2011; Chen & Ravallion, 2010; World Bank, 2020) to the BOP debate. In particular, I use the capability approach (OECD, 2001; Sen, 1999) as a method theory to inform the BOP discussion, forming the domain debate. Second, detecting shortcomings in regard to how the BOP literature addresses the topic of mutual value creation in business-non-profit partnerships (Calton et al., 2013; Schuster & Holtbrügge, 2014; van den Waeyenberg & Hens, 2012), I build a bridge from the strategic management discipline, in particular using the relational view framework of Dyer and Singh (1998) as the method theory. In so doing, I follow the conceptual methodological approach of ‘theory adaptation’ that is explained by Jaakkola (2020) as “introducing alternative frames of reference to propose a novel perspective on an extant conceptualization” (p. 23). In both cases, I use the method theories in combination with illustrative examples from the BOP literature to bring forward my arguments.

4.2 Empirical methods

Global poverty is described as a “grand challenge” (Ferraro et al., 2015; George et al., 2016). Grand challenges refer to large, unresolved problems that affect vast numbers of individuals, are typically complex with intertwined technical and social elements, and may change over time. Eisenhardt et al. (2016) and Crane et al. (2018) argue that qualitative methods generally,

and research with inductive elements in particular, are especially useful for making progress in understanding and tackling grand societal issues. This is because the complex and messy nature of grand challenges involves constructs that are difficult to measure, and the intertwined elements involved make it difficult to theorise deductively. Furthermore, qualitative methods with inductive elements usually offer a more contextual consideration of the reality of the involved actors themselves (Reinecke et al., 2016). Thus, looking through the lens of the participants' view on societal issues rather than categorising societal issues by the researcher's abstract categories and concepts entails the chance to find novelties. It can support "new ways of seeing" (Bansal et al., 2018).

There are different approaches to qualitative research (Cornelissen, 2017b; Gehman et al., 2018; Reinecke et al., 2016) that, nevertheless, share some common attributes. First, they usually share an openness to many types of data that comprehensively address the research question and the related phenomenon (Eisenhardt et al., 2016). Second, qualitative approaches usually rely on theoretical sampling. Theoretical sampling means that cases are selected according to their ability to illuminate relationships or develop deeper understanding of processes, in contrast to random sampling that aims at empirical generalisability to a population (Eisenhardt et al., 2016). Finally, qualitative approaches with inductive elements usually follow a process that includes gathering data, raising the data stepwise to a more abstract level, engaging iteratively with literature, and ultimately developing theoretical constructs grounded in the empirical data collected (Eisenhardt et al., 2016). The roots of this kind of process lie in grounded theory approaches (Glaser & Strauss, 2009). In my dissertation project, I conducted two empirical studies that share these characteristics, but differ in specifics of data, sample strategy and steps of analysis. In the following, I will outline for each study sampling and data collection as well as data analysis in more detail.

4.2.1 Sampling

The sampling strategy of both empirical papers follows a theoretical sampling approach. This means that the researcher has to find cases that enable meaningful insights to build theory. Sandberg and Alvesson (2021) outline that there are different theory types that require different kind of data to be developed. The research question of paper II – *How do corporate actors with different cognitive frames of poverty respond to tensions while implementing BOP business models?* – points to both elements of an 'ordering' type of theory and elements of an 'explaining' type of theory (Sandberg & Alvesson, 2021) to be developed through answering the research question. First, identifying different cognitive frames of poverty enables the researcher

to impose “conceptual order on the empirical complexity of the phenomenal world” (Suddaby, 2014, p. 407). The frames form elements of an ‘ordering theory’, whose main purpose is to categorise phenomena in theoretically useful ways and thereby make possible novel forms of comparative analysis (Sandberg & Alvesson, 2021). Second, the identified frames build the base to develop elements of inductive ‘explaining theory’ (Sandberg & Alvesson, 2021) that “recognize patterns of relationships among constructs within and across cases and their underlying logical arguments” (Eisenhardt & Graebner, 2007, p. 25). In Paper II, I explain how different cognitive frames of poverty are related with tension handling. To be able to contribute to theory building, I aimed at a sample of organisations that declare to follow a BOP approach, thus by definition combine a profitability objective with the intention to contribute to poverty reduction. I pursued this objective through a specialised platform, the Inclusive Business Accelerator (IBA). The IBA data bank and homepage was funded by the Dutch Ministry of Foreign Affairs to support businesses that aim at “creating jobs and income, as well as access to quality basic products and services for low-income communities [...] in BOP markets” (IBA, 2018), thus fulfilling the condition of the twofold objective of the BOP concept. I made a list of all registered European and Anglophone African-based companies with still existing homepages. Thereon, I sent interview requests by email to the resulting 42 companies and followed up by phone. In total, I received 18 positive responses that were complemented by two more recommendations due to snow-ball technique (Akremi, 2014), finally building a sample of 20 cases. All organisations in the sample are smaller companies, with management teams between three and twelve employees, existing between three and eight years when interviews were conducted. Thus, the cases represent units of analysis that correspond to the call for more research on non-multinational corporations in the BOP context (Dembek et al., 2020, p. 380). At the time of my study, all organisations were registered and aimed for making profits by means of the realised business model. The sample itself is rich in variety regarding the branch, European and African headquarters, and as to whether poor people are included in BOP business models as consumers, producers or service providers (for an overview see table 2 of Paper II). As Paper II aims at insights on both micro level (cognitive frames of individuals) and meso level (tension handling in form of business model adaptations), it was important to further specify the interviewees’ positions at the BOP ventures. All interview partners were either founders, CEOs or in other strategic positions with direct relevance for designing and implementing business models. Summarising, I used the IBA data bank following a purposeful theoretical sampling strategy, as all organisations that claim to follow a BOP approach can potentially enable meaningful insights regarding cognitive frames of poverty and tension handling in this context.

However, the sample itself is rather representative of the IBA data bank as a whole (excluding Francophone Africa) regarding continent of origin, sector and variety in business model structure, as revealed by comparison of the original list of 42 companies and the final sample of 20 cases. As a consequence, Paper II is based on a medium-sized sample adequate to develop answers to the research question and to build elements of ‘ordering type’ and inductive ‘explaining type’ of theory.

The research question of Paper III – *How do communicative interactions between a standard setter and standard taker influence decoupling and recoupling over time?* – points to elements of an ‘enacting’ type of theory (Sandberg & Alvesson, 2021) to be developed through answering the research question. The main purpose of enacting theory is to enunciate how phenomena are constantly produced and reproduced; thus, such theory focuses on the processes through which phenomena emerge, evolve, reoccur, change, and decline over time (Langley et al., 2013; Sandberg & Alvesson, 2021). Empirics that precede such theorising vary but emphasise dynamics and the illumination of (re)productive processes of organisational phenomena. Given my interest in decoupling and recoupling, it was important to identify a case with a high probability of initially existing and later declining gaps between an international sustainability policy and related practices. It is not easy to identify such a case, as there are no formal markers indicating a decoupling status, all the more as companies that deliberately decide to adopt a policy or standard but do not plan to alter daily routines presumably remain guarded over this. And even if decoupling can be recognised, it is by no means certain that this will be followed by recoupling (Clark & Newell, 2013). Nevertheless, I was able to identify a case indicating that a company underwent a process of decoupling and recoupling policy and practice through analysing publicly available evaluation data related to the DETOX initiative. The DETOX initiative was launched by the non-governmental organisation Greenpeace, who wanted companies to commit to a new chemical management standard that aims at zero discharge of hazardous chemicals in textile value chains. Greenpeace realised three monitoring studies, whose analysis yielded only one company that potentially followed a decoupling-recoupling path. It was a sports fashion multinational anonymised as ‘Zeta’, which was the only company that had committed to DETOX, was accused to be a greenwasher in the first evaluation study approximately two years after commitment, but was ultimately titled a leader in the two following evaluating studies. Based on this analysis, my co-authors and I were fortunate to get access to both Zeta as a standard taker and Greenpeace as a standard setter to conduct a process study that focuses on “how interactions across levels contribute to change” (Langley et al., 2013, p. 1). Thus, to

answer the research question of Paper II and develop enacting type of theory, we¹ conducted a single case study (Yin, 2009) and chose the case based on theoretical reasoning. The case study is built on interview and archival data. I did not decide on a particular sample of interviewees and documents prior to starting the research but added interviewees and documents within the process of research following a theoretical sampling logic, which means to “direct data collection to those areas that will best serve the developing theory” (Corbin & Strauss, 2015, p. 134). As the research question indicates, the interaction between the macro level (the standard setter from the institutional environment) and the meso level (the standard taking organisation) was of specific interest.

4.2.2 Data collection

In inductive research, data collection and data analysis overlap (Corbin & Strauss, 2015). Nevertheless, I first refer to the data collected in each empirical project, and in the following subchapter I outline how the data were analysed. For Paper II, the most relevant data are interviews. Between March and June 2018, I conducted 21 semi-structured interviews. One interview dropped out, as the unit of analysis differed too much from the core sample (that case was an organisation supporting BOP ventures instead of being a BOP venture). The interview guide had three building blocks plus intro and outro: a) cognition of poverty, b) the business model, c) role of non-profit partners (see Appendix A7, chapter II for the interview guide). Block c) was not the core of Paper II. I asked broad and open questions to inspire the interviewees to talk freely about their opinions and experiences, thereby gaining rich data for the analysis. The interviews lasted between 30 and 90 minutes, with an average of 50 minutes. 17 interviews were recorded and transcribed, and three were memorised using notes. The grand majority of interviews were held in English, with the exception of one German and one Spanish interview. Prior to the interviews and in parallel to the data analysis, I studied the organisations’ homepages, the organisations’ self-descriptions on the IBA platform and publicly available press articles to gain additional contextual insights as to how the business models worked and which poverty related aspects were emphasised (see preparation sheets Appendix A7, chapter III).

Data for the case study of Paper III was collected over a period between March and September 2019, with the exception of one pre-interview in May 2017. The data for Paper III comprises two main sources: semi-structured interviews and archival data. As I was interested in Zeta’s efforts to implement the DETOX standard – especially if and how decoupling and recoupling

¹ I use the pronoun „we“ when referring to the co-authored articles as a whole. However, when I refer to specific steps that I realised autonomously in the process of developing the respective article I use the pronoun “I”.

between policy and practice unfolded over time – I conducted ten formal interviews based on the guideline and six less formal follow-up interviews with twelve different interview partners at Zeta. I started with high-level managers from the social and environmental affairs department, responsible for the adoption of the standard and – following a theoretical sampling logic – continued with managers from different departments responsible for finding solutions to practice DETOX. As I was also interested in the interaction between the standard setter from the institutional macro level and the organisation at the meso level, I realised four interviews with representatives from Greenpeace. Furthermore, in order to put Zeta’s and Greenpeace’s views into perspective and learn about the broader context, one co-author and I also instructed a master student to conduct eight more interviews with related stakeholders, including representatives of other companies (chemical companies, auditors, another DETOX committed brand) and industry allies, who deal with chemical issues in textile value chains. All interviews together add up to 27.5 hours interview time. For answering the research question of Paper III, archival data was of utter importance in complementation to the interview material. I collected all publicly available DETOX reports published by Greenpeace and its DETOX-related press releases and blog entries, the chemical reports published by Zeta and its DETOX-related public press releases, some internal documents, selected news articles related to the interactions between Greenpeace and Zeta, documents published by other DETOX committed brands, and relevant reports by an industry alliance emerging in the context of DETOX. Altogether, I collected more than 1,700 pages of archival data. Interviews and archival data cover a period of eight years, i.e. from 2011 until 2019, and form the base to “explore the workings of process *after-the-fact*, typically starting with a particular outcome and going back to seek how it was produced” (Langley & Tsukas, 2017, p. 8, emphasis original). If a researcher takes a perspective from outside the studied organisation and conducts the research ‘after-the-fact’ and not ‘in-the-flow’, Langley and Tsukas (2017) title that approach a “developmental process study” (p. 9). I continued data collection until I had the impression that I had talked to those “participants who best represent or have knowledge of the research topic” (Bowen, 2008, p. 140) and that by starting the first steps of data analysis in parallel (interviews and archival data) I had reached ‘conceptual depth’. Thus, I understand theoretical saturation as the achievement of “sufficient depth of understanding [...] in relation to emergent theoretical categories” (Saunders et al., 2018, p. 1901). An overview of the interviews and archival data can be found in Tables 1 and 2 of Paper III, all transcripts and archival data can be found in Appendix A7, chapter VII and VIII.

4.2.3 Data analysis

Eisenhardt et al. (2016) argue that necessary pillars of inductive reasoning are the emergence of theory from data, theoretical sampling, and constant comparison, but that otherwise the researcher has a great freedom to use data analysis techniques that are best suited to find answers to the research questions posed. I followed different approaches corresponding to the varying research questions of Paper II and Paper III. For Paper II, I followed a dichotomous approach. My initial focus of data analysis was on the cognitive frames of corporate actors. To specify such frames, I developed cognitive maps that represent a picture or visual aid in comprehending particular elements of a person's thoughts (Eden, 1992). There are different cognitive mapping techniques, which are understood as "a means of exploring the nature and significance of actors' mental representations of strategic phenomena" (Hodgkinson et al., 2004, p. 3), and no consensus exists within the literature concerning the most appropriate way to elicit actors' cognitive frames. Content analysis of interview transcripts is one accepted way that has been executed in several studies (Hockerts, 2015; Jenkins & Johnson, 1997; Ojastu et al., 2011; Sharma & Jaiswal, 2018).

As outlined in chapter 2.3.2, cognitive frames are differentiated by content and structure (T. Hahn et al., 2014; Walsh, 1995). To specify the content and structure of each interviewee's cognitive frame of poverty, I identified overarching themes as anchor points. Two of these overarching themes were predefined through the interview guide, i.e. 'poverty' and 'poverty reduction'. The third theme 'explanation for poverty' emerged from the data. Following these overarching themes, I coded all interviews and found several sub-themes for each overarching theme. In accordance with the methodological approach of Gioia et al. (2013), I further synthesised the sub-themes in an iterative process going back and forth between data and relevant poverty literature (Alkire et al., 2015; Chen & Ravallion, 2010; Feagin, 1972; Sen, 1999). Based on the emerging sub-categories of the overarching themes, I developed the content attributes of each interviewee's cognitive frame of poverty and organised them graphically in a map with the help of the visual tool "MAXMaps" of the data analysis software MAXQDA. I added arrows to express which kind of relationship the interviewees implicitly or explicitly expressed among the content attributes, i.e. I graphically captured not only the frame's content but also its structure. This analytical work resulted in 20 individual cognitive maps of poverty.

As a further step of data analysis, I compared these individual cognitive maps for similarities and differences and integrated them into two pairs of collective maps (see Appendix A7, chapter IV. a)), a step also realised in other studies (Hockerts, 2015; M. A. Meyer et al., 2016). In addition to the graphical development of four different collective cognitive maps of poverty, I

furthermore developed a table specifying the four frames of poverty in detail (see Appendix A7, chapter IV. b)). In exchange with the reviewers of the journal *Business & Society*, I further sharpened the presentation of my findings by relating the identified frames of poverty to a specific conception of poverty presented by Bradshaw (2007) and Bradley et al. (2012). In this first step of my dichotomous approach, I conducted a form of data analysis allowing for the development of the above-mentioned type of ‘ordering theory’ (Sandberg & Alvesson, 2021).

Based on these upfront findings, I proceeded with my data analysis in complementing the development of ordering type of theory by the development of inductive explaining type of theory. This was the second part of the dichotomous data analysis approach of Paper II. In the process of on-going data collection and the beginning of data analysis, an attention-grabbing topic had emerged: Many interviewees stated frankly or between the lines that there was some kind of disconnection with the poor despite the initial idea of contributing to poverty reduction with the BOP business models. Proceeding from this observation, in an iterative exchange between data and literature I began to make meaning of the observation and to find explaining aspects. Thus, abductive elements entered the analysis (Woo et al., 2017). The exchange with the reviewers in three rounds of revise and resubmit was of utter importance for this step, as proceeding from initial reviewer suggestions I dug deep into the literature on hybrid settings (Battilana & Lee, 2014) and went on to study literature on tensions and tension handling (Jarzabkowski et al., 2013). The ordering themes that emerged and guided re-coding were poverty-profitability tensions, responses to tensions in the form of business model adaptations, categorization of responses, and potential impact on poverty (see tables 3-6 of Paper II). To develop explaining theory elements, I concentrated on identifying homogeneities and differences among the four groups to explore how different cognitive frames of poverty might shape the responses to poverty–profitability tensions.

The research question of Paper III has a clear process-oriented focus. Even though the development of phenomena over time has been of interest for management scholars for long, so-called process studies have turned into a category of its own over the last decades with specific approaches to data analysis (Langley, 1999; Langley et al., 2013; Langley & Tsukas, 2017; Lerman et al., 2020). In process studies, it can be reasonable not to follow a template of coding each interview and each document in a compartmentalised way, as this can hamper capturing nexus and coherencies between and among events. Instead, after having studied all data in detail, I wrote thick descriptions of the story of implementing DETOX at the case company. Thick descriptions refer to a form of a rich narrative that details a particular phenomenon and involves writing up a detailed description of the actions, thoughts and beliefs of managers, employees

and other organisational stakeholders in their context (Cornelissen, 2017b, pp. 370–371). I organised the story of DETOX based on a “temporal bracketing” strategy aiming at “decompos[ing] processes into phases” that are “continuous episodes separated by discontinuities” and that “can become units of analysis for comparison over time” (Gehman et al., 2018, p. 290). As a result, I counted on a document comprising 65 pages (see Appendix A7, chapter IX). This document was the base for the following coding process. The coding procedure followed the Gioia methodology that differentiates between 1st-order concepts, 2nd-order themes and aggregate dimensions (Gioia et al., 2013). This approach to coding has become a well-known template for qualitative studies that is not always adequate (Bansal et al., 2018; Cornelissen, 2017b), but suitable for our study. 1st-order concepts, 2nd-order themes and aggregate dimensions together form the basis for a data structure that visually represents the course of analysis (see Figure 1 of Paper III). When my co-authors and I were developing the 2nd-order themes and aggregated dimensions, we also started iterating between the data and literature on communicative interactions (Brand et al., 2020; Dawkins, 2019). Finally, we developed a process model (see Figure 3 of Paper III) that aims at laying out “a set of mechanisms explaining events and outcomes” (Cornelissen, 2017a, p. 3).

In sum, I followed different approaches for data analysis corresponding to the different research questions. However, the data analysis steps for both empirical papers have in common that they include inductive elements, as they concentrate on themes emerging from the data and explain these emerging themes with the help of existing literature. Woo et al. (2017, p. 3) call this procedure abductive steps, whereas Graebner et al. (2012) refer to blending deductive elements with an inductive approach.

5 Summary of Articles

In the following, I will provide a brief summary of all three papers. Additionally, I will present a table that delivers a systematic overview of research questions, theoretical grounding, methodological approach, and important findings for each of the three papers that together with the synopsis constitute this cumulative doctoral thesis.

Paper I titled “*Gaining Mutual Benefits Through Business-non-profit Partnership in Base-of-the-Pyramid Markets: A Relational View*” is conceptual in nature. It aims at answering two research questions: one is related to the meaning of value creation in business-non-profit partnerships in the BOP context, the other refers to the determinants and facilitators for value creation in such business-non-profit partnerships. Paper II originates from the observation that the BOP literature, on the one hand, defines the BOP concept as combining economic success with

poverty reduction (Dembek et al., 2020; Kolk et al., 2014; Prahalad, 2005), while, on the other hand, rather vaguely referring to mutual benefits or mutual value creation through doing business at or with the BOP without substantially elaborating on the meaning of such concepts and their link to poverty reduction (Dembek & York, 2020; Gollakota et al., 2010; London & Hart, 2010). Therefore, the paper starts by clarifying what kind of value a focal firm can aim at through business-non-profit-partnerships and what kind of value a non-profit partner aims at, who analytically represents the BOP. Based on conceptual reasoning and a thorough review of the BOP literature, mutual value creation translates into (potential) economic value for the focal firm (in direct or indirect respectively short-term-oriented or long-term-oriented forms) and social value creation for the BOP in form of improved basic capabilities (OECD, 2001; Sen, 1999). The paper therewith introduces the discussion on poverty in its multidimensional sense, in particular the capability approach, to the debate on business-non-profit partnerships in the BOP context. Against this background, Paper I highlights the necessity to take into account both side effects and distributional effects when assessing the contribution to poverty reduction through BOP business models. The assessment of side effects refers to interdependencies between different dimensions of poverty. The assessment of distributional effects refers to the examination of how risks and values are distributed between the focal firm and the BOP.

After having set the stage with the conceptualisation of mutual value creation, the paper proceeds by introducing the relational view (Dyer et al., 2018; Dyer & Singh, 1998). In their seminal publication, Dyer and Singh (1998) focus on inter-organisational relationships and specify how additional value can be created through cooperation. We first introduce Dyer & Singh's framework that outlines four primary determinants of value creation in alliances, which goes above and beyond value creation in arms-length market relations: complementary resources and capabilities, relation-specific assets, knowledge-sharing routines, and effective governance. We then proceed by applying the relational view to business-non-profit partnerships in the BOP context and identify characteristic features that either correspond to, or deviate from, the inter-firm context originally addressed by Dyer and Singh. This theory-based, systematic analysis enables us to identify critical determinants and facilitators for value creation in its economic and social sense in business-non-profit partnerships. Finally, we make recommendations on how to better exploit key sources for both economic and social value creation. In specifying characteristics of key determinants for value creation in business-non-profit partnerships, we allow for a better understanding of one specific challenge to contribute to poverty reduction through implementing new BOP business models. In particular, we elucidate how to organise business-non-profit partnerships in a way that enables value creation for both partners.

Paper II titled “*Cognitive Frames of Poverty and Tension Handling in Base-of-the-Pyramid Business Models*” is based on an empirical research project. Being familiar with the controversial debate on different conceptualisations of poverty among academics and practitioners of the international development realm (Alkire et al., 2015; Chen & Ravallion, 2010; Sen, 1999; World Bank, 2020), I had two objectives in mind when developing Paper II. First, I intended to identify cognitive frames of poverty of corporate actors, who implement BOP business models. Second, I aimed at examining how different cognitive frames are related to how poverty reduction is addressed in BOP business models. In order to identify cognitive frames of poverty and better understand the role of cognitive frames for the development of BOP business models, I conducted an inductive, qualitative, theory-building research study, mainly based on interviews. The concept of tensions and responses to tensions turned out to be of utter relevance for theorising about the role of cognitive frames in BOP business models. Therefore, Paper II first introduces the state of the art regarding the concept of tensions (Smith & Lewis, 2011) and responses to tensions (Jarzabkowski et al., 2013), particularly in the context of sustainability (T. Hahn et al., 2015) and the BOP (Sharma & Jaiswal, 2018). The second chapter on the state of the art on cognitive frames (Kaplan, 2011; Walsh, 1995), particularly in the context of sustainability (T. Hahn et al., 2014) and the BOP, complements the theoretical background of Paper II. The paper proceeds by presenting a method section that outlines a two-stage approach to data analysis: first, identifying individual and collective cognitive frames of poverty and, second, examining the handling of poverty-profitability tensions emerging along BOP business model implementation.

As an upfront finding, I identify two pairs of cognitive frames of poverty. Each pair shares relevant content items but differs in the structures’ complexity. The first pair, consisting in the ‘poverty as multidimensional capability deprivation’ frame and the ‘poverty as economic capability deprivation’ frame, emphasises system-centric, macro-level conceptions of poverty that highlight deficiencies of the environment. The second pair, consisting in the ‘poverty as a cultural mind-set’ frame and the ‘poverty as an individual mind-set’ frame, emphasises person-centric, micro-level conceptions of poverty. The frames of each pair differ in the frame structure’s complexity: one is less complex and more dominated by a single content item, whereas the other is more differentiated. Having outlined the content and structure of the four frames building two pairs, I present a structured analysis on how the handling of poverty-profitability tensions differ among the four groups of corporate actors with different cognitive frames. My data highlights that all actors find pro-active responses to poverty-profitability tensions with a

potential positive impact on different dimensions of poverty when formulating value propositions. However, during business model implementation responses to tensions in the form of business model adaptations become more defensive having potential negative impact on poverty in all but one group.

Through these findings, I offer contributions to theory. First, my study on the handling of poverty-profitability tensions in BOP business models responds to the call of T. Hahn et al. (2018) to strengthen research in management science through descriptive, instrumental, and normative foci on tensions among different interdependent and, at times, conflicting corporate sustainability objectives. My findings contribute to all three demanded foci on tensions and tension handling. Second, my study contributes to the literature on cognition and sustainability. So far, this literature has been dominated by a dichotomy of the simpler ‘business case frame’ and the more complex ‘paradoxical frame’ of sustainability and shows inconclusive results when it comes to assess the role of cognitive frames’ complexity for the sustainability performance of organisations (Crilly & Sloan, 2012; Gröschl et al., 2019; T. Hahn et al., 2014; Hockerts, 2015). The typology of two pairs of cognitive frames of poverty with different contents and structures, as developed in Paper II, and the differences in tension handling by actors with these frames emphasise that the dominant dichotomy of one simpler frame and one more complex frame of sustainability is not a sufficient conception to explore the consequences of managerial cognitive frames on societal impact. I show that frames’ content and structure matter. In specifying a typology of cognitive frames of poverty and examining how these relate to the handling of poverty-profitability tensions, I allow for a better understanding of another specific challenge to contribute to poverty reduction through implementing new business models. In particular, I elucidate how individual cognitive characteristics of corporate actors may impede pro-active tension handling and diminish potential poverty impact of BOP business models.

Paper III titled “*The Influence of Agonistic Deliberation on Decoupling and Recoupling: A Process Perspective on the DETOX International Sustainability Standard*” is an empirical qualitative case study. Using rich interview and archival data covering a period of eight years, we aim at identifying the process of decoupling and recoupling between DETOX policies and practices with a specific focus on the involved interactions between standard setter and standard taker. Even though the concept of decoupling is well established in institutional theory (Boxenbaum & Jonsson, 2017; Bromley & Powell, 2012; J. W. Meyer & Rowan, 1977), there is a lack of research that takes into account a multi-level approach including the macro-level (standard-setter) and meso-level (standard-taker) (Desai, 2015; Heese et al., 2016) while at the same time taking a dynamic perspective to examine how recoupling occurs (Bree &

Stoopendaal, 2020; Egels-Zandén, 2014; Haack et al., 2012; Tilcsik, 2010). Paper III sets out to address this research gap. We study the case of the new chemical management standard DETOX, which was introduced by the international non-governmental organisation Greenpeace, and the (non-)ceremonial implementation efforts of an international sports fashion company. We conducted 28 interviews and collected 1,700 pages of archival data, synthesised this raw data into narratives, followed a temporal bracketing strategy (Langley, 1999, p. 703), found first order codes, realised second-order analysis, and deduced aggregated dimensions (Gioia et al., 2013). We find that the deliberative interactions between the standard setter and the standard taker unfolds in sequences of varying levels of contestation and disagreement. In an iterative exchange between data and literature, we discover the concept of agonism (Laclau, 2001; Mouffe, 2005, 2008) as being helpful to characterise this deliberative interaction.

We synthesised our findings into a process model with five phases: imminent decoupling, intense decoupling, transition, tentative recoupling, and intense recoupling. Each phase is characterised by specific actions of standard setter and standard taker that together form deliberative interactions of varying levels of agonism. Our process model helps to explain how decoupling and recoupling processes are driven by agonistic-deliberative interactions over time. By adopting a multi-level, processual perspective, Paper III provides the following contributions to theory. First, our dynamic process model elucidates the role of communicative interactions between a standard setter and standard takers for decoupling and recoupling of a new sustainability policy and related practices as well as of means and ends and therewith enlarges existing knowledge (Clark & Newell, 2013; Desai, 2015; Kern et al., 2018; Wijen, 2014). Second, our consideration of multilevel deliberation between standard setter and standard taker contributes to the view of a constitutive, formative role of communication for organisations and organising (Bitektine et al., 2020; Schoeneborn et al., 2019). Our model sheds light on *how* organisations “‘talk’ themselves into corrective measures” (Haack et al., 2012, p. 817) by showing that they do not do so alone but instead rely on interactions with the standard setter. Third, we shed light on the constitution of de- and recoupling (Boxenbaum & Jonsson, 2017) as we clarify how the standard setter influences the intensity of de-/recoupling, i.e. the degree of policy-practice (mis-)alignment, through changing the meaning of substantial standard implementation over time. Thus, the decoupling and recoupling status not only rests on implemented practices by the standard taker, but is co-constructed over time. In specifying how sequences of agonistic-deliberative interactions between standard setter and standard taker shape decoupling and recoupling of an international sustainability standard, we allow for a better understanding of a specific challenge to contribute to poverty reduction and sustainability through adapting

existing business models. In particular, we elucidate how interactions can be realised to foster the adoption of standards and policies that are aligned with practices and intended outcomes.

In the table below, I summarise the articles that are part of the dissertation according to their research question(s), methods, theoretical grounding, and main findings and contributions.

No.	Authors and Title	Research Question(s)	Method and Data	Theoretical Grounding	Main Findings and Contributions
I	Grimm, Jordis & Gilbert, Dirk Ulrich: Gaining Mutual Benefits Through Business-non-profit Partnership in Base-of-the-Pyramid Markets: A Relational View	RQ1: What does value creation mean in business-non-profit partnerships, which aim at implementing BOP business models for mutual benefits? RQ2: What are the critical potential determinants and facilitators for value creation in business-non-profit partnerships related to BOP business models?	Conceptual	Capability Approach (Alkire, 2005; Nussbaum, 2003; OECD, 2001; Sen, 1999) Relational View (Dyer & Singh, 1998)	<ul style="list-style-type: none"> • Mutual value creation has to be translated into economic value creation for the focal firm and social value creation in the form of improved basic capabilities at the BOP. • The relational view offers an appropriate theoretical base to analyse determinants and facilitators for value creation (economic and social) in business-non-profit partnerships aiming at implementing BOP business models. • Our analysis shows how determinants of relational rents – i.e. relation-specific assets, knowledge-sharing routines, complementary resource endowments, and effective governance – in business-non-profit partnerships in the BOP context differ from inter-firm alliances. • The outlined characteristics of the determinants are the starting point for recommendations on how to organise business-non-profit partnerships to effectively contribute to mutual value creation.
II	Grimm, Jordis Cognitive Frames of Poverty and Tension Handling in Base-of-the-Pyramid Business Models	RQ1: How do corporate actors with different cognitive frames of poverty respond to tensions while implementing BOP business models?	Empirical (qualitative) <ul style="list-style-type: none"> • 20 interviews (20 interviewees; 17 hours) • 20 homepages complemented by press articles, videos and documents related to organisations and interviewees) 	Cognitive Perspective (T. Hahn et al., 2014; Walsh, 1995) Organizational Theory on Tensions (Smith et al., 2013; Smith & Lewis, 2011) and Tension Handling (Jarzabkowski et al., 2013; van Bommel, 2018) Business Model Conceptions (Bocken et al., 2014; Osterwalder et al., 2005; Zott et al., 2011) Poverty Conceptions (Chen & Ravallion, 2010; OECD, 2001; Sen, 1999)	<ul style="list-style-type: none"> • I develop a typology of four different cognitive frames of poverty, building two pairs that differ in the contents and structures of the frames. • I observe that corporate actors acknowledge specific poverty-profitability tensions when developing and implementing BOP business models. • I discover that they handle these tensions through business model adaptations that have an impact on the poverty reduction potential of the business models. • I find out that corporate actors with different cognitive frames handle tensions differently: three groups find rather defensive responses to tensions, while one group finds rather pro-active responses. The former negatively impacts the potential for poverty reduction, while the latter positively impacts it. • These findings strengthen the hitherto lacking poverty focus of the BOP literature and contribute to the literature on tensions and cognitive frames in the context of sustainability.

III	<p>Grimm, Jordis, Schormair, Maximilian & Gilbert, Dirk Ulrich</p> <p>The Influence of Agonistic Deliberation on Decoupling and Recoupling: A Process Perspective on the DETOX International Sustainability Standard</p>	<p>RQ1: How do communicative interactions between a standard setter and standard taker influence decoupling and recoupling over time?</p>	<p>Empirical (qualitative)</p> <ul style="list-style-type: none"> • 28 interviews (24 interviewees; 27,5 hours) • 1,700 pages of archival data (reports, press releases, blog entries, internal documents, press articles) • data spanning a period of eight years (2011-2019) 	<p>Institutional Theory on Decoupling (Meyer & Rowan 1977, Bromley & Powell 2012) and Recoupling (Tilcsik 2010, Bree & Stoopendaal 2020)</p> <p>Communicative Constitution of Organizations (CCO) Thinking (Schöneborn et al. 2019)</p> <p>Political Theory on Agonism (Mouffe 2005, 2008, Laclau 2001, Dawkins 2015)</p>	<ul style="list-style-type: none"> • This study discusses how deliberative interactions between a standard setter on the macro level and a standard taker on the meso level shape decoupling and recoupling of an international sustainability policy with related practices. • The study is based on a case study on the new chemical standard DETOX, which was initiated by the NGO Greenpeace and adopted by the international sports fashion company ‘Zeta’. • Findings show that the level of agonism in deliberative interactions between standard setter and standard taker shape decoupling and recoupling over time. The sequential order of deliberative interactions with varying degrees of agonism is crucial for the development of narrowing down the gap between policy and practice and means and ends. • Our process model contributes to a better understanding of how interactions between the macro level and the meso level contribute to the effective implementation of international sustainability standards.
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Table 1: Summary of articles

6 Contributions

This doctoral thesis contributes to the literature both as a whole and in its parts. I will first outline how the dissertation in the aggregate advances knowledge and will then refer to the specific contributions of each paper (chapter 6.1). Finally, I will describe practical implications of my work (chapter 6.2).

6.1 Contributions to literature and theory

The overarching contribution of the dissertation as a complete work is the strengthening of the poverty focus of the BOP discussion in management science. An analytical focus on poverty has been neglected in the BOP literature so far. The majority of articles has concentrated on profitability issues, even though the objective of poverty reduction is part of the defining core of the BOP concept (Dembek & York, 2020; Kolk et al., 2014). The doctoral thesis realises the shift of focus in two ways. Firstly, it sets the stage by linking the state of the art of discussing poverty in the realm of international development with the BOP debate (Alkire & Foster, 2011; Chen & Ravallion, 2010; OECD, 2001; Sen, 1999). The thesis emphasises different conceptions of poverty by discussing the meaning of mutual value creation in a conceptual sense (Paper I), by focussing empirically on poverty conceptions of individuals (Paper II), and by clarifying the link between environmental improvements in global value chains, sustainability and poverty reduction in its multidimensional sense (Paper III). The doctoral thesis thereby infuses a perspective on “the diversity in the expressions of poverty [...] that is entirely lacking in the simplistic BOP portrayal” (Peredo et al., 2018, p. 421).

Secondly, the doctoral thesis leads the BOP debate deeper below the surface and beyond “tell[ing] the story for and from a business perspective” (Dembek et al., 2020, p. 378) by concentrating on the analysis of challenges for poverty reduction and sustainability at the BOP, in contrast to the majority of articles that focuses on challenges for profitability only. It does so by analysing three specific challenges for poverty reduction. The selection of challenges and varied methodological approaches allow for different perspectives on poverty and its reduction. First, the analysis of challenges in this dissertation points to different levels, i.e. the micro level that refers to individuals, the meso level that refers to single organisations, and the macro level that refers to the institutional environment. Paper I focuses on relations between two organisations in business-non-profit partnerships (org-org relations on the meso-level), Paper II focuses on relations between cognitive frames of individuals and business model adaptations of organisations (individual-org relations bridging the micro and the meso level), and Paper III focuses

on relations between a representative of the institutional field, i.e. a standard setter, and an organisation, i.e. a standard taker (org-org relations bridging the macro and the meso level). Second, the doctoral thesis differentiates between impacting poverty and sustainability at the BOP through implementing new business models (Paper I and Paper II) and adapting existing ones (Paper III). In so doing, the thesis enlarges the perspective on how to assess challenges for poverty reduction and sustainability and thereby strengthens the focus on including the BOP in value adding activities in addition to the inclusion as addresses of value propositions, as has been the focus of the majority of articles hitherto.

By exposing different challenges for poverty reduction, this dissertation contributes to critically discussing the BOP concept. The findings of all three articles point to the fact that the potential impact of corporate approaches for poverty reduction and sustainability depends on the interaction with the context. In particular, the doctoral thesis highlights the context of involved individuals' thinking on poverty (specificities of the micro-level context), the context of the organisation of partnerships (specificities of the meso-level context), and the development of interactions between standard setters and standard takers (specificities of the meso-macro level context). It can be concluded from the findings of the three dissertation papers that the BOP concept is by no means a panacea for poverty. It depends on how actors manage to overcome the challenges outlined in this dissertation and further challenges outside the scope of this thesis. Thus, this doctoral thesis joins in emphasising that "greater effort is needed to conceptualize, measure, and analyse social value to better understand the conditions under which BOP businesses are able to improve the well-being of local communities" (Lashitew et al., 2021, n.p.). The dissertation contributes its mite to advance the debate in this direction by connecting the BOP literature stream with poverty conceptions from the development studies field and by analysing three specific challenges for poverty reduction.

In addition to the overarching contribution of the doctoral thesis in form of shifting the focus of the BOP literature to poverty and the analysis of three challenges for poverty reduction, each paper offers individual contributions to different literature streams. I proceed by outlining the key contributions of each paper. Paper I contributes to the BOP literature by applying the relational view established in a framework by Dyer and Singh (1998) to examine value creation determinants and facilitators specific to business-non-profit partnerships at the BOP level. It thereby strengthens the theoretical base of the BOP debate and points to relevant prospects and barriers for both poverty reduction and profitability through forming partnerships.

Paper II further infuses established theory in the BOP discourse, but also contributes to the theories applied. First, it contributes to the literature on tensions and responses to tensions resulting from hybrid settings in corporate sustainability (Battilana & Lee, 2014; T. Hahn et al., 2015; T. Hahn et al., 2018). It does so by concretising responses to tensions as adaptations of business model elements. Thereby, it lines up with recent publications that combine a perspective on tensions with a business model logic (Davies & Chambers, 2018; Davies & Doherty, 2019) but complementing them with concrete illustration in the BOP context. As a result, Paper II points to responses to tensions that are problematic for the poverty reduction potential of new business models. Second, Paper II contributes to the cognitive perspective in corporate sustainability research. In particular, it elucidates how the acknowledgement of and responses to tensions reflect the underlying cognitive frames of actors and how this together influences organisational sustainability performance (Haffar & Searcy, 2019; T. Hahn et al., 2014; Hockerts, 2015). The paper's findings make evident that an exclusive consideration of cognitive frames' structure, expressed as the dichotomy of a business case frame and a paradoxical frame of sustainability (T. Hahn et al., 2014), is not sufficient to explore the link between cognitive frame, responses to tensions and performance in all cases. The content dimension is of utter relevance, too, at least in the case of poverty reduction as an important subset of sustainability. This is shown by the two pairs of frames identified. In my study, the pair of individualistic conceptions of poverty, both the more complex frame and the simpler one, impede pro-active tension handling, what results in a negative impact on business models' potential to decrease poverty. However, in case of the pair of structural conceptions of poverty, the frame with simpler structure and a focus on economic capability deprivation facilitates pro-active tension handling, whereas the more complex frame is linked to defensive tension handling. These results challenge the assumption that a more complex paradoxical cognitive frame leads to pro-active tension handling with more potential for sustainability improvements (van der Byl & Slawinski, 2015). These findings furthermore emphasise a critical perspective on the BOP concept. They suggest that taking into account barriers on the micro-level context, i.e. cognitive frames of poverty, the combination of profitability and poverty reduction objectives, is most promising when focussing on economic dimensions of poverty. This, however, can only be one but not a universal approach to end poverty in all its forms.

Paper III – in addition to extending the BOP concept to the adaptation of existing business models – contributes to institutional theory, in particular to the knowledge on decoupling and recoupling processes. It does so by developing a more nuanced understanding of the role of the standard setter for shaping decoupling and recoupling between both policy and practice and

means and ends of sustainability standards, complementing a small number of existing empirical studies (Bree & Stoopendaal, 2020; Desai, 2015; Heese et al., 2016; Kern et al., 2018). Paper III shows both *that* and also *how* de-/recoupling are co-constructed by standard setters and standard takers in a sequence of agonistic-deliberative interactions. It thereby emphasises the political nature of decoupling and recoupling processes unfolding between the macro level of the institutional environment and the meso level of the affected organisation (Levy et al., 2016). Furthermore, Paper III contributes to the formative view of communication (Bitektine et al., 2020; Schoeneborn et al., 2019) in relation to sustainability (Christensen et al., 2013; Haack et al., 2012; Schoeneborn et al., 2020). Our study emphasises that “talking-to-walk” (Schoeneborn et al., 2020, p. 14) is not an automatism but is dependent on agonistic interactions, thus a powerful external dialogue partner. We advance existing studies on the role of the institutional environment for “aspirational talk” (Christensen et al., 2013; Haack et al., 2012; Penttilä, 2020) by considering practices and narratives as well as taking a process perspective.

In sum, the doctoral thesis contributes to a more nuanced perspective on challenges for poverty reduction at the BOP through implementing new and adapting existing business models. Based on the different findings, a number of practical implications can be drawn. These will be briefly outlined in the following.

6.2 Practical implications

It has been shown in this doctoral thesis that it is difficult to contribute to poverty reduction through corporate approaches, because many challenges result from implementing new and adapting existing business models. This statement is not trivial as the BOP discourse mainly concentrated on – big enough – challenges for profitability, whereas poverty alleviation in the BOP community has rather been seen as “a natural consequence of profit maximization” (Dembek et al., 2020, p. 379). Thus, practitioners from corporations have to reflect upon and adapt to challenges for poverty reduction and sustainability when designing, implementing and adapting business models. A lack of reflection on these challenges can contribute to overlooking negative consequences on BOP communities and the environment (Ansari et al., 2012; Hall et al., 2012). However, accepting and taking up challenges for both profitability and poverty reduction increases the level of complexity and thus in many cases also costs.

As has been shown in Paper I, organising business-non-profit partnerships in a way that allows for both economic and social value creation requires high investments. For instance, investments in frequent on-site visits and intensive interaction are necessary for building

effective partnerships as well as the acceptance of costs resulting from slower processes or the involvement in developmental networks. Paper III has shown that implementing sustainability standards with a positive impact on workers and communities in global value chains caused additional costs through investments in personell, the development of new testing capabilities, the set-up of a new sector initiative, and the acceptance of temporarily decreased margins. Paper II has also demonstrated that only very few organisations managed to stay connected to the initially focused target group of BOP consumers and producers over time and that those who did invested high amounts in trial and error processes. Interpreting these findings, there are poverty-specific demands on the debit side of poverty-effective business models, on the one hand.

On the other hand, the credit side of poverty-effective business models is constrained by ethical considerations. Prices and margins of business models that include the BOP as consumers have to be reflected in the light of the impact on the economic capabilities of the integrated poor. Paying for newly available products usually substitutes other products and services because the poor hardly have income surplus. Having in mind that most of the spending power of the poor goes to the satisfaction of basic needs (Hammond, 2007), every additional penny of margin skimmed off from the poor bears the risk of diminishing consumption of products and services related to basic needs. Similar argumentation is valid for business models that include the poor in value creation processes – be it new or existing business models. Paying for labour (directly or through prices paid for commodities produced by labourers at supplier sides) adds to the credit column of business models. However, if poverty wages are paid instead of living wages, profits are permitted through the constant deprivation of the capabilities of the poor.

Emphasising both the challenges of additional investments required that add to the debit side of the accounts and the normative claims that constrain the credit side is not meant as a statement against trying to impact poverty through new and existing business models. It strikes a blow for doing so in a reflected way, taking into account both the profitability and the poverty perspective, and not putting it on a level with conquering new markets. This means to prepare for longer time horizons and necessary investments (Beckett et al., 2020; Sharma & Jaiswal, 2018) and not to be taken in by a discourse exposing the fortune that can be made at the BOP, what Karnani (2006, p. 99) called “at best, a harmless illusion and potentially a dangerous delusion.”

In addition to practical implications for corporate actors, this dissertation also offers implications for actors from the public and civil-society sphere. Paper I does not only present recommendations for business representatives willing to enter business-non-profit partnerships, but its findings are also helpful for NGO representatives. Reflecting on the four determinants of relational rents – i.e. relation-specific assets, knowledge-sharing routines, complementary resource endowments, and effective governance – before entering a partnership, and in a second step explicitly agreeing on objectives and cost sharing with the business partner, can prevent upcoming problems and crashing partnerships. In respect to civic society actors' role for pushing improvements by promoting the adoption and implementation of international sustainability standards, Paper III provides advice. Our findings point to the necessity of changing attitudes towards corporations over time. In our case study, it proved helpful to increase the level of aggressiveness in the earlier phases of interaction to first enforce adoption – even if initially in a ceremonial way only – and then push for a transition to occur through upholding a high level of agonism. However, when observing nascent severe attempts for substantial implementation, a higher willingness for informal exchange and cooperation can help to find working solutions. This is in accordance with the latest dynamic perspective on CSR implementation by Haack et al. (2020, n.p.), who vindicate the point of view “that different regime sequences can be optimal” to push for substantive implementation of CSR practices.

Regarding implications for public actors from the political sphere, in particular Paper II offers relevant insights. The observance that corporate actors, who made use of publicly financed support infrastructure for BOP business models, hold beliefs of individualistic conceptions of poverty is a matter of concern. Individualistic conceptions of poverty that lack any empirical support (Stoeffler & Joseph, 2020) ascribe questionable attributes to poor individuals that can set the stage for “blaming the victims’ for their problems, because they seem[ed] to imply that people might cease to be poor if they changed their culture” (Small et al., 2010, p. 7). Interpreting the findings of my study, cognitive frames of individualistic conceptions of poverty in the best case hamper scaling attempts, as founders want to work closely with individuals to educate them to change their ‘poverty culture’. In the worst case, any problems that arise through the journey are blamed to the poor, which may impede a reflexive stance that is necessary to find creative solutions enabling economic and social value creation. Therefore, public actors that rule over public funds to support BOP business models should be sensitive as to how to design support programmes and contextualise poverty.

7 Limitations and Future Research

This doctoral thesis explored challenges for poverty reduction and sustainability at the BOP related to implementing new and adapting existing business models. It considered challenges that are either external or internal to the focal firm, anchored the research at different levels of analysis, and applied different methodological approaches. In so doing, it contributes to shift the BOP discussion towards a more precise and explicit conceptualisation of poverty and a more thorough, theoretically based consideration of challenges not only for profitability, but also for poverty reduction and sustainability. However, the dissertation is not without limitations. Findings and limitations of research endeavours can provide avenues for future research. In the following, I will outline constraints of my studies and depict how these constraints can become starting points for further exploration by researchers from different fields.

First, this doctoral thesis has limitations regarding its scope. It refers to three different challenges for poverty reduction. Needless to say that the selected challenges are not the only ones that are relevant for BOP business models to take effect on social and economic value creation. For each of the perspectives taken – challenges for implementing new versus adapting existing business models, and challenges external to and internal to the business – and on every level of analysis (micro, meso and macro) there are plenty more. In this sense, this dissertation lines up with merely a few other studies (Dembek & York, 2020; Lashitew et al., 2020; Lashitew et al., 2021; Sesan et al., 2013; Shivarajan & Srinivasan, 2013) that can only *initialise* a shift towards a better consideration of the conceptualization and analysis of the poverty pole of the poverty-profitability tensions inherent in the BOP concept. Many more studies with this focus are needed to catch up the state of knowledge the BOP discussion has acquired on profitability issues. Recalling Figure 1 *Classification of the dissertation articles*, it can be argued that each of the four inner cells of the table should be complemented by many more entries to increase knowledge on what works or does not work for business models aiming at poverty reduction in its multidimensional sense and sustainability at the BOP, under what boundary conditions, as well as how and why.

Second, the doctoral thesis has limitations regarding the depth of each study. Referring to Figure 1, this means that every challenge described in each inner cell could be studied from other angles, with different methodological approaches or referring to other units of analysis. Paper I makes a conceptual contribution and offers recommendations on how to effectively organise business-non-profit partnerships in order to allow for both economic value creation and poverty

reduction. These propositions call for further empirical research. Future research on BOP related partnerships could examine which suggested determinants of relational rents can be observed in partnerships and with what effect. On the one hand, this could be done in a deductive, quantitative, survey-based approach (Nardi, 2018). On the other hand, a qualitative approach with a multiple case study design that purposefully samples partnerships and, for instance, contrasts successful and failed partnerships would allow for a better understanding of the mechanisms behind each determinant (Eisenhardt & Graebner, 2007). Obviously, a clear definition of ‘successful’ and ‘failed’ will be needed. Another approach would be to observe a business-non-profit partnership in a single case study design over a longer period of time in order to focus on the dynamic aspects of the generation of relational rents. Something that is recently emphasized as necessary by Dyer and Singh themselves (Dyer et al., 2018).

Paper II studies cognitive frames of poverty, tension handling, and the impact on poverty. The sample underlying the study is medium-sized with 20 BOP ventures analysed. The findings regarding the four cognitive frames and the assumption that these cognitive frames of poverty shape a stance for handling poverty-profitability tensions should be verified by more research. An opportunity that arises for verification is a multiple case study design (Eisenhardt & Graebner, 2007) that contrasts participants with regard to their cognitive frames (which can be made explicit through a variety of methodologies, see Hodgkinson et al., 2004) and holds other attributes similar. Another avenue for taking up the findings of Paper II are experiments or large sample studies. Furthermore, it became apparent during data analysis of this study that poverty-profitability tensions change over time. Further research on the handling of poverty-profitability tensions in BOP ventures could take a process perspective (Langley, 1999; Langley et al., 2013) that is more concrete than that underlying my study. This would also allow to capture if and how cognitive frames of poverty change over time. I started data collection of Paper II with the idea in mind that the cooperation with non-profit partners from international development cooperation could influence the poverty frames of corporate actors towards more complex mental models. However, this hypothesis was not confirmed during data analysis. On the contrary, there was evidence that difficulties experienced by corporate actors to find common ground with non-profit representatives and establish effective partnerships rather consolidated cognitive frames of poverty with a clear economic alignment logic. These preliminary findings were not included in this dissertation due to paper length restrictions. However, they build a starting point for further research that relates the foci of Paper I (business-non-profit partnerships) to Paper II (cognitive frames and tension handling). Another limitation of Paper II (and of too much research in general) concerns the lack of inclusion of those affected. This doctoral thesis

on “Poverty Reduction and Sustainability at the Base-of-the-Pyramid”, although conveying a hitherto deficiently considered theoretical perspective on poverty, does not include primary data directly from the BOP. Thus, it does not give room for “the voices of the poor” (Narayan, 2002). Also admitting that managers and their actions are of high relevance for management science, future research should make more effort to include data from those affected by these actions. This is valid for theoretical perspectives studying BOP business models as well as for the practical perspective on developing such business models. Even though there are barriers for accessing people at the BOP – in the logistical sense but also due to language restrictions and lack of trust – and ethical considerations regarding post-colonial biases when white western researchers study poor people in non-western contexts as objects (Datta, 2017; Summers, 2020), it is worthwhile to broaden the scope of data collection and include more perspectives. This issue leads over to the limitations of Paper III.

Paper III has gained merits in that it applies a multi-level perspective, taking into account the institutional environment on the macro level (by means of observing the DETOX standard setter) and a specific organisation on the meso level (by means of observing the DETOX standard taker). However, the integration of those affected by the implementation of DETOX is missing. DETOX aims at protecting workers and waters that serve poor communities from hazardous chemicals. These workers and communities only appear indirectly in the study, but not directly. Even though we found reliable evidence that the implementation of DETOX became more substantial at both Zeta and the whole supply chain over time, primary data stems from Zeta employees rather than from suppliers. To learn more about how substantial implementation of international sustainability standards works in complex value chains, further research should capture more voices from different tiers. This is why we developed a research proposal and applied for funding by Deutsche Forschungsgemeinschaft (DFG) for continued studying of the case of DETOX, taking into account further tiers of the global value chain. Another limitation of this dissertation is the depth of the consideration of the environmental perspective. On the one hand, it is remarkable that this doctoral thesis offers a conjunction between poverty reduction at the BOP and the environmental dimension of sustainability through the integration of Paper III. Doing so is already a merit, as the environmental perspective is largely underrepresented in the BOP discussion (Hart et al., 2016). Chapter 2.4 presents the line of argument that the decrease of pollution triggered through international sustainability standards can increase the human and protective capabilities of workers and communities at the BOP and as such contribute to poverty alleviation. This reasoning is persuasive, especially in the long term. On the other hand, further research should broaden the depth of analysis with regard to potential

socio-environmental trade-offs. In the case of DETOX, there are indications that workers forewent loan when product batches were rejected due to high levels of chemicals traceable in products. In the future, BOP research should consider not only poverty-profitability tensions but also poverty-profitability-pollution tensions.

Third, and finally, this doctoral thesis has limitations related to the bias I as a researcher bring into the research. My look at the world is shaped by the cultural space I grew up in, i.e. a Western-European perspective, and by my background as a management scientist. When studying non-western contexts and non-economic constructs, both can result in a non-reflexive acceptance of power-asymmetries and the unquestioned approval of hegemonic discourse (Girei, 2017; Jack & Westwood, 2006). There are more critical perspectives that cast doubt on the appropriateness of the inclusion of poor or marginalised people into (global) markets, in whatever role and in whatever way, as long as our markets function in the way they do, i.e. externalising most of the costs of severe environmental and social destruction inherent in the global production system and strengthening global and local power imbalances (Chatterjee, 2020; Landrum, 2020; Peredo et al., 2018). Some empirical research already points to the fact that some BOP ventures that served as poster child cases on closer inspection only served few already more privileged individuals in BOP communities and the focal firm (Mukerji, 2020; Varman et al., 2012). I think that interdisciplinary research that integrates e.g. anthropological or developmental perspectives and intercultural research teams that include non-western researchers can help to reveal and discuss taken-for-grantedness of the management community.

In the end, I am convinced that corporate approaches in the form of implementing new or adapting existing business models are neither a panacea nor the devil's tools with regard to poverty reduction and sustainability. Implementing BOP business models is plain and simple very, very challenging if poverty reduction is not dismissed as beside the point. All the more if poverty is understood as multidimensional and as related to whole communities and the environment and if the long term is taken into account. However, if we imagine what other complex and challenging tasks corporations and entrepreneurs endeavour around the world, such as organising global on time logistics, exploring and influencing new consumer trends, securing scarce resources from all over the globe on a long-term basis, or initialising entirely new business models like private space travel, then there is no reason why the complex task of contributing to poverty reduction through implementing new or adapting existing business models should not be possible.

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Paper I:

**Gaining Mutual Benefits Through Business-non-profit Partnership
in Base-of-the-Pyramid Markets: A Relational View**

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The following presentation of Paper I follows the format of the book chapter. Page numbers were changed to the consecutive logic of the doctoral thesis.

Chapter 9

Gaining Mutual Benefits Through Business-non-profit Partnership in Base-of-the-Pyramid Markets: A Relational View



Jordis Grimm and Dirk Ulrich Gilbert

Abstract An increasing number of multinational corporations (MNCs) engage in base-of-the-pyramid (BOP) markets aiming at developing sustainable business models to achieve both economic performance and poverty reduction. In the recent past, it has become more and more evident that the success of such business models in BOP markets depends on establishing effective collaborative networks with various stakeholders. As conditions at the BOP are quite different from those in other markets, firms are particularly dependent on the knowledge, support, and trust of non-profit partners with a developmental orientation (e.g., non-governmental organizations, self-help groups, or public actors from the field of international cooperation). The mechanisms that contribute to the constitution of successful collaborations with non-profit partners at the BOP, however, are only poorly understood. Likewise, it is still not concretely conceptualized what successful collaboration respectively achieving mutual benefits in such partnerships mean. Based on this twofold research gap, we first consider the meaning of achieving mutual benefits in BOP partnerships, clarifying that it entails economic value creation for the MNC and social value creation in the form of improved basic capabilities at the BOP. Then we apply the relational view on competitive advantages through cooperation proposed by Dyer and Singh in *Acad Manage Rev* 23(4):660–679 (1998), which provides a solid conceptual framework to analyze the characteristics of the determinants of economic and social value creation in partnerships at the BOP. Based on the analytical exposure of the peculiarities of business-non-profit partnerships at the BOP, we are able to present recommendations for improving the potential to generate value at the BOP for the benefit of both partners.

Keywords Base-of-the-pyramid (BOP) · Business-non-profit partnerships · Poverty reduction · Relational view · Relational rents

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Introduction

Poverty reduction is one of the biggest societal challenges that has gained momentum over the past two decades. The main role of business related to poverty has long been seen in fostering economic growth and development in general, e.g., through foreign direct investments, then hoping for trickle-down-effects for the benefit of the poor. However, at least since the adoption of the Millennium Development Goals, a more active role of business focusing on development and poverty reduction has been asked for (Annan, 2005). Poverty reduction is increasingly discussed as a challenge that multinational corporations (MNCs) should recognize as part of their global corporate social responsibility (CSR). Thus, on the one hand, we can observe a pull factor for business to address the topic of poverty reduction reflected in public debates and political and civil claims.

On the other hand, the business sector has discovered the global low-income segment as a market opportunity that has hardly been addressed by MNCs until recently (London & Hart, 2004). Considering that many markets in high-income countries are saturated and highly competitive, and given that demographic growth is mainly taking place in the global south, multinational corporations from high-income countries are looking for new markets in so-called developing countries. This fact can be described as a push factor for addressing the topic of poverty and its reduction.

The described push and pull factors are combined in the discussion about business at and with the so-called base of the pyramid (BOP), i.e., the lowest segment of the global income pyramid. There is no common use of the term BOP, but it usually implies different layers (see Fig. 9.1): the extreme poor gaining less than 1.25 dollars in purchasing power parity a day, the moderate poor gaining less than 2 dollars a day, and a third layer of people having at their disposal up to 9 dollars a day (Hammond, Kramer, Katz, Tran, & Walker, 2007), who are thus not considered poor in a strict monetary sense (Chen & Ravallion, 2010). Business at and with the BOP refers to business models, which include BOP members in the value chain of corporations for mutual benefits. BOP business models can include BOP members either as consumers—a perspective that may be found in the majority of early BOP publications (Prahalad, 2005; Prahalad & Hart, 2002)—or as business partners in other parts of the value chain, e.g., as producers or distributors (London and Hart 2010; Shivarajan & Srinivasan, 2013).

The BOP is highly heterogeneous, both regarding countries or regions and between the different layers within the BOP. Nevertheless, there are some features characterizing the BOP environment in general, namely low, volatile, or irregular income of BOP members, isolated geographic location of BOP members (in either densely populated urban slums or dispersed rural areas), poor physical, financial and informational infrastructure, weak formal institutions (e.g., lack of legal enforcement structures), and strong informal institutions (e.g., strong traditional ties among BOP members) (Rivera-Santos & Rufin, 2010b). Given these characteristic features of the BOP environment, BOP business models must cope with particularly complicated

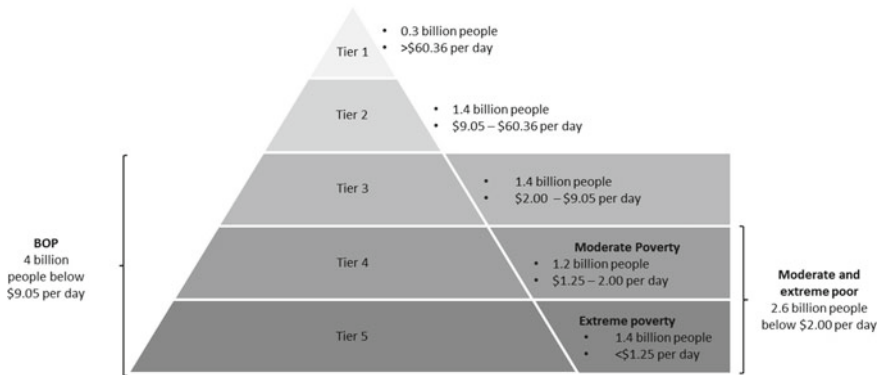


Fig. 9.1 The economic pyramid (Arnold & Valentin, 2013). *Source* Reprinted from Journal of Business Research, Vol. 66/Issue 10, Denis G. Arnold & Andreas Valentin, *Corporate social responsibility at the base of the pyramid*, p. 1906, Copyright (2013), with permission from Elsevier

circumstances. The BOP characteristics usually require more than just minor changes in traditional business models and strategies developed for conventional markets in high-income countries. In order to successfully implement BOP business models for mutual benefits, corporations typically depend on resources from non-profit partners, e.g., non-governmental organizations (NGOs), local self-help groups, or public actors from the field of international development cooperation. This is due to the fact that corporations usually lack the knowledge of local circumstances and the trust of stakeholders that are both necessary to capture market shares or win business partners at the BOP (Dahan, Doh, Oetzel, & Yaziji, 2010; Reficco & Marquez, 2009; van Tulder & Rosa, 2012). The urgent need to create and successfully manage partnerships at the BOP provides an extensive field of research on inter-organizational relations for the purpose of realizing corporate social responsibilities in a global context. The high relevance of partnerships between corporations and non-profit partners for creating mutual benefits is frequently referred to throughout the BOP literature (Chesborough, Ahern, & Finn, 2006; Goldsmith, 2011; Gradl, Krämer, & Amadigi, 2010; Jamali & Keshishian, 2009; London & Hart, 2004; Rivera-Santos, Rufin, & Kolk, 2012; Seelos & Mair, 2007; van den Waeyenberg & Hens, 2012; Venn & Berg, 2011; Webb, Kistruck, Ireland, & Ketchen, 2010). Although there seems to be a broad consensus that business-non-profit partnerships are highly important at the BOP, a critical review of the BOP literature (Arora & Romijn, 2012; Kolk, Rivera-Santos, & Rufin, 2014; London, 2009; Shivarajan & Srinivasan, 2013) reveals that the notion of achieving mutual benefits through BOP business models respectively creating value in BOP partnerships is not sufficiently defined. Furthermore, the literature lacks a precise conceptual understanding of how value is created in BOP partnerships. Analytical perspectives on such partnerships based on theoretical approaches have only recently become the focus of interest (Kistruck et al., 2013; Hahn & Gold, 2014). In this context, there is only little insight into how these partnerships should be

organized and managed to improve value creation, thereby achieving a more significant contribution to poverty reduction (Calton, Werhane, Hartman, & Bevan, 2013; Schuster & Holtbrügge, 2014).

Based on these research gaps, we pose the following two research questions. First: What does value creation mean in business-non-profit partnerships, which aim at implementing BOP business models for mutual benefits? Second: What are the critical potential determinants and facilitators for value creation in such partnerships? By posing and answering these questions, our article focuses on inter-organizational aspects of governance mechanisms in one special context of global CSR, i.e., poverty reduction. Throughout this paper, we use the terms partnership and collaboration synonymously. Moreover, we specifically focus on MNCs from high-income countries, as for these actors the necessity to build partnerships with non-profit partners at the BOP seems to be particularly high.

To answer our two research questions, the paper is structured as follows: First, we consider the meaning of achieving mutual benefits respectively creating value in BOP partnerships, clarifying that we must take into account economic and social value creation. Particularly, we offer a precise definition of social value creation in respect to poverty reduction. Second, we introduce a theoretical framework based on network theory—the so-called relational view—that focuses on the key determinants of value creation in inter-firm alliances. Third, we apply this framework to systematically identify the most critical determinants of value creation in the case of business-non-profit partnerships at the BOP. Each subchapter of the analysis culminates in recommendations for improving the potential to generate economic and social value at the BOP through partnerships. Finally, we draw some conclusions and outline the need for further research.

Value Creation in Business-non-profit Partnerships at the BOP

As outlined above, business at and with the BOP refers to business models, which include BOP members in the value chain of corporations for mutual benefits. The promise of mutual benefits includes two types of value creation: first, value creation for the corporation aiming to do business at the BOP and, second, value creation for the BOP that is often referred to as “poverty reduction.” Although the ambition to achieve mutual benefits was and still is existent in both publications and practical approaches under the term BOP, the precise meaning of benefits, especially for BOP members, is still being discussed. The different points of view range from interpreting the mere increase of products available for BOP members already as a contribution to poverty reduction (by considering more choice as a form of empowerment of the disadvantaged) (Hammond & Prahalad, 2004; Prahalad, 2005) to only considering the fulfillment of basic needs of the poorest as a valid contribution to poverty reduction (Arora & Romijn, 2012; Blowfield & Dolan, 2014; Karnani, 2011). There is a lack of

clarity regarding the claim for mutual benefits concerning both economic and social value creation, with the latter even being less addressed throughout the BOP literature (Kolk et al., 2014). In the following, we therefore discuss both aspects thoroughly.

Value Creation for the Corporation

The aims of MNCs related to BOP business ventures are manifold. One target prevailing in many publications is selling products and services with low profit margins but on a very large scale, thus making substantial profits in new markets (for an overview, see Kolk et al., 2014). Another issue is securing market shares in the future, as, on the one hand, demographic growth is mainly concentrated at the BOP (it is expected that from 2100 onwards every third person will live in Africa, United Nations, 2015). On the other hand, assuming a positive economic development in developing and transition economies, many BOP members will have more to spend in the future. Thus, strengthening brand awareness and brand loyalty at the BOP today may positively influence future sales (Pauwels, Erguncu, & Yildirim 2013). Furthermore, if BOP members are included in upstream parts of the value chain, such as production or distribution, one may also cut total costs through relatively cheap labor costs and eventually secure scarce resources (Arnould & Mohr, 2005; Kaur, 2013). Another potential for gaining a competitive advantage through BOP activities is to fuel innovation activities by a necessarily progressive mind shift and the possibility to reintegrate BOP business models into traditional markets (Burgess & Steenkamp, 2006; Govindarajan & Trimble, 2012). Last but not least, successful BOP business ventures, which contribute to poverty reduction, may serve to maintain or even improve an MNC's good reputation and CSR portfolio (Arnold & Valentin, 2013). All these potential advantages can be considered as potentially improving a firm's economic performance. We therefore summarize these potential advantages as potential economic value creation.

To achieve economic value creation through BOP business models, partnerships with non-profit partners have proved essential, as MNCs from high-income countries usually lack the necessary resources such as market knowledge and expertise regarding needs identification, local sourcing abilities, a direct access to local distribution systems, and the trust of customers and important gatekeepers such as civil society groups and governments (Dahan et al., 2010; Reficco & Marquez, 2009). Trust in this context mainly refers to system trust—in contrast to interpersonal trust—as a concept where actors place trust in abstract systems, thus an institution as a whole such as a specific MNC or NGO (Gilbert & Behnam, 2013; Luhmann, 1979). It seems difficult for MNCs to successfully capture BOP markets confronted with a lack of provided trust or missing other mainly intangible resources as mentioned above. Thus, in most cases the intended competitive advantages cannot be achieved by the MNC alone but can only be created through idiosyncratic contributions by the MNC and non-profit partners.

Value Creation for the BOP

There is an extensive debate about how and to which extent BOP business models can contribute to (social) value creation at the BOP. The initial claim of BOP protagonists was to reduce or even abandon poverty by selling new products and services at the BOP (Hammond & Prahalad, 2004; Prahalad, 2005). This basic idea supported in the early BOP literature, also referred to as BOP 1.0, has been strongly criticized for different reasons. First, the BOP includes more than the so-called “monetary poor,” referring to those who earn less than two dollars a day. Thus, critics argue that including people from higher-income layers into value chains cannot directly reduce monetary poverty (Karnani, 2006). Second, opinions significantly differ on the question as to how one may assess the introduction of consumer goods in BOP markets hitherto untapped by MNCs. Liberal representatives argue that a larger choice of goods means an empowerment of the poor (Hammond and Prahalad, 2004), while opponents assert that this largely depends on the type of good in question (Arnold & Valentin, 2013; Karnani, 2006). A more general kind of criticism refers to the fact that advocating business-based solutions for poverty reduction represses the role and responsibility of public actors, which includes the provision of basic supplies in health and education, and also fuels a neoliberal paradigm (Arora & Romijn, 2012; Blowfield & Dolan, 2014; Karnani, 2010; Schwittay, 2011).

Weaknesses in addressing the impact on poverty of BOP business models are closely related to a lack of clear definitions of poverty conceptions underlying different approaches. For the purpose of this paper, a multidimensional approach to poverty is referred to, namely understanding poverty as the deprivation of basic capabilities (Sen, 1999) including economic capabilities (e.g., consumption, income, assets), human capabilities (e.g., health, education, nutrition), sociocultural capabilities (e.g., status, dignity), political capabilities (e.g., rights, influence, freedom), and/or protective capabilities (e.g., security, vulnerability) (OECD, 2001). Thus, a BOP business model for mutual benefits must have the potential to contribute to both economic value creation for the firm and improved capabilities of BOP members, thereby contributing to poverty reduction in a multidimensional sense. Side effects on both other BOP members and between different dimensions of poverty have to be considered as well. A contribution to poverty reduction in a multidimensional sense is understood as social value creation at the BOP.

There are several non-profit actors aiming at poverty reduction in the sense of strengthening basic capabilities. Among others, there are western private non-profit organizations such as Care International, UN organizations like UNICEF, public donor organizations like the British DFID, the German GIZ, or USAID, several church-related organizations, developing country-based organizations as well as grassroots organizations and self-help groups, which are founded in BOP communities by BOP members. When looking at partnerships between non-profit actors and MNCs in connection with the implementation of BOP business models, we assume that non-profit actors typically will focus on poverty reduction, i.e., on social value creation at the BOP. We may further assume that the non-profit partners thereby

predominantly represent BOP needs. This assumption may not be perfect, but it is sufficient for the present analysis. While MNCs from high-income countries seem to be dependent on partnerships with non-profit actors to gain market entry and achieve economic success at the BOP, the question remains why non-profit actors primarily aiming at poverty reduction should enter into partnerships with MNCs. To what extent can the BOP benefit from value creation in partnerships, which could not be created by non-profit actors alone? First, in many cases innovative products and services benefiting the BOP are developed in corporations, and partnerships must be built so that these innovations inure to the benefit of BOP members, e.g., easy-to-use water-purifying products, solar system solutions for energy scarcity or innovative cooking systems. Second, many NGOs are working on a project basis as funding is volatile and dependent on donations. A business-non-profit partnership based on a business model, which is financially self-sustaining and where the MNC has a substantial self-interest, may theoretically last longer than any subsidy-dependent social project. Third, partnerships with MNCs from high-income countries with large assets may allow for scaling and scoping activities which a non-profit partner cannot possibly manage alone. Fourth, additional advantages may arise from management knowledge spillovers to non-profit partners. The aforementioned potential benefits (Webb et al., 2010) cannot be generated by a non-profit partner alone but only within partnerships with corporations, thereby motivating non-profit actors to enter into a partnership with an MNC.

It has to be mentioned that even if a BOP business model creates social and economic value at the same time, this does not clarify how value that is generated will be distributed. However, distributive aspects should be considered when analyzing BOP business models, even though economic and social value cannot easily be compared. As living conditions at the BOP reflect severe and multidimensional aspects of poverty, even minor positive changes would be valued as absolute improvements of basic capabilities for individuals at the BOP. Imagine an extremely poor widow earning less than one dollar a day through begging. If an MNC offered her a job working 14 h a day in a hazardous environment earning 1.25 dollars, the widow would improve her economic capabilities. Nevertheless, this achievement in poverty reduction should not only be assessed in relation to side effects to other dimensions of poverty, such as health and dignity, but also in relation to the value creation achieved by the MNC. Very high profit margins for the MNC realized through a BOP business model always imply that BOP members are financing above-average economic returns, either through high prices or low wages. Even if these profits are used for a venture's growth, which may lead to social benefits for more BOP members, one would have to carry out an ethical analysis to evaluate the appropriateness of redistributive effects. The extensive debate in academia, politics and media about extremely high profit margins (despite low risk assessment) of some financial institutions in the microcredit sector may serve as an illustrative example for the necessity to consider distributive aspects of BOP business models before entering the market (Ashta & Hudon, 2009; Rosenberg, 2007).

As related to our first research question, we can summarize that business-non-profit partnerships at the BOP have the potential to generate both economic value

for MNCs and social value for the BOP, particularly by means of improved basic capabilities of BOP members, i.e., poverty reduction in a multidimensional sense. However, distributive effects and side effects have to be considered as well. In the following section, we address the second research question, drawing on a conceptual framework from network theory that will help analyze the determinants and subprocesses of value creation in BOP partnerships from a relational perspective. We will show that this relational perspective contributes to a better understanding of how institutional and organizational mechanisms in business-non-profit partnerships can be organized to improve the overall impact of initiatives on poverty reduction. Our article thereby helps to illuminate a specific context of this edited volume about institutional and organizational perspectives on CSR.

The Relational View

The field of strategic management has made much progress regarding knowledge about aspects influencing returns and competitive advantages through cooperation in networks or dyadic partnerships (Doz & Hamel, 1998; Gulati, 1998; Ireland, Hitt, & Vaidyanath, 2002; Nahapiet & Ghoshal, 1998). We particularly draw on the so-called *relational view*, shaped by Dyer and Singh (1998), which focuses on dyad/network routines and processes as an important unit of analysis. Dyer and Singh (1998) developed a highly recognized framework for systematically examining the inter-firm rent-generating process, thereby identifying potential sources of competitive advantages for collaboration partners. Their framework provides a theoretical basis for identifying determinants of relational rents as well as subprocesses facilitating relational rents. Relational rents are defined as “a supernormal profit jointly generated in an exchange relationship that cannot be generated by either firm in isolation and can only be created through the joint idiosyncratic contributions of the specific alliance partners” (Dyer & Singh, 1998, p. 662).

This definition is in line with our understanding of the two-sided value creation (both economic and social) in business non-profit partnerships at the BOP, as in case of BOP business models neither MNCs nor non-profit actors seem to be able to generate economic and social value alone. Given this congruence, we argue that the relational view is useful to answer our second research question, namely *what are the critical potential determinants and facilitators for value creation in business non-profit partnerships at the BOP?* In the following, we will first introduce the framework developed by Dyer and Singh (1998), and then the same apply to the context of business-non-profit partnerships at the BOP.

Dyer and Singh (1998) introduce four key sources of relational rents: (1) relation-specific assets, (2) knowledge-sharing routines, (3) complementary resources, and (4) effective governance mechanisms. In the following, all these key sources are briefly described and explained in terms of the underlying subprocesses facilitating relational rents. Figure 9.2 summarizes the framework.

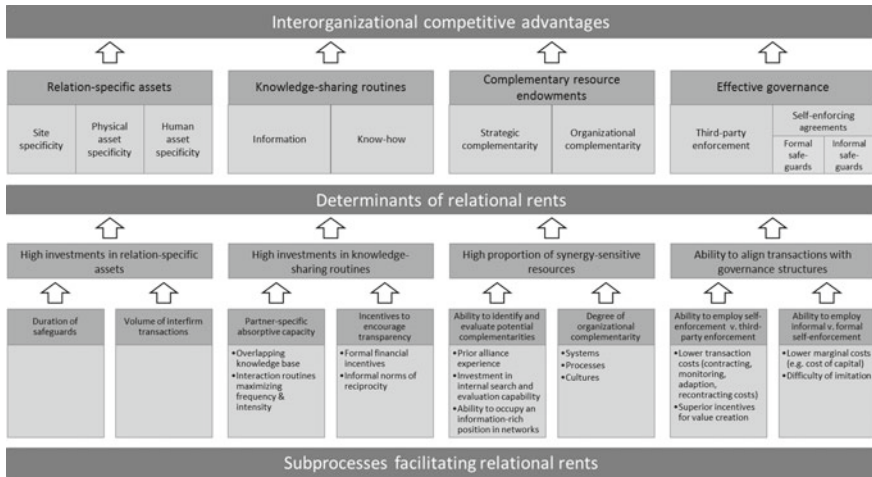


Fig. 9.2 Determinants and subprocesses of inter-organizational competitive advantage (based on Dyer & Singh, 1998). *Source* “The Relational View: Cooperative Strategy and Sources of Interorganizational Competitive Advantage” by Jeffrey H. Dyer and Harbir Singh, 1998, *Academy of Management Review*, Vol. 23, No. 4, p. 663. Copyright 1998 by Academy of Management. Reprinted with permission

The first key source for gaining competitive advantages through partnerships is the investment in relation-specific assets. Dyer and Singh (1998, p. 662 f.) distinguish three types of relation-specific assets: site specificity, physical asset specificity, and human asset specificity. Site specificity refers to locating different production stages of partners close to each other, which may result in lower inventory and transportation costs and better coordination. Physical asset specificity refers to investments in, for example, machinery or tools which will lead to the adaption of processes to specific partners and may thus bring about gains from product differentiation and/or quality improvement. Human asset specificity refers to transaction-specific know-how of persons working in cooperating organizations which can result in a more efficient and effective communication, thereby enhancing quality and potentially increasing speed to market. High investment in either of these relation-specific assets is one determinant of gaining above-average relational rents. There are two key subprocesses facilitating high investments in relation-specific assets: first, the duration of safeguards, e.g., the length of contracts, and, second, the total scale and scope of transactions between collaboration partners. Both longer safeguards and higher volume of inter-firm transactions can increase the efficiency of partnerships by influencing the investment in relation-specific assets.

The second key source for above-average relational rents is knowledge-sharing routines. This refers to regular patterns of inter-firm interactions allowing for the transfer, recombination, or creation of specialized knowledge (Grant, 1996). According to Dyer and Singh (1998, p. 664 f.), knowledge can be divided into information and know-how. The former is easily modifiable knowledge that is relatively unchal-

lenging for transmission. The latter, in contrast, is knowledge that is difficult to codify, imitate, and transfer. Given these characteristics, the effective transfer of know-how is more likely to cause long-lasting relational rents than the share of information. As knowledge is the source of performance-enhancing technology and innovation, high investment in knowledge-sharing routines is another determinant for relational rents. There are two key subprocesses facilitating high investments in knowledge-sharing routines: first, partner-specific absorptive capacity, and, second, incentives to encourage transparency. The former refers to the ability to recognize and assimilate valuable knowledge from a particular collaboration partner. Partner-specific absorptive capacity is influenced by the extent to which partners have developed overlapping knowledge bases and interaction routines that maximize frequency and intensity of socio-technical interactions, depending among others on iterative, direct, intimate, face-to-face contacts. The latter subprocess, i.e., incentives to encourage transparency, refers to the alignment of incentives to share knowledge and evade free-riding on acquired information and know-how. These incentives can be formal financial incentives or informal norms of reciprocity. Both partner-specific absorptive capacity and incentives to encourage transparency can influence the potential of generating relational rents through knowledge sharing.

The third key source for generating rents through collaboration is complementary resource endowments. These are defined as “distinctive resources of alliance partners that collectively generate greater rents than the sum of those obtained from the individual endowments of each partner” (Dyer & Singh, 1998, p. 667). Not all but only specific resources fall into that category. These resources are so-called synergy-sensitive resources. Complementarity can be differentiated into strategic complementarity allowing for stronger competitive positions of collaboration partners by combining synergy-sensitive resources, on the one hand, and organizational complementarity referring to compatibility in decision processes, information and control systems, and culture, on the other hand. There are two key subprocesses, which facilitate the exploitation of synergy-sensitive resources, namely the ability to identify and evaluate potential complementarities and the degree of organizational complementarity. The first is influenced by prior alliance experience of the respective partners, the investment in internal search and evaluation capability, and the ability to occupy an information-rich position in social/economic networks. The degree of organizational complementarity refers to the compatibility of organizational mechanisms, which allow for the exploitation of strategic complementarity. The ability to identify and evaluate synergy-sensitive resources as well as organizational complementarity increases the probability to benefit from complementary resource endowments.

The fourth key source for relational rents is effective governance mechanisms. Dyer and Singh (1998, p. 669 f.) argue that effective governance structures can reduce transaction costs and increase the willingness of collaboration partners to engage in value creation, e.g., through investments in relation-specific assets or in knowledge-sharing routines, or the combination of complementary resources, as illustrated above. Effective governance mechanisms can thus independently increase relational rents and/or fortify other determinants. Two types of governance can be distinguished: governance relying on third-party enforcement and governance relying

on self-enforcing agreements, which in turn can consist in either formal safeguards, e.g., financial hostages like equity, or informal safeguards such as trust. Trust in turn is linked to the above-mentioned informal norms of reciprocity (Berg, Dickhaut, & McCabe, 1995). According to Dyer and Singh (1998, p. 671), there are two key subprocesses helping to align transactions with governance structures, thereby profiting from relational rents through effective governance. The first important subprocess is the ability to employ self-enforcing safeguards rather than choosing third-party enforcement. Self-enforcing mechanisms are more effective as they induce lower contracting costs, lower monitoring costs, lower adaption costs, lower recontracting costs, and superior incentives for value-creation initiatives. The second important subprocess is the ability to employ informal instead of formal self-enforcement governance mechanisms, as informal safeguards entail lower marginal costs and are more difficult to imitate. Both the ability to apply self-enforcing rather than third-party agreements and the ability to apply—within the category of self-enforcing agreements—informal rather than formal safeguards increase the potential to benefit from effective governance mechanisms in partnerships.

The Relational View on Business-non-profit Partnerships at the BOP

In the following, the above-mentioned four key determinants of relational rents and affiliated subprocesses are examined in terms of their importance for the creation of economic and social value and the associated capturing of relational rents for MNCs and non-profit partners at the BOP. We will gradually identify characteristic features that either correspond to, or deviate from, the inter-firm context originally addressed by Dyer and Singh. We are thereby able to answer our second research question: *What are the critical potential determinants and facilitators for value creation in business-non-profit partnerships at the BOP?* At the end of each subchapter, recommendations are given for better exploiting the key sources for value creation. We summarize the results of our analysis in Table 9.1.

Relation-Specific Assets in BOP Partnerships

Relational rents can be fueled by high investments in relation-specific assets (see Fig 9.2 and Table 9.1). Dyer and Singh differentiate three types of relation-specific assets, namely site specificity, physical asset specificity, and human asset specificity. Site specificity shows special characteristics in the context of BOP business models. Partnerships analyzed in this paper do usually not refer to production alliances, thus benefiting from production stages located close to one another is no topic of concern. However, geographical proximity, a concept that is very similar to site specificity,

Table 9.1 A relational view on business-non-profit partnerships in base-of-the-pyramid markets

Determinants of relational rents	Characteristics of determinants in business-non-profit partnerships at the BOP	Recommendations for MNCs regarding organizational and institutional aspects
Relation-specific assets	Investment in relation-specific assets difficult due to: <ul style="list-style-type: none"> – low volumes of interactions and short duration of safeguards (projects & pilots) – difficulties to increase volumes with highly specialized partners (scaling and scoping) – financial constraints of non-profit partners 	<ul style="list-style-type: none"> – Increase geographic proximity through frequent on-site visits as a substitute for site specificity – Weigh up the pros (high strategic complementarity) and cons (low incentive to invest in relation-specific assets) of small, local non-profit partners resp. cooperate with global NGOs with own locally embedded partners – Assume an above-average share of the investment in relation-specific assets
Knowledge-sharing routines	<ul style="list-style-type: none"> – Low partner-specific absorptive capacity due to small overlapping knowledge base – Informal norms of reciprocity of high importance – Formal financial incentives to encourage transparency not applicable 	<ul style="list-style-type: none"> – Improve absorptive capacity by intensive and frequent interaction – Clearly define economic and social objectives to enable reciprocity and trust
Complementary resource endowments	<ul style="list-style-type: none"> – Strategic complementarity potentially high – Probable low degree of organizational complementarity – Ability to identify and evaluate complementarities low due to: <ul style="list-style-type: none"> ● little prior alliance experience ● low degree of organization in cross-sector networks ● low incentive to invest in internal search and evaluation capability by non-profits due to ill-defined social objectives 	<ul style="list-style-type: none"> – Engage intermediary organizations to enhance the ability to identify strategic complementarity and to increase the degree of organizational complementarity – Become involved in developmental networks to become acquainted with topics and agents from other sectors – Be aware that a low degree of organizational complementarity makes processes slower
Effective governance	<ul style="list-style-type: none"> – Third-party enforcement mechanisms unsuitable due to high complexity, low completeness and weak formal enforcement institutions – Formal self-enforcing agreements not feasible for non-profits – Informal agreements effective, but high level of trust needed – Unfamiliarity of the sector's culture and reputational risks provoke initial mistrust 	<ul style="list-style-type: none"> – Intensify trust as a premise for the effectiveness of informal governance mechanisms: <ul style="list-style-type: none"> ● be transparent about economic and social goals ● involve intermediaries in the initial stages of partnerships ● invest time and effort to become familiar with respective partners

may very well improve the potential for value creation as geographical proximity allows for lowering coordination costs, improving interpersonal relationships, and optimizing knowledge flows (Gomes-Casseres, Hagedoorn, & Jaffe, 2006; Hoegl & Proserpio, 2004). In a BOP context, it is quite difficult to invest in geographical proximity of collaboration partners. Usually, an MNC depending on support from non-profit actors is located far away from the BOP. Even if it is situated in the respective country, it is probably found in the business districts of very large cities. In contrast, a non-profit actor, who is expected to fill in for the corporation's lack of knowledge and trust, must be very close to the BOP as is true, for example, for the already mentioned local self-help groups or women solidarity clubs. This means that benefiting from geographical proximity (interpreted as a variation of site specificity) in a business-non-profit partnership is rather difficult. Consequently, collaboration partners must compensate missing geographic proximity by an elaborated scheme of meeting and visiting each other, which is closely associated with the topic of knowledge-sharing routines. Through high investment in such a scheme, artificial or organized proximity (Torre & Rallet, 2005) can be created.

In contrast to inter-firm production alliances, physical asset specificity does not play an important role in business-non-profit partnerships at the BOP. This is due to the fact that the most decisive assets contributed by the non-profit partner are non-physical assets, such as assistance for market research (e.g., identification of needs), identifying and training the local labor pool for resourcing or distribution, and/or sharing trust and legitimacy for contacting and convincing important target groups (Dahan et al., 2010; Reficco & Marquez, 2009). In consequence of the high relevance of non-physical assets, it is likely that human asset specificity will play a central role in determining relational rents in business non-profit partnerships. Human asset specificity is achieved through long-standing relationships of actors and allows for efficient and effective communication.

A long duration of safeguards and a high volume of inter-firm transactions can facilitate high investments in relation-specific assets (see Fig. 9.2). In the following, we will analyze the specificities that may influence investment in relation-specific assets in the context of business-non-profit partnerships at the BOP. Operating in BOP markets involves many uncertainties. Test markets and pilot projects are approaches to handle unknown variables but limit at the same time the volume of inter-organizational transactions and the estimated duration of partnerships. Thus, the project-based character of many BOP ventures results in a comparatively low volume of transactions together with rather short terms of contract, thereby hindering high investment in relation-specific assets. This may be illustrated by the project Grameen Danone Foods. Grameen Danone Foods was launched in 2006 as a joint venture between the French MNC Danone, respectively its Asian subsidiary, and the Grameen Group, which subsumes the largest social enterprises founded by the Nobel Prize winner Muhammad Yunus. Grameen Danone's stated mission was to reduce poverty by a proximity business model that provides daily healthy nutrition to the poor in Bangladesh. More specifically, Grameen Danone aimed at alleviating malnutrition among children by selling fortified yoghurt at an affordable price. Furthermore, small-scale dairy farmers as well as rural sales women were expected to

benefit from the proximity business model with the aim of reducing poverty among different stakeholders (Humberg & Braun, 2014). The business model of Grameen Danone Foods was intended to work on a non-loss base in a broad network of partners. Among those the Global Alliance for Improved Nutrition (GAIN), who were responsible for the identification of nutritional needs of the target group, for extending the company's capabilities in social marketing, and for impact assessment. Furthermore, a local NGO, which ran a rural sales program, allowed Grameen Danone Foods to cover further rural areas for distribution. The first dairy factory was built in 2006. Initially, it was planned to run five more factories by 2009, ten by 2010, and 50 all over Bangladesh by 2018 (Humberg, 2011). However, in 2016 the initial factory was still the only one in operation. Thus, a high investment in relation-specific assets triggered by a high volume of inter-organizational transactions could not be realized. A lack of human asset specificity (changing positions in the managing team) was identified as one explanation of performance problems of Grameen Danone Foods (Humberg, 2011, p. 143).

Another characteristic of business-non-profit partnerships is a potential trade-off between a high volume of inter-organizational transactions and a high proportion of synergy-sensitive resources (another determinant of relational rents). Small, local non-profit organizations have the potential to specialize in a specific BOP segment, thereby offering a high share of complementary resources to an MNC. However, increasing the scope and scale of the BOP venture (thus increasing the volume of inter-organizational transactions) is quite difficult with such a specialized partner. Huge, global NGOs such as WWF, CARE International, or western development cooperation agencies are often embedded in geographic partner networks in different countries and regions. A partnership can thus combine strategic advantages of local embeddedness and opportunity for scaling (Webb et al., 2010).

Regarding all three kinds of asset specificity, it has to be mentioned that non-profit partners usually have more difficulty in deciding on high investments in relation-specific assets than MNCs, with the exception of a few very large organizations and foundations. This is due to the fact that even if ex-ante evaluation of a BOP business model predicts high social value creation at the BOP, this social value creation does not necessarily lead to financial returns for the non-profit partner. Nevertheless, liquid assets are needed for any asset investment, e.g., long-term employment contracts in the context of human asset specificity. Consequently, an MNC entering into business-non-profit partnerships at the BOP must expect to assume an above-average share of the financial burden of relation-specific asset investment. MNCs, who want to benefit from business-non-profit partnerships in BOP markets, must prepare for investments beyond their organizational boundaries (Schuster & Holtbrügge, 2012). For instance, co-financing of labor costs at the non-profit partner could be a means to improve human asset specificity and thereby facilitates profiting from one determinant of relational rents.

In conclusion (see Table 9.1), it can be stated that profiting from relational rents in business-non-profit partnerships through high investment in relation-specific assets is rather difficult in a BOP context. This is due to the high importance of pilot-based projects resulting in rather low volumes of interactions, a trade-off between highly

specialized non-profit actors with a high proportion of synergy-sensitive resources and resulting inferior possibilities to increase the volume of transactions as well as general financial constraints of non-profit partners that impede high asset investments. MNCs entering into business-non-profit partnerships can compensate for these constraints by bearing higher financial burdens and ensuring a long-lasting perspective for cooperation, which will strengthen human asset specificity. Moreover, frequent on-site visits in case of low geographic proximity and sophisticatedly elaborated management decisions outbalancing the advantages of cooperating with either rather small, specialized non-profit partners or bigger partners operating more broadly can also contribute to overcome such constraints.

Knowledge-Sharing Routines in BOP Partnerships

High investment in knowledge-sharing routines is another facilitator of generating relational rents (see Fig. 9.2 and Table 9.1). One important subprocess facilitating effective knowledge-sharing routines is a high partner-specific absorptive capacity, which in turn is influenced by an overlapping knowledge base and frequent and intense interaction routines (see Fig. 9.2). An overlapping knowledge base refers to a general understanding of the traditions and techniques on which a discipline is based (Lane & Lubatkin, 1998). In case of non-profit organizations and MNCs from high-income countries, an institutional distance can be assumed that impedes such a basic understanding (Murphy, Perrot, & Rivera-Santos, 2012; Rivera-Santos & Rufín, 2010a). In case of a predicted small overlapping knowledge base, partner-specific absorptive capacity must be improved by intensive interaction. Thus, to improve knowledge-sharing routines by means of improved absorptive capacity, partners must prepare to make high investments. They must take into account time and effort that are necessary to overcome institutional, cultural, and possibly also geographical distance. As pointed out by Sinkovics, Sinkovics, and Yamin (2014, 705) “developing network connections at the BOP [...] requires long-term commitment.” This may be illustrated by the example of Hindustan Unilever. When the Indian branch of Unilever realized in the 1990s that its low rural market share could provoke future problems, it experimented with innovative methods to reach the rural consumer. In 2001, it initiated the project Shakti. Shakti means “power” or “empowered” and is the name of a last-mile distribution network, which is built on women selling Unilever products on a door-to-door base as micro-entrepreneurs, so-called Shakti Ammas. Unilever recruits the Shakti Ammas with the help of local women solidarity groups whose asset consists in existing networks and knowledge of the personal characteristics of their members and in facilitating access to microcredit organizations. Although the Shakti project is cited as a successful inclusive business approach, resulting in improved economic and social capabilities for the included women and substantial economic value creation for Unilever (Xavier, Raja, & Usha Nandhini, 2007), it took substantial time to scale the project. In 2001, the pilot started in the first 50 villages with the first women, who were trained on basic accounting and sales skills. The

project was part of the intention to double turnover of Hindustan Unilever in five years (base year 1999). However, it took 10 years to reach that goal (Kaur, 2013). By 2015, Unilever had trained 70,000 women and the Shakti Amma Sales force covered 165,000 villages throughout India. The Shakti program has now become the model for other rural sales projects, e.g., in Pakistan and Nigeria, where Unilever again cooperates with non-profit actors (Unilever, 2017).

The second important subprocess to improve knowledge-sharing routines is incentives to encourage transparency and discourage free-riding on shared knowledge, which in turn is influenced by either formal financial incentives and/or by informal norms of reciprocity (see Fig. 9.2). Usually, non-profit actors are much less relying on monetary incentives than MNCs (Leete, 2000). As a result, it may be less common to make strong use of formal financial incentives to encourage transparency. Thus, informal norms of reciprocity are of higher importance to mitigate opportunism. This also means that both partners need to share a clear understanding of the different goals of each partner (economic and social value creation). Recalling the above-mentioned MNC's dependency on important resources of non-profit partners to successfully enter BOP markets, it becomes clear that the contribution to poverty reduction of any focused BOP business model must be clearly defined if norms of reciprocity are expected to take effect. According to the prevailing view in the literature, the intent to concretely analyze the impact of BOP business models on poverty is still a deficit (Kolk et al., 2014; London, 2009; London, Anupindi, & Sheth, 2010; Salazar, Husted, & Biehl, 2012). The necessity to treat economic and social value creation equally becomes even clearer when considering the fact that cooperation with businesses involves substantial risk for non-profit organizations in case the impression arises that the non-profit partner has been coopted by the MNC. Such impression may lead to a loss of legitimacy on the part of the non-profit organization, and in turn to a cut of donations and support (Herlin, 2013; Rivera-Santos & Ruffin, 2010a).

In conclusion (see Table 9.1), it can be stated that profiting from relational rents in business-non-profit partnerships through effective knowledge-sharing routines is challenging due to expected minor overlaps in knowledge bases and time-consuming build-up of intense and frequent interaction patterns. Furthermore, an elaboration of expected social value is crucial to foster reciprocity between the partners and strengthen trust. Consequently, in order to benefit from relational rents through knowledge-sharing routines, both initial investment and a mental shift are necessary, especially on the part of the business partner.

Complementary Resource Endowments

Complementary resource endowments are to a certain extent the essential prerequisite for cooperation of non-profit organizations and MNCs aiming at implementing a BOP business model for mutual benefits. As already mentioned above, there is a need for MNCs from high-income countries to leverage non-profit actors' resources in order

to successfully start business relationships at the BOP (Dahan et al., 2010; Goldsmith, 2011)—particularly expertise (on needs and actors) as well as trust and legitimacy. In most cases, these resources cannot be purchased in the market. Therefore, partnerships form the only base available for exploiting these necessary resources from an MNC's perspective. The non-profit actor may not be equally dependent on a partnership to fulfill its goals, but it may generate higher rents (i.e., social value) through collaboration than acting individually, as explained above. The case of the multinational insurance company Allianz entering the Indian BOP market may serve as an illustrative example. Allianz was already present in the Indian market—focusing on high-income clients—when the Indian government passed a law which obliged private insurance companies to generate part of their revenues from rural areas. The special circumstances of very low incomes and a lack of knowledge at the BOP about formal insurance products were substantial obstacles for Allianz. Looking for partners with more knowledge of the targeted market, the MNC realized that many informal organizations already installed insurance-like mechanisms, like communities and religious groups paying collaboratively for funeral costs of their members. To benefit from these informal structures, Allianz looked for partners possessing the strategically complementary resources of knowledge of and trust in these types of communities and made a find with different microfinance organizations and CARE India (Schuster & Holtbrügge, 2012).

The most important key subprocesses for benefiting from a high proportion of synergy-sensitive resources are, first, the ability to identify and evaluate potential strategic complementarities and, second, the degree of organizational complementarity among the partners (see Fig. 9.2). The ability to identify and evaluate strategic complementarity is in turn influenced by prior alliance experience, investment in internal search, and evaluation capability, as well as the ability to occupy an information-rich position in social/economic networks. Regarding MNCs and non-profit actors (especially NGOs), the relationship between these two entities has been characterized by distrust and reciprocal accusations for a long time (Selsky & Parker, 2005). Therefore, the number of organizations with comprehensive prior business-non-profit partnership experience is rather small in comparison to organizations with experience in building collaborations with partners from the same sector (Rivera-Santos & Rufin, 2010a), which may be even more true in a BOP context. Thus, it seems unlikely that many actors can draw on comprehensive prior alliance experience as a precondition for easily identifying best matching partners for business-non-profit collaboration, even though the willingness to cooperate in cross-sector partnerships has recently become more attractive and is even considered strategically necessary (Austin, Gutiérrez, Ogliastrì, & Reficco, 2007).

MNCs and non-profit actors could compensate for missing prior collaboration experience by strengthening the other two possible preconditions mentioned by Dyer and Singh, i.e., high investments in internal search and evaluation capacity (e.g., creating specific roles, functions, or even departments) or by occupying an information-rich position in networks. However, one may only expect investments on the part of non-profit actors for strengthening the ability to identify complementary MNCs if the BOP debate starts focusing on the identified lack of social impact

assessment of BOP business models (Kolk et al., 2014). Non-profit actors will only be motivated to invest if the recognition and analysis of social value creation develop further in both the academic BOP debate and practitioners' approaches.

Identifying strategic complementarity through information from networks is assumed to be easier for business-to-business alliances, because there are numerous specific sector networks with established routines and processes and partially established funding through associations and federations. In comparison, there are much fewer networks in a business-non-profit context. However, as the topic of business at the BOP and the related term "inclusive business" have increasingly obtained the status of buzz words over the last decade, more and more intermediaries arrived on the scene, especially organizations of international development cooperation but also business associations. The UNDP-led project *growing inclusive markets*, the IFC (World Bank Group) Inclusive Business Model Group, the inclusive business initiative of the World Business Council on Sustainable Development (WBCSD), the local networks of the UN Global Compact, and BOP sector dialogues (pharmaceutical, agricultural, ICT, energy) organized by the public German development cooperation agency GIZ are examples of associations assuming the role of intermediary to sensitize business actors to development topics. These initiatives can help increase the ability to identify complementarities between business and non-profit actors, thereby improving the partner-specific absorptive capacity. The role of large intermediaries from the development context, which already occupy information-rich positions in networks and are thus suitable for connecting MNCs with BOP-based non-profit organizations, is stressed by empirical results as well (Hahn & Gold, 2014).

Once a potential partner with complementary strategic resources is identified, the degree of organizational complementarity is of importance (see Table 9.1). According to Dyer and Singh (1998), organizational complementarity as the second key subprocess enabling actors to benefit from complementary resource endowments is defined by compatibility in operating systems, decision-making processes, and cultures. In the inter-firm context, some degree of organizational complementarity of entities can be assumed as they have similar market-driven goals. In contrast, organizational complementarity between MNCs and non-profit organizations is probably rather low as they usually have very different organizational goals, styles, missions, and cultures (Rondinelli & London, 2003; Teegen, Doh, & Vachani, 2004). Therefore, partners in the BOP context are faced with more severe problems to realize benefits from strategic complementarity, as one may expect low degrees of organizational complementarity and limited abilities to identify and evaluate strategic complementarity as compared to the inter-firm context.

In conclusion (see Table 9.1), it can be stated that realizing advantages from complementary resource endowments is double-edged for both the firm and the BOP. On the one hand, strategic complementarity arises as a result of comprehensive differences in the partners' goal settings and ways of working. The probability for a high proportion of synergy-sensitive resources is high. On the other hand, these comprehensive differences predict a low degree of organizational complementarity, which hinders actors from benefiting from a high proportion of synergy-sensitive resources. However, organizational complementarity can be developed over time, which reflects

once again that business-non-profit partnerships at the BOP require the willingness to deal with the unfamiliarity of the counterpart and a rather long-term perspective. Regarding the ability to identify and evaluate complementary resource endowments, it becomes clear that organized networks and initiatives from the development sector, e.g., the local networks of the UN Global Compact, can mediate between MNCs and non-profit actors and may thus pave the way for an understanding of differences. Actors interested in partnerships at the BOP should invest in long-term participation in networks focused on developing goals in order to become acquainted with topics and agents from other sectors. This will subsequently enable MNCs and non-profit actors to benefit from complementary resource endowments of potential partners. Furthermore, intermediary organizations and platforms can help to identify strategic complementarity and to moderate low degrees of organizational complementarity through mediation of processes.

Effective Governance

Effective governance mechanisms refer to structures, which reduce transaction costs and increase the partners' willingness to engage in value creation (Dyer & Singh, 1998). MNCs collaborating with non-profit partners at the BOP, especially with globally operating NGOs, bear substantial reputational risks because the non-profit partner may decide to turn against the MNC using information received through the partnership. The non-profit partner in turn will bear the substantial risk of losing legitimacy (its most important form of capital) if the MNC acts contrary to the non-profit partner's values and mission, be it in or outside the partnership (Rivera-Santos & Ruffin, 2010a; Rivera-Santos et al., 2012). Effective governance mechanisms mitigate such opportunistic behavior as they increase the cost of opportunism and align each partner's interests with the partnership's success.

Dyer and Singh (1998) distinguish between three different types of governance mechanisms (see Fig. 9.2): (1) third-party enforcement mechanisms (most important: collaboration contracts), (2) self-enforcing agreements with formal safeguards, e.g., financial hostage such as equity interrelations, and (3) self-enforcing agreements with informal safeguards (most important: goodwill trust). Dyer and Singh predict superiority of the third over the second over the first mechanism as regards the impact on transaction costs and on incentives for value creation.

Collaboration contracts, which are a very important form of third-party enforcement governance mechanism in partnerships, involve severe challenges in the BOP context. Rivera-Santos and Ruffin (2010a) argue that, in general, business-non-profit collaboration contracts are probably at the same time less complete and more complex than contracts in an inter-firm context: less complete because the ability to predict partner behavior is more limited due to the dissimilarity between both sectors; and more complex because partners intend to compensate for greater incompleteness. More complex contracts typically imply high transaction costs, i.e., contracting and

monitoring costs. Furthermore, if the non-profit partners originate from the BOP, third parties needed to enforce contracts are often unavailable as formal institutions are usually weak in countries with a high BOP population (Rivera-Santos et al., 2012). These arguments stress the relative insufficiency of third-party enforcement mechanisms, e.g., formal collaboration contracts, for business-non-profit partnerships in a BOP context.

Self-enforcing agreements providing formal safeguards, such as financial and investment hostages, can for example take the shape of equity-based agreements. One may assume that these types of formal safeguards are difficult to apply in business-non-profit partnerships at the BOP. Non-profit partners, especially NGOs, usually do not dispose of large amounts of capital to invest, often have stakeholders who are hostile to investments in for-profit ventures, and in many cases are not legally entitled to do so (Rivera-Santos et al., 2012). Furthermore, it is difficult to assert claims arising from equity participation in a context of weak formal institutions, similar to the case of contract enforcement. Therefore, formal safeguards, in particular equity agreements, are less available and also less desirable in a BOP context than in an inter-firm context in conventional markets (Rivera-Santos et al., 2012).

Taking into account the weaknesses of third-party enforcement and formal safeguards, it becomes clear that the third governance mechanism introduced by Dyer and Singh, i.e., informal safeguards, is particularly important for effective governance of business-non-profit partnerships at the BOP. The most relevant proxy for informal governance mechanisms is inter-partner trust (Gilbert & Behnam, 2013; Rivera-Santos et al., 2012). As already mentioned above, in the context of business-non-profit partnerships at the BOP this refers mainly to system trust as opposed to personal trust. It has to be emphasized that partners in a business-non-profit collaboration at the BOP are, on the one hand, largely dependent on trust-based governance mechanisms, while, on the other hand, they also have much more difficulty in building trust than partners from the same sector, especially in the first phases of partnership formation. This is due to the fact that actors from “unfamiliar worlds” usually provoke high degrees of mistrust of their potential partners (Rivera-Santos & Ruffin, 2010a).

This could also be observed in the business-non-profit partnership of Procter & Gamble (P&G) with the non-profit organization with the non-profit organization Population Services International (PSI). Aiming at a wide acceptance of its water-purifying product PUR, the MNC P&G cooperated with the non-profit organization PSI. Aiming at a wide acceptance of its water-purifying product PUR, the MNC P&G cooperated with the non-profit organization PSI (Seagle & Christensen, 2011). PSI conducted, for example, a brand awareness campaign assisted by a network of community groups and volunteers from the US Peace Corps in the Dominican Republic. However, the initial phase of the cooperation was characterized by mistrust and doubt. In an interview a P&G representative states: “we had to be willing to partner with groups that we have never partnered before. Letting them have control of our brands that has never been done before.” Likewise the PSI representative was skeptical: “At the beginning, I was convinced that this was a model that we should not embrace, that is doing somebody else’s brand. Because before that we did not trust

multinationals and thought that if we helped them into a market with their brand, then there was no reason that they would not run away with it” (cited in Hahn & Gold, 2014, p. 1328). Building trust over time, P&G and PSI continued to cooperate with the aim of providing clean drinking water to people hit by poverty or natural disasters. Although the efforts to spread PUR in different BOP regions resulted in difficult market experiences, as the product could not generate sufficient margins, P&G continues to deliver the product through the philanthropic P&G Children’s Safe Drinking Water Program. The MNC’s focus here is to benefit from increased brand presence in emerging markets, opportunities to open new markets and tuning into the philanthropic sympathies of its employees (Seagle & Christensen, 2011).

Rivera-Santos and Rufín (2010a) stress that intermediaries, who can act as a broker between NGO worlds and MNC worlds, are essential in the initial stages of partnerships. Actors of the development cooperation sector may thus assume an important role, as already emphasized in the context of improving the ability to identify complementary resource endowments of partners. Besides facilitating mutual understanding and trust building, these entities may also take part in monitoring partnerships thereby ensuring progress and preventing abuses, as in the case of the UN-led initiative Global Compact (Gilbert & Behnam, 2013; Rivera-Santos & Rufín, 2010a). In general, it can be stressed that the closer the non-profit partner is to the BOP the larger the difference and institutional divide is in comparison to an MNC from a high-income country. This will also have implications for governance mechanisms. If the non-profit partner is operating outside the BOP, has an international focus and substantial size, the adaption of more formal governance mechanisms will be more likely (Hahn & Gold, 2014; Rivera-Santos et al., 2012). If the non-profit partner is a small BOP-centered, community-based actor, formal mechanisms will be less significant and the intermediaries’ role to help collaboration partners build the necessary trust will become more important.

In conclusion (see Table 9.1), it can be stated that profiting from effective governance mechanisms in business-non-profit partnerships at the BOP primarily depends on trust-based informal safeguards. However, in a BOP context trust is more difficult to build than in inter-firm contexts of conventional markets. Once again, the clarification of both economic and social goals in the negotiation phase is important to deal with these challenges in order to avoid “illusion of transparency” (Garcia, 2002). Furthermore, businesses and non-profit partners must be prepared for greater differences and rather long-lasting periods for becoming familiar with their respective partners. Additionally, it should be examined whether intermediaries combining characteristics of both “worlds” can be integrated in the negotiation of governance mechanisms.

Conclusions and Outlook

In this chapter, we address two research gaps in the BOP literature. First, we make a contribution to the identified lack of taking into account both the economic and

the social value of BOP business models by answering the question *what does value creation mean in business non-profit partnerships, which aim at implementing BOP business models for mutual benefits?* While we point out that mutual benefits must be translated into economic and social value creation, we particularly emphasize the clear definition of social value as improvement of basic capabilities of BOP members, i.e., poverty reduction in a multidimensional sense. We also argue that distributional aspects must be taken into account in connection with economic and social value creation. Second, we draw on the theoretical framework from Dyer and Singh's (1998) relational view to analyze *what the critical potential determinants and facilitators for value creation in such partnerships are.* It becomes clear that business-non-profit partnerships as compared to traditional inter-firm alliances must deal with additional challenges if they want to benefit from the four key sources of relational rents, i.e., relation-specific assets, knowledge-sharing routines, complementary resource endowments, and effective governance mechanisms. This is mainly due to strong differences between the involved sectors and the BOP context of weak formal institutions. The systematic analysis of the key determinants of relational rents shows that first, business and non-profit partners usually need more time to prepare for and implement effective partnerships and, second, must also invest more in, e.g., knowledge-sharing routines, a high degree of organizational complementarity, and the building of trust. MNCs from high-income countries and non-profit actors can approach these specific challenges by clearly focusing on the intended economic and especially social impact of the projected BOP business model to foster reciprocity and strengthen trust building. Moreover, given the financial constraints of non-profit actors hampering high financial investments, MNCs must prepare for assuming larger shares of financial investments when entering in business-non-profit partnerships. Additionally, the role of brokers and intermediaries—especially from the field of international development cooperation—who can mediate between MNCs and non-profit actors, may play an important role to facilitate the capturing of relational rents in partnerships. This is even more relevant the more different the partners are in terms of their size, institutional environment, and values. MNCs and non-profit actors alike are called upon to participate in initiatives aiming at poverty reduction and other dimensions of development to improve their ability to build partnerships in a BOP context.

This relational perspective contributes to a better understanding of how inter-organizational mechanisms in business-non-profit partnerships shall be organized to increase the probability to create value. As a result, we are also able to derive recommendations as to how to consider peculiarities of business-non-profit partnerships at the BOP. As a consequence, firm managers, NGO executives, and community representatives, who envisage entering into partnerships at the BOP, can better leverage the potential for value creation and thereby improve their contribution to poverty reduction. In doing so, we contribute to illuminating one specific aspect of inter-organizational global governance mechanisms in the context of CSR, i.e., joined efforts to reduce poverty at the BOP. Nevertheless, we are aware of the limitations we must face in pursuing this line of conceptual research, which could be the starting point for further research. First, we did not systematically distinguish

between different MNCs and different non-profit actors in terms of origin, size, or other characteristics. However, a more differentiated approach with a more precise classification of MNCs and non-profit actors could result in more detailed findings. Second, more empirical research is needed to challenge the results presented in this paper. Hahn and Gold (2014) apply the relational view in empirical research in the context of BOP partnerships but concentrate only on two of the four key determinants of relational rents. Our comprehensive analysis, which also includes the associated subprocesses of key determinants for value creation in BOP partnerships, facilitates further empirical approaches. We hope this article will encourage the BOP debate to further dissociate itself from partially polemical and anecdote-based approaches that particularly failed to convincingly integrate the social perspective in the past.

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Paper II:

**Cognitive Frames of Poverty and Tension Handling
in Base-of-the-Pyramid Business Models**

Jordis Tabea Grimm

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Abstract

Base-of-the-pyramid (BOP) business models aim to achieve profitability and poverty reduction by including poor people into corporate value chains. This goal duality creates tensions. Actors' responses to these tensions are influenced by their cognitive frames of the phenomena building the tension. Applying a cognitive perspective, I investigate how corporate actors with different frames of poverty respond proactively or defensively to the poverty–profitability tension by adapting business model elements. I find that proactive and defensive responses differ for actors holding different cognitive frames of poverty. The responses have consequences for the poverty impact potential of BOP business models.

Keywords

base-of-the-pyramid (BOP), business model, cognitive frames, poverty, tensions

Poverty alleviation will become a business development task.

—C.K. Prahalad (*The Fortune at the Bottom of the Pyramid*, 2005, p. 5).

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The term base- or bottom-of-the-pyramid (BOP) refers to the lowest segment of the global income pyramid. It was coined by the management scholars C.K. Prahalad and Stewart Hart (Prahalad, 2005; Prahalad & Hart, 2002), who suggested that the global poor and corporations alike can benefit from approaching the BOP with new business models. The BOP business models include poor people from the BOP in corporate value chains and strive to combine profitability with poverty reduction (Kolk et al., 2014). This goal duality can create tensions.

Tensions that surface when organizations pursue varied and conflicting goals (Smith et al., 2013; Smith & Lewis, 2011) are of special relevance for companies that want to reach sustainability-related goals through corporate activities (Hahn et al., 2015; Smith et al., 2013). Tensions present actors with strategic choices; that is, managers must find ways to respond to tensions (Haffar & Searcy, 2019). Scholars define a repertoire of responses, usually grouped into (a) defensive, avoidance-based responses and (b) proactive responses (Jarzabkowski & Lê, 2017; Jarzabkowski et al., 2013; Lewis, 2000; Smith & Lewis, 2011). These more generic categories of tension handling were recently applied to business model logics (i.e., to understand what tensions actors that develop and implement business models for sustainability experience and how they respond to these tensions through adaptations of business model elements; Davies & Chambers, 2018; Davies & Doherty, 2019; Stubbs, 2019; van Bommel, 2018).

People's responses to tensions in complex settings are influenced by their cognitive frames of the phenomena building the tension (Hahn et al., 2014). Cognitive frames are the underlying structures of beliefs, perceptions, and appreciations through which managers filter and interpret information (Gilbert, 2006; Grewatsch & Kleindienst, 2018; Walsh, 1995). Some empirical studies reveal a relationship between more complex cognitive frames of sustainability and better social performance of firms compared with less complex cognitive frames of sustainability that have a clear economic focus (Crilly & Sloan, 2012; Gröschl et al., 2019; Haffar & Searcy, 2019; Hockerts, 2015). In contrast, Hahn et al. (2014) conceptually submit that managers with simpler business case frames of sustainability adopt a pragmatic stance on sustainability issues that allows for the development of large-scale solutions with high impact on the firms' social performance. In light of these contradictory arguments, we should intensify research on the relationship among the cognitive frames of phenomena that build tensions that managers in hybrid settings experience, the responses they find to these tensions, and the societal impact of their responses.

In the BOP context, the tensions acknowledged by practitioners and the responses are potentially influenced by their cognitive frames of poverty. The

concept of poverty as one pole of the inherent goal duality is complex and ambiguous (Alkire et al., 2015; Laderchi et al., 2003). Thus, cognitive frames of poverty might differ among practitioners and influence the perception of and responses to tensions that occur during BOP business model implementation. In the context of poverty policies of public actors, it is already shown that the conceptualization of poverty and the poor can influence the design and implementation of poverty alleviation measures on an organizational level (Bradshaw, 2007; Green, 2006; Laderchi et al., 2003). Nevertheless, the cognitive frames of poverty and their influence on tension handling are underexplored in the corporate context of implementing BOP business models.

Therefore, I propose the following research question:

Research Question 1 (RQ1): How do corporate actors with different cognitive frames of poverty respond to tensions while implementing BOP business models?

I answer this question by drawing on a qualitative semi-structured interview study based on a sample of European- and African-based BOP ventures. As an upfront finding, I identify two pairs of cognitive frames of poverty that differ in content and structure. Building on this, I identify a variety of responses to tensions through adaptations to business model elements. The responses vary between proactive and defensive responses depending on the actors' cognitive frames of poverty and have different consequences for the potential poverty impact.

The identification of cognitive frames of poverty and the analysis of tension handling during business model implementation contributes to two different literature streams. First, it enlarges the literature on tensions and responses to tensions resulting from hybrid settings in corporate sustainability (Battilana & Lee, 2014; Hahn et al., 2015). As asked by Hahn et al. (2018), it adds new descriptive aspects by concretizing responses to tensions as adaptations of business model elements. It also adds instrumental aspects by showing that several adaptations of business model elements act as defensive responses to poverty–profitability tensions and decrease the potential impact on poverty. Second, it contributes to the cognitive perspective in corporate sustainability by challenging the supposed positive relationship between more complex frames of sustainability and firms' better social performance. Third, the specification of cognitive frames of poverty has implications for practitioners in the BOP context.

The article is structured as follows: Next, I discuss the literature on tensions, responses to tensions, and cognitive frames in the context of

sustainability and the BOP. The section “Method” presents my research design, data collection, and data analysis. The section “Findings” presents the cognitive frames of poverty as an upfront finding and then how corporate actors in the BOP context respond to poverty–profitability tensions by adapting business model elements. I then discuss the findings building on existing literature. Then, I conclude and show avenues for further research.

Tensions and Responses to Tensions in the Context of Sustainability and the Base of the Pyramid (BOP)

Tensions are dualities between elements that seem logical individually but become inconsistent when juxtaposed (Smith & Lewis, 2011, p. 384). Managers are confronted with tensions in different settings, for example, the tension between exploration and exploitation (Andriopoulos et al., 2018), collaboration and control (Sundaramurthy & Lewis, 2003), and the flexibility and stability of digital infrastructure (Woodard et al., 2013). The tensions that arise from aiming for corporate sustainability (i.e., balancing social, environmental, and economic goals) have received special attention (Hahn et al., 2015; van der Byl & Slawinski, 2015). Contributing to a more sustainable society while maintaining economic success as an organization is a complex task with several tensions for managers. This goal duality is characterized as a form of hybridity (Battilana & Lee, 2014; Smith et al., 2013). Smith and Lewis (2011) and Smith et al. (2013) categorize tensions of hybrid organizations as (a) *performing tensions* that surface as organizations attempt varied and conflicting goals and address inconsistent demands across multiple stakeholders; (b) *organizing tensions* that emerge through commitments to contradictory organizational structures, cultures, or practices (e.g., human resources); (c) *belonging tensions* that involve questions of identity; and (d) *learning tensions* that emerge from the juxtaposition of multiple time horizons, specifically long-term and short-term.

BOP businesses that aim to achieve economic success and poverty alleviation might be confronted with all of these tensions of hybridity to a different extent while implementing and adapting their business models. However, research on tensions of hybridity has mainly focused on social enterprises, predominantly in western settings such as work integrating social enterprises (Battilana et al., 2015; Pache & Santos, 2012). Many BOP scholars implicitly assume that the tension between profitability and poverty reduction automatically dissolves into win-win situations once economic success is reached (e.g., Schuster & Holtbrügge, 2014; Seelos & Mair, 2007; or from a review perspective, Dembek et al., 2020). In contrast, critical scholars emphasize

severe trade-offs between poverty reduction and profitability (Arnold & Valentin, 2013; Arora & Romijn, 2011; Bonsu & Polsa, 2011; Karnani, 2005; Peredo et al., 2018; Schwittay, 2011). However, the empirical investigation of how practitioners perceive poverty–profitability tensions while implementing BOP business models is underdeveloped (an exception with a focus on time horizons is Sharma & Jaiswal, 2018).

Scholars define a repertoire of responses to tensions, usually grouped into (a) defensive, avoidance-based responses, which provide short-term relief from tensions but do not provide new ways to work with the tensions, and (b) proactive responses, which try to deal with these tensions on a long-term basis and reconceptualizes the actors' experiences of the tensions (Jarzabkowski & Lê, 2017; Jarzabkowski et al., 2013; Lewis, 2000; Smith & Lewis, 2011). Table 1 presents a collection of potential responses to tensions.

Defensive, avoidance-based responses to tensions are considered to weaken the potential for positive corporate influence on a more sustainable society through mechanisms of decision-making paralysis, mission shift, or internal anxiety (Ismail & Johnson, 2019). In contrast, managers are expected to bring out innovative and creative synergies, turn conflict into productive outcomes, and achieve long-term sustainability for organizations if they find proactive responses to tensions.

In addition to the generic categories of defensive or proactive responses to tensions, scholars have defined concretizations in different fields of managerial action (e.g., specific aspects of human resources management such as workforce composition and hiring policies; Battilana & Dorado, 2010; Battilana & Lee, 2014). The conception and adaptation of business models is an emerging field for the concretization of responses to tensions that result from seeking corporate sustainability (Davies & Chambers, 2018; Davies & Doherty, 2019; van Bommel, 2018) and are especially relevant to this research. Business models can be understood as a holistic explanation of how a firm realizes a specific business venture (Zott et al., 2011).

A business model is usually described as composed of different elements (Osterwalder et al., 2005; Shafer et al., 2005; Teece, 2010). At a minimum, these elements include a value proposition, value creation and delivery, and value capture (Bocken et al., 2014; Schaltegger et al., 2016). The value capture is related to cost structure and revenue streams and is, therefore, understood as economic value capture. Managers of BOP business models confronted with tensions from the goal duality of poverty reduction and profitability respond by designing and adapting business model elements. Therefore, the business model perspective is helpful in structuring the analysis of tensions and responses to tensions found by corporate actors in hybrid

Table I. Responses to Tensions From Literature.

Response		Definition
Defensive responses	Splitting	Separating contradictory elements either temporally (i.e., dealing with one, then the other) or spatially (i.e., compartmentalizing elements into different areas or groups).
	Regression	Resorting to understandings or actions that provided security in the past.
	Repression	Denial (i.e., blocking the awareness of tensions).
	Projection	The transfer of conflicting elements, often onto a scapegoat or repository of bad feelings.
	Reaction formation	Focusing on only one element by excessively manifesting feelings or practices aligned with that element and opposing the threatening element.
	Ambivalence	The compromise of conflicting elements within “lukewarm” reactions that lose the vitality of extremes and offer quick but marginal compromises.
	Suppressing	Dominating or overriding one element of the paradox while fostering the other.
	Opposing	Pitting the poles in opposition to each other with each side trying to force the other to give way.
Proactive responses	Acceptance	Understanding contradictions and ambiguity as natural conditions of work and indicating a willingness to find a way to balance the elements that cause tension.
	Confrontation	Bringing the tension to the fore, critically discussing it, addressing and working through the sources of tension.
	Transcendence	Altering or reframing thinking to see elements of the tension as necessary and complex interdependencies rather than competing interests.
	Adjusting	The acceptance that both elements of the tension are important, interdependent, and must be achieved.

Note. Based on Jarzabkowski and Lê (2017), Jarzabkowski et al. (2013), Lewis (2000), and Vince and Broussine (1996).

contexts (Tykkyläinen & Ritala, 2020). The design and adaptation of business model elements as a response to tensions affect the poverty reduction potential of the BOP business model. Specific consideration of this potential impact is important to answer the call for a better consideration of the poverty pole in the poverty–profitability tension inherent in BOP business models (Dembeck et al., 2020; Kolk et al., 2014).

Cognitive Frames in the Context of Sustainability and BOP

How a corporate actor perceives and acts on tensions is influenced by the actor's cognitive frames about the elements in which the tensions exist (Hahn et al., 2014). The cognitive perspective concentrates on the mental processes involved when a person makes decisions in and for organizations. It is stimulated by the early work of Simon (1955) and has developed into an important research strand, especially in the field of strategic management (e.g., Kaplan, 2011; Narayanan et al., 2010; Walsh, 1995). According to the managerial cognition perspective, managers are assumed to be “information workers” who are scanning, processing, and spreading information in highly complex situations (Walsh, 1995, p. 280). To make relatively efficient decisions, managers employ knowledge structures instead of evaluating every situation from scratch. Drawing from insights of social psychology, Walsh (1995) defines a knowledge structure as “a mental template that individuals impose on an information environment to give it form and meaning” (p. 281).

In the cognition literature, these knowledge structures are referred to by different terms, such as cognitive schemes, models, or frames (Hahn et al., 2014; Kaplan, 2011). I use the term cognitive frame, which represents the underlying structures of beliefs, perceptions, and appreciations through which managers filter and interpret information (Gilbert, 2006; Grewatsch & Kleindienst, 2018). Cognitive frames enable efficient information processing, interpretation, and action. However, cognitive frames also carry the risk of selective perception, creation of blind spots, stereotypic thinking, underestimation of fundamental changes in the environment, and inhibition of creative problem-solving or innovation (Walsh, 1995).

Scholars have studied the specific content (i.e., the attributes a specific actor associates with a specific issue) and structure (i.e., the degree of differentiation or the number of attributes within a cognitive frame, and the degree of integration or the degree of interconnectedness among the content attributes of the frames) of managers' cognitive frames (Walsh, 1995). Together, content and structure influence managers as they scan and interpret information and respond to their interpretations (Hahn et al., 2014). Scholars

often refer to a simpler and a more complex frame of sustainability of corporate actors (Hahn et al., 2014; Hockerts, 2015; Olsen & Boxenbaum, 2009). The simpler “business case frame” has fewer content attributes and is characterized by an alignment logic focusing on economic attributes and clear means–ends relationships (Hahn et al., 2014, p. 467). The more complex “paradoxical frame” is characterized by the inclusion of a wider variety of attributes and expresses different reinforcing, neutral, and conflicting connections between and among those attributes, thus lacking a clear focus or alignment logic (Hahn et al., 2014, p. 468).

A few studies empirically analyze how different cognitive frames of sustainability influence the handling of sustainability-related tensions and, as a result, are related to higher or lower sustainability performance. The more complex frames are associated with a higher societal performance of firms (Crilly & Sloan, 2012; Gröschl et al., 2019; Hockerts, 2015). Hahn et al. (2014) conceptually derive a contrasting argument in which a simpler business case frame encourages a manager to take a pragmatic stance on sustainability issues. This stance, defined as a decision maker’s attitude toward an issue that predisposes the person to act in certain ways, favors feasible solutions that can potentially achieve large-scale change, though probably of limited scope and newness. On the contrary, managers with a more complex paradoxical frame take a prudent stance on sustainability issues. They are more likely to consider unusual and more radical responses to sustainability issues, yet they are hampered in their ability to implement workable solutions because of their ambivalence and greater awareness of risks and tensions. Thus, the predisposition to act hesitantly might negatively influence an organization’s societal performance. Overall, we do not know enough regarding the relationship among frames, responses to tensions, and the potential impact on a societal level.

Furthermore, most researchers who consider cognitive frames in the context of corporate sustainability focus on cognitive frames of sustainability in general (Hahn et al., 2014; Hockerts, 2015; Sharma & Jaiswal, 2018; van der Byl & Slawinski, 2015). However, BOP business models are clearly defined as business models that contribute to poverty reduction, resulting in specific poverty–profitability tension. The concept of poverty is highly complex and ambiguous and not universally defined (Alkire et al., 2015; Laderchi et al., 2003). In the international academic and policy debate, unidimensional understandings of poverty as a lack of income or consumption (Chen & Ravallion, 2010) are challenged by multidimensional understandings of poverty that consider a broader set of deprived capabilities (Alkire et al., 2015; Sen, 1999; World Bank, 2018). Bradshaw (2007) claims that “competing theories of poverty shape anti-poverty strategies” (p. 7).

In the context of the poverty policies of public actors, the conceptualization of poverty and the poor can influence the design and implementation of poverty alleviation measures on an organizational level (Bradshaw, 2007; Green, 2006; Laderchi et al., 2003). Specifically, personal beliefs about why people suffer from poverty influence the design of measures against poverty and the attitude toward the poor (Hastie, 2010). Bradley et al. (2012, p. 688) refer to different explanations for poverty, specifying “poverty based in personal deficiency” (e.g., bad decision-making, work attitudes, and motivation), “poverty based in cultural deficiency” (i.e., enduring beliefs and values that result in a disenfranchised subset of society or “under-class” with a culture of poverty that impedes people from deviating from accepted norms of behavior), “poverty based in structural failing” (i.e., structural barriers in the economic, social, and political systems beyond the influence of the individual), and “poverty based in capacity or opportunity deficiency” (i.e., uncertainty and a lack of capital limiting possibilities).

The importance of the conceptualization of poverty and the poor is reflected in the BOP debate by authors claiming a clear and specific definition of poverty beyond income levels (Dembeck et al., 2020; Hart et al., 2016; Kolk et al., 2014). The request to make poverty conceptions in the BOP research explicit currently only refers to debate within research and academic settings. We know little about how managerial actors and initiators of BOP business models understand poverty and how their cognitive frames of poverty and the poor influence their handling of the poverty–profitability tensions. The present study aims to provide insight into corporate actors’ cognitive frames of poverty, their responses to tensions, and how their responses might influence the poverty potential of their BOP business models.

Method

I used a microlevel approach to learn about the cognitive frames of corporate actors in BOP businesses and their responses to poverty–profitability tensions. Personal interviews that inductively detect the content and structure of cognitive frames without restricting to preselected items are an appropriate approach to detect a person’s cognitive frames (Hockerts, 2015; Sharma & Bansal, 2017; Sharma & Jaiswal, 2018). A qualitative approach is most adequate when “the meanings people bring into” the field of interest are highly relevant (Denzin & Lincoln, 2011, p. 3), which is the case when focusing on cognitive frames and their role for the perception of and responses to tensions. Thus, I adopted a qualitative approach based on semi-structured interviews.

Data Collection

Following a purposeful sampling strategy, I selected businesses that innately declare that they follow a BOP approach (i.e., including people from the BOP to corporate value chains with the aim to contribute to corporate success *and* poverty reduction). Another term that is often used by academics and practitioners for such businesses is “inclusive business” (Halme et al., 2012). As such, the Inclusive Business Accelerator (IBA), a platform that connects inclusive business ventures with potential investors, was helpful for sampling.¹

I created a sample with full coverage of the European companies (plus Israel). To restrict the western perspective bias of which the BOP discussion is accused (Landrum, 2007), I also included companies based in different African countries. Because of language restrictions, I focused on anglophone countries. After eliminating the companies whose homepages were no longer available, the sample size included 42 companies. In total, 18 people from the sample agreed to conduct an interview; two additional interviews were generated through recommendations from previous interviewees. In total, 20 interviews were conducted between March and June 2018. In total, 15 interviewees were founders of the BOP businesses, and five made important strategic decisions (e.g., business developer, international program manager, and CEO). This is an important characteristic that makes it possible to examine the microlevel cognitions directly relevant at the organizational level. All the organizations were smaller companies, with management teams between three and 12 employees, and had existed between 3 and 8 years when the interviews were conducted.

The interviews lasted between 30 and 90 min, with an average of 50 min. In total, 17 interviews were recorded and transcribed, and three were memorized in memory minutes. Table 2 offers an overview of the interview partners and presents a short description of the respective BOP ventures of the organizations.

The interviewer used a semi-structured interview guide (Online Appendix A), focusing on open questions about the interviewees’ understanding of poverty and poverty reduction, the description of the BOP business model, and the perceived link between poverty and their business model. The interviewer asked broad and open questions to encourage the interviewees to talk freely about their opinions and experiences, thereby obtaining rich data for the analysis of cognitive frames and how the actors responded to tensions between profitability and poverty while implementing the BOP business models.

Responding to the call for a poverty-focused research perspective in the BOP debate (Dembek et al., 2020; Halme et al., 2012; Kolk et al., 2014;

Table 2. Overview of the Interview Partners.

Organization	Located in	Short description of organization	Inclusion of BOP (presented at IBA platform)	Interviewee	Country of origin	Interview (min)
Org01	The Netherlands	Develops, produces, and sells water filters.	Selling water filters to BOP households globally	Pers01	The Netherlands	54
Org02	Sweden	Does R&D for jute fiber-based materials and sources jute.	Sourcing raw material from BOP farmers in Bangladesh.	Pers02	Bangladesh	45
Org03	The Netherlands	Develops and sells app-based record-keeping software for poultry farming.	Selling app-based services to BOP farmers in different countries in Southern Africa.	Pers03	The Netherlands	87
Org04	The Netherlands	Develops, produces, and sells biogas systems.	Selling technical products to the BOP in different countries in Eastern Africa.	Pers04	The Netherlands	55
Org05	South Africa	Sells social products (e.g., cookstoves, solar lanterns, and water filters) and improves distribution.	Selling products to BOP households and work with BOP distributors	Pers05	France	56
Org06	Zambia	Develops and sells land right services such as parcel surveys	Selling services to BOP households in Zambia.	Pers06	South Africa	30
Org07	South Africa	Designs, manufactures, and sells gift boxes from recycled material.	Sourcing handicraft labor from the BOP in South Africa.	Pers07	South Africa	60 ^a
Org08	South Africa	Designs, manufactures, and sells textile products (e.g., backpacks, pillows, and dolls).	Sourcing handicraft labor from the BOP in South Africa.	Pers08	South Africa	58
Org09	Ghana	Develops and sells information and communication services for agricultural markets.	Selling information services to BOP farmers in Ghana.	Pers09	Ghana	49
Org10	Nigeria	Offers agricultural trainings and platform services to finance young agricultural entrepreneurs.	Selling trainings and investment services to BOP farmers.	Pers10	Nigeria	48
Org11	Israel	Develops, produces, and sells insect-based nutrient powder.	Sourcing labor from the BOP and selling products to the BOP in different regions.	Pers11	Israel	32

(continued)

Table 2. (continued)

Organization	Located in	Short description of organization	Inclusion of BOP (presented at IBA platform)	Interviewee	Country of origin	Interview (min)
Org12	Nigeria	Sells and distributes clean energy, clean cooking, and clean water products.	Selling products to BOP households and work with BOP distributors in Nigeria.	Pers12	Nigeria	42
Org13	South Africa	Designs, manufactures, and sells leather products (e.g., cushions, bedcovers, and purses).	Sourcing handicraft labor from the BOP in South Africa.	Pers13	South Africa	33
Org14	Israel	Develops, manufactures, and sells postharvest drying and storage solutions.	Selling to BOP farmers in different regions.	Pers14	Israel	33
Org15	Senegal	Develops, manufactures, and sells bookkeeping hardware and software for small shopkeepers.	Selling hardware and software to BOP entrepreneurs.	Pers15	France	68
Org16	Portugal	Develops, manufactures, and operates mini-grid technical solutions for rural energy and water.	Selling to BOP communities in Eastern Africa.	Pers16	Portugal	51
Org17	The Netherlands	Develops, manufactures, and sells water pumps for irrigation systems.	Selling to BOP farmers in different regions.	Pers17	Germany	56
Org18	Spain	Develops, installs, and operates energy and water solutions for rural communities.	Selling energy and water services to BOP households.	Pers18	Spain	48
Org19	The Netherlands	Develops, manufactures, and sells clean cooking stoves.	Selling to BOP households and employing BOP constituents in production and distribution.	Pers19	The Netherlands	50 ^a
Org20	Germany	Develops and sells off-grid electrification systems based on hydropower and solar power.	Selling to BOP communities in different regions.	Pers20	Germany	70 ^a
				20		17 hr 05 min

Note. BOP = base-of-the-pyramid; IBA = Inclusive Business Accelerator.

^aInterviews were memorized via memory minutes.

Paton & Halme, 2007), I focus questions and analysis on the poverty pole representing the goal duality in the BOP business models. To get unbiased responses about if and how tensions are perceived and responded to, I did not impose any definition of tensions on the respondents. I asked open-ended questions about how their business model worked and how it related to poverty reduction. This information was supplemented with information from organizations' homepages and publicly available press articles to gain additional contextual insights on how the business models worked and what poverty-related aspects were emphasized.

Data Analysis

The data analysis went through several overlapping stages. I describe this as a linear procedure. However, the analysis was an iterative process of identifying surprises in the data and making meaning based on the literature. To address the research question about how corporate actors with different cognitive frames of poverty respond to tensions while implementing BOP business models, I first identified cognitive frames of poverty and, thereafter, grouped the respondents into categories. Second, I analyzed the perceived tensions between poverty and profitability for each category, how actors responded to these tensions in the form of adaptations of their business models and what consequences these responses had for the poverty impact of the respective BOP business models.

To identify cognitive frames of poverty, I developed cognitive maps. Cognitive maps represent a picture or visual aid in comprehending particular elements of a person's thoughts (Eden, 1992, p. 262) or cognitive frames. Transcriptions of the interviews were prepared and studied based on the overarching themes that structured the interview guide (i.e., "poverty" and "poverty reduction"). As is the nature of inductive studies, the relevance of the perceptions of why poverty persists emerged from the data. As such, I added an overarching theme, "explanations for poverty."

The code development was an iterative process of identifying remarkable content in the data and making meaning of those aspects based on an intensive literature review (Gioia et al., 2013), especially regarding different conceptions of poverty and explanations for poverty (Alkire et al., 2015; Chen & Ravallion, 2010; Feagin, 1972; Sen, 1999). The codes and codings related to each overarching theme were used as the elements to build cognitive maps for each interviewee (Hockerts, 2015; Ojastu et al., 2011). The cognitive maps contain content elements (What do the interviewees express to be relevant attributes associated with poverty?) and structural elements (Which kind of relationships do the interviewees

implicitly or explicitly express among the content attributes?; Sharma & Jaiswal, 2018).

I compared the similarities and differences of individual maps to integrate them into collective maps; this method is used in other studies (e.g., Hockerts, 2015; Meyer et al., 2016). Thus, as an upfront finding, I developed two pairs of cognitive maps of poverty that differ in content and structure. The cognitive frames were compared with the literature again and largely corresponded with the different conceptualization of poverty presented by Bradshaw (2007) and Bradley et al. (2012).

Based on the upfront finding of four different cognitive frames of poverty, I analyzed the poverty alleviation aspects of the business models in the interview data and additional archival data. Some of the organizations revealed a certain degree of disconnection from the poor in their ongoing business models, though their initial business models—as presented at the IBA platform—were clearly formulated to address poverty. As such, the interview data were inductively coded with a focus on business model elements that connect or disconnect with poverty and contradictions the interviewees expressed. The organizations' homepages served as an additional source to understand the organizations' business models.

Next, I included more abductive elements (Mantere & Ketokivi, 2013) by drawing from the literature on tensions and responses to tensions, especially in the context of sustainability (Haffar & Searcy, 2019; Hahn et al., 2015; Jarzabkowski & Lê, 2017; Jarzabkowski et al., 2013). I coded the interview material specifically on the basis of which tensions between poverty and profitability were implicitly or explicitly mentioned, and which responses were found in form of the adaptation of different business model elements (value proposition, value creation and value delivery, value capture). Although I aimed to be specific regarding the tensions, I also assigned more generic categories regarding the type of tension and the type of proactive or defensive responses, as presented in Table 1 (Jarzabkowski & Lê, 2017; Smith & Lewis, 2011). Finally, I analyzed the consequences these responses had on the poverty impact of the business models.

The analysis of tensions and responses to tensions concentrated on four different groups of respondents (i.e., cognitive frame Types Ia, Ib, IIa, and IIb). I concentrated on homogeneities and differences among the groups to explore how different cognitive frames of poverty might shape the responses to poverty–profitability tensions. Interview questions and the first-order codes were not based on tension categories. This ensured that tensions that surfaced in the interviews were not inadvertently introduced by the questions asked. However, tensions and responses to tensions provided the second-order coding framework.

Findings

The findings of this study are twofold, corresponding to one upfront finding necessary to answer the research question and findings from the final analysis. First, I identify four different cognitive frames of poverty among corporate actors in the BOP context. Second, I analyze which tensions (i.e., based on the underlying tension between poverty reduction and profitability) are acknowledged during business model implementation, the proactive and defensive responses these tensions generate, and the consequences these responses have for the poverty reduction potential of the BOP business model. I focus on homogeneities and differences in the four groups of cognitive frames.

The Four Cognitive Frames of Poverty

The analysis of the individual statements on poverty and the creation of individual cognitive maps of poverty led to two pairs of cognitive frames: one pair with an understanding of poverty as a deprivation of capabilities (i.e., Types Ia and Ib) based on a more system-centric, macro-level approach to poverty that highlights the deficiencies of the environment; the second pair with an understanding of poverty as a mind-set (i.e., Types IIa and IIb) based on a person-centric, microlevel approach to poverty that highlights individual deficiencies. Each pair shares relevant content items, but their frames' structures vary (i.e., the degree of differentiation and integration). One frame in each pair is more complex than the other. Online Appendix B summarizes the content, dominance, and structure of all the frames and offers representative quotes from which the frames are built.

Type Ia: Poverty as multidimensional capability deprivation. Type Ia cognitive frame of poverty shows similarities with the Bradley et al. (2012) conceptualization of "poverty as structural failing." The frame represents a multidimensional conception of poverty. The frame's content is not characterized by an economic alignment logic. It is not dominated by a specific dimension of poverty but refers to different capability deprivations, though it gives special attention to human capabilities in the form of basic needs (Organization for Economic Co-operation and Development [OECD], 2001; Streeten & Burki, 1978, p. 413). The content items relate to the economic, political, and social systems that cause people to have limited opportunities (Bradshaw, 2007).

The representatives of Type Ia do not solely consider market-based approaches as central for poverty reduction (with companies at the forefront) but advocate for a combination of measures and approaches with a variety of

actors, including governments and NGOs. The Type Ia frame has more content elements and is characterized by a received high interdependence of the different dimensions of poverty and a plurality of potential relationships among them. It is compatible with the conceptualization of poverty as a complex, multidimensional construct that is prevalent among international organizations and academic debate (Alkire et al., 2015; United Nations, 2019; World Bank, 2018).

Type Ib: Poverty as economic capability deprivation. Type Ib cognitive frame of poverty shows similarities with the Bradley et al.'s (2012) conceptualization of "poverty as [economic] opportunity deficiency." Types Ia and Ib both conceptualize poverty as the deprivation of capabilities. However, Type Ib presents the economic dimension as the dominant content element. The frame focuses on the depressed capabilities of the impoverished to earn an income, consume, and have assets (OECD, 2001).

Type Ib uses structural explanations to explain why a person suffers from economic capability deprivation (Bradshaw, 2007; Feagin, 1972). The explanations refer to income and asset-based aspects (e.g., the structure of earnings, the lack of resources for investments). Representatives of the Type Ib frame stress that it is not individual characteristics but the lack of economic resources that prevent the poor from changing circumstances. The improvement of economic capabilities is considered the most important means to overcome poverty. Representatives of the Type Ib frame call for market-based measures (e.g., facilitating higher income generation opportunities based on entrepreneurial activities and work). This stance reflects a less complex cognitive structure with fewer content attributes characterized by a clear alignment logic, which puts economic attributes first (Hahn et al., 2014, p. 466) and connects content elements with relatively clear means-ends relationships.

Type IIa: Poverty as a cultural mind-set. Types IIa and IIb are characterized by an emphasis on the individual characteristics of poor people as important content elements of poverty. Type IIa shows similarities with the Bradley et al. (2012) concept of "poverty based in cultural deficiency." Representatives of the Type IIa frame describe the poor as having a "nature" or "culture" that is different from themselves (e.g., less intellectual, lower self-esteem, few ideas about how to change their situation). Type IIa mirrors some aspects of the so-called "culture of poverty paradigm," which describes the poor as a more or less homogeneous group with similar values, beliefs, and attitudes that are socially generated (i.e., in poor communities over generations) but individually held (Bradshaw, 2007). There is no reliable empirical evidence

to support this paradigm (Gorski, 2008). Representatives of this frame refer to the lack of imagination and courage of poor people to grasp income-generating activities as an explanation for why people are and stay poor.

Type IIa relates individual attributes to sociocultural capability deprivations through gender or class-related aspects (OECD, 2001). For example, this might be the difficult situation of underprivileged Black women in South Africa influenced by patriarchal cultural systems. Measures related to economic capability improvements such as labor-relevant skills acquisitions and earning an income are considered a vehicle for improving the self-worth of the poor, thereby changing the poverty mind-set. The microlevel, person-centered aspect of poverty as an important content dimension makes this frame significantly different from the system-centered, macro-level frames that focus on capability deprivation (i.e., Types Ia and Ib). Type IIa has a high degree of content elements with many connections among them, resulting in a frame of greater complexity.

Type IIb: Poverty as an individual mind-set. Type IIb cognitive frame of poverty shows similarities with the Bradley et al.'s (2012) concept of "poverty based in individual deficiency." Types IIa and IIb share relevant content attributes. They both describe poverty as a specific mind-set shared by poor people. Type IIb includes content attributes such as passiveness, ignorance, and a lack of will. The respondents believe that poverty persists because of weaknesses of character and will and that most poor people could change their situation through hard work and smarter decisions.

In contrast to Type IIa, Type IIb does not include any structural or systemic explanations related to the ascribed individual deficiencies. Respondents prioritize two ways to reduce poverty: (a) market-based approaches such as hard work or entrepreneurial activity, which emphasize a person's responsibility to contribute to the improvement of their situation; and (b) exposure to knowledge, which should direct the course of a person's aspirations and initiate a change of mind-set. However, the ascription of negative individual characteristics of the poor is so dominant that representatives of this frame simultaneously doubt the efficacy of potential measures. The degree of differentiation and integration are low in the Type IIb frame, resulting in a simple frame of poverty as a mind-set.

Figure 1 outlines the relationship among the four different frames. Types Ia and Ib share relevant content attributes (i.e., poverty as capability deprivation), as do Types IIa and IIb (i.e., poverty as a mind-set). However, due to a higher degree of differentiation and integration, Types Ia and IIa are more complex compared with Types Ib and IIb, which are less complex and show clearer alignment logic. An overview of the interviewees and their

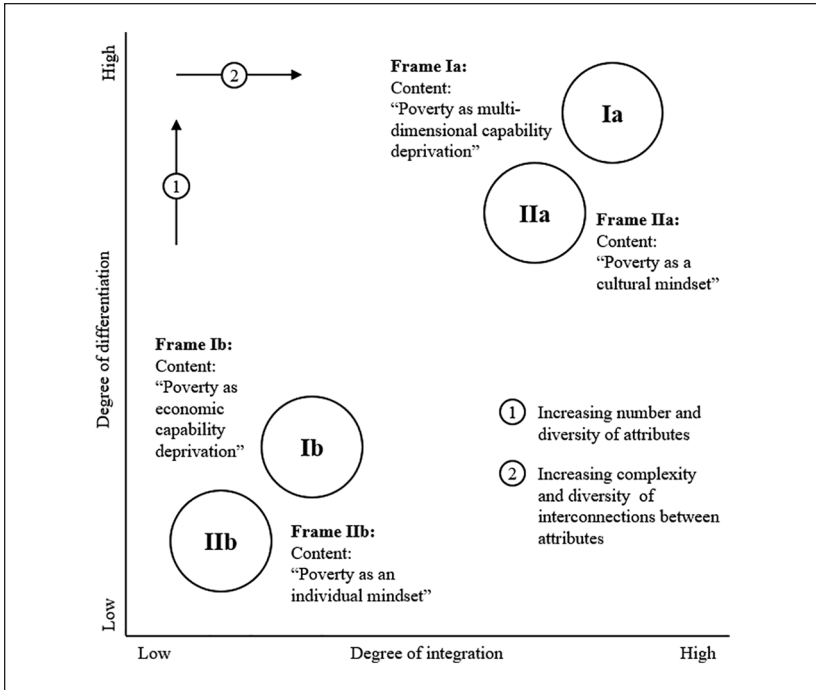


Figure I. Relationship between different cognitive frames of poverty.

Note. Based on Hahn et al. (2014, p. 468).

respective affiliation to the identified collective poverty frames are in Online Appendix C.

Responses to Tensions in form of BOP Business Model Adaptations

I present how corporate actors respond to tensions and how these responses affect the poverty reduction potential of their business models. I refer to the proactive and defensive responses to tensions presented in Table 1 and concretize responses taken as adaptations in business model elements. To better structure the responses to tensions, I refer to value proposition, value creation and delivery, and value capture elements of the business models. I focus on homogeneities and differences in the four different groups of cognitive frames.

Type Ia cognitive frame and responses to tensions. Conventional business approaches from mature markets seem inadequate to address the poor as clients or suppliers. By bringing the tension between conventional business solutions and poverty alleviation to the fore and critically discussing it, corporate actors found proactive responses in the form of new initial value propositions of the BOP business models. The developed value propositions of the respondents categorized as having a frame Type Ia “poverty as multidimensional capability deprivation” have the potential to reduce poverty by enhancing economic or human capabilities. Examples include products that directly influence the satisfaction of basic needs such as water filters or clean cooking solutions for improved health (Org01, Org04, Org05), fortified food for improved nutrition (Org11), products or services that enhance the productivity of the rural poor by connecting to the electricity supply (Org18, Org20), and increasing the productivity of smallholder farmers or fishers (Org09, Org14, Org15), who are in many countries poor in a multidimensional sense. Some also planned to include poor BOP constituents in value creation or value delivery parts of the business model to create new income opportunities (Org04, Org05, and Org11). The relationship between tensions acknowledged, the responses to tensions, and the potential impact on poverty of these responses are shown in Table 3.

New tensions evolved when corporate actors defined and implemented further elements of the business model, that is, value creation, value delivery, and value capture elements. Many defensive, avoidance-based responses were reported by the group with a Type Ia cognitive frame. These defensive responses often implicated consequences that negatively affected the poverty reduction potential of the business model (see Table 3).

During business model implementation, respondents acknowledged the tension between having a potentially high impact by reaching many with the initial value proposition and the high costs and risks of shaping the value delivery element to selling directly to many clients in different markets. As Pers01 stated, “we realize we don’t know the market,” and Pers14 stated, “we thought that we’re going to sell units to farmers [. . .] And then we realized it, [. . .], we will not get too far.” In both organizations, ambivalent responses resulted in quick solutions but triggered new tensions. Org01 and Org14 both adapted the value delivery element of their business models and cooperated with independent profit-oriented sales agents. This response had the potential to positively affect poverty because local sales agents with better local knowledge and embeddedness can reach many customers in different markets. However, both interviewees mentioned that they did not receive much information about the end customers reached by the agents and only stayed in contact with a few of them. Pers14 outlines that his idea was for the

Table 3. Tensions, Responses to Tensions, and Consequences With a Cognitive Frame Type Ia.

Org.	Poverty–profitability tensions	Responses to tensions in the form of business model adaptations	Characterization of response	Potential impact on poverty
Org01	High potential health impact from clean water versus high costs of grid-based solutions.	Decision on <i>value proposition</i> : developing easy to use, highly effective water filters.	<i>Confrontation and adjusting response</i> resulting in a new technical solution that embraces the tension.	The basic need-oriented <i>value proposition</i> element has the potential to impact poverty <i>positively</i> .
Org01	High necessity for clean water in a variety of low-income countries versus high risks/high costs for learning and embeddedness.	Decision on <i>value delivery</i> : contracting independent sales agents with better knowledge about the market.	<i>Ambivalence response</i> offering quick solution but triggering new tensions.	The <i>value delivery</i> element has the potential to impact poverty through scaling <i>positively</i> .
Org01	Highest impact through reaching the neediest target groups versus low incentive for independent sales agents to do so.	Decision on <i>value delivery</i> : continuing with independent sales agents. Mid-term/ long-term objective to develop IT-based prototype projects to know the end-customer data better in the future.	Domination of <i>suppressing and regression responses</i> and partially <i>splitting</i> (temporal) responses.	The <i>value delivery</i> element has the potential to <i>decrease</i> the impact on poverty through a lack of influence on prices set and regions served by the sales agents.
Org04	High potential health impact from biogas digesters (through clean cooking gas solutions) versus low scalability of traditional brick-dome digester technology.	Decision on <i>value proposition</i> : developing highly scalable plastic tank digester solutions.	<i>Confrontation and adjusting response</i> resulting in a new technical solution that embraces the tension.	The basic need-oriented <i>value proposition</i> element has the potential to impact poverty <i>positively</i> .
Org04	High cost savings resulting from the product (less spent on charcoal and firewood) versus the need to pay relatively high upfront costs and have assets to use the product (minimum of three cows).	Decision on <i>value capture</i> : continuing with the initial value capture element that enables cost covering through upfront and installment payments from customers. Thinking about developing smaller and cheaper prototype products in the future.	Domination of <i>suppressing and regression responses</i> and partially (temporal) <i>splitting responses</i> .	The <i>value capture</i> element has the potential to <i>decrease</i> the impact on poverty because the neediest target groups cannot afford upfront payments and necessary assets.

(continued)

Table 3. (continued)

Org.	Poverty–profitability tensions	Responses to tensions in the form of business model adaptations	Characterization of response	Potential impact on poverty
Org05	A whole bundle of “social products” (e.g., solar lights, clean cooking stoves, and fortified food) already invented versus high costs for the distribution of these products in needy communities.	Decision on <i>value proposition</i> and <i>value delivery</i> : buying a stock of social products and working together with formerly unemployed, community embedded sales agents.	<i>Confrontation response</i> resulting in a new distribution concept to overcome the last mile challenges at the BOP.	The <i>value proposition</i> element has the potential to influence poverty <i>positively</i> through increased availability of social products. The <i>value delivery</i> element has the potential to influence poverty <i>positively</i> through increased economic capabilities of sales agents.
Org05	High potential impact through contracting formerly unemployed persons from the BOP versus high distribution costs and low revenues per agent that does not allow cost covering.	Decision on <i>value delivery</i> : changing delivery partners, concentrating on small shopkeepers who are not dependent on cost covering through only selling social goods.	<i>Suppressing response</i> fostering decreasing costs over impact through income opportunities of community sales agents.	The new <i>value delivery</i> element has the potential to <i>decrease</i> the impact on poverty because new distributors are less poor.
Org05	High potential impact through selling social products versus low revenues because of the longevity of the products.	Decision on <i>value proposition</i> : extending the product range to conventional FMCGs, putting social product delivery on hold; developing an app-based service facilitating trading between wholesalers and small shopkeepers.	<i>Suppressing response</i> fostering increasing revenues and lowering costs.	The new <i>value proposition</i> element has the potential to <i>decrease</i> the impact on poverty because FMCGs have less impact than social goods.
Org05	Positive impact through selling FMCGs cheaper to customers versus low incentive for small shopkeepers to do so.	Decision on <i>value proposition</i> : continuing with the app-based value proposition. Planning to include social products and tackling the poverty premium somewhere in the future.	<i>Splitting responses</i> separating all poverty-relevant aspects to later stages of the app development.	The <i>value proposition</i> element has the potential to <i>decrease</i> the impact on poverty because potential efficiency gains for small shopkeepers are not reaching end customers.

Note. BOP = base-of-the-pyramid; FMCGs = fast-moving consumer goods.

middlemen who buys the small-sized drying and storage entities to provide services first to the poor, small-scale farmers. However, there is no information to verify if the middlemen do this. Similarly, Pers01 states as follows:

That also comes with a few challenges to be honest because, once you start working with agents and distributors, you can't force them for a certain price, really. And so we see quite some differences in countries, like what kind of price and what kind of target groups they hit and availability. (Pers01)

To know or assume that the independent sales agents are likely not fully reaching the target group for which the value proposition could have the biggest impact creates new tensions. Representatives of this group show avoidance-based responses to this tension, especially suppressing, repression, and/or splitting responses. They do not proactively adapt further business model elements. Org01 and Org14 continue with the value delivery system based on independent sales agents, thus fostering the profitability element of the tension. Pers01 prefers to consider the issue again at an undefined future time (i.e., temporal splitting):

We do have a project where we have all the data from the customers available, So that is what—kind of where we want to move to. And we are looking into IT solutions right now, we've even—an app or something to set up—or whatever to get more insight. But we don't have right now. We want to, but we're not there yet. (Pers01)

Other respondents categorized as having a Type Ia frame also responded defensively to tensions that result from the fact that the value proposition would have the highest impact on specifically poor target groups but other customer groups create lower costs or risks for value delivery or are less problematic for value capture elements that invoke high upfront payments.

Org15, which invented a software-based bookkeeping solution knows that approaching the smallest and poorest traders in Senegal (e.g., fishmongers) would have the highest poverty impact because professionalized bookkeeping would result in efficiency and productivity gains and growth options based on facilitated access to credit with accounts in order. However, the customers who use the value proposition (i.e., bookkeeping kits composed of tactile stands for tablets, mini printers, and bookkeeping software combined with e-payment possibilities) are shopkeepers who do not belong to the poorest trading segment:

So just in that sense, the business owners that we work with are not in the situation of poverty. (Pers15)

Pers15 expresses ambivalence and splitting responses to this tension. He mentions the plan to change the value proposition at some point in the future (i.e., to make the app applicable for several devices rather than specific tablets). Pers15 anticipates that when the download rates for the app increase in the future (temporal splitting), some of those downloads will be made by very small traders. Thus, poorer people would benefit from the product even without the need for Org15 to invest high amounts in customer care and delivery for this economically difficult segment (marginal compromise). However, the potential poverty impact of these defensive responses is not significantly high.

Furthermore, Pers04 states that Org04 aims to be affordable for poor people, but the actual customers reached do not belong to the poorest segment:

Affordability is always one of our highest criteria. But we also know that with our digesters, with the price they have, it's not possible to reach really poor people. So most—yeah, you have to have some cows, so you're not really, really poor if you have a few cows. So that's always also a bit difficult with the bottom of the pyramid. I don't know. (Pers04)

Similar to Pers15, Pers04 finds splitting responses to these tensions. Org04 continues with the initial value proposition and with the same value capture element but consider addressing this tension more proactively in the future (splitting response):

But I think, yeah, in the end, if you ask me personally, "Are we really reducing poverty with this product," I think not yet. But the mission of the company is to improve lives of as many people as possible. So I can also imagine that we will in the future—actually, we already begun developing another type of biogas digester that can be sold at a cheaper price. So we can—that this design becomes available for less. We have people with less money than we have now. Yeah. (Pers04)

Org11 also does not reach the BOP segment for whom the value proposition was initially developed:

I actually started by trying to explain to them that grasshoppers are in demand all over Africa, and we can help locals build their farms, and make a lot of money just doing that. However, just operating in Africa means risk to many investors. So eventually, we had to change—although this is the vision of the company, feeding the world and providing jobs and so on, we realized that in order to do the first step, we'd have to plan a less risky business. So what we did is actually plan a business where we develop and grow the grasshoppers

initially in Israel, and sell them to the US market as an alternative protein. This enabled us to raise funds from investors. (Pers11)

Thus, Pers11 acknowledges the tension between the potential high impact on poverty from the value proposition element (i.e., protein intense insects for nutrition) and the value creation element (i.e., growing the insects with poor African farmers), with the high risks for investors. Pers11 decided to change the initially developed business model elements of the value proposition for the BOP and value creation by the BOP to consumption and production for and by people in high-income countries. This decision can be interpreted as a suppressing and splitting response, fostering the profitability pole for the moment and temporally postponing the problem of ensuring a positive poverty impact to a vague point in the future:

We continue developing the new idea or the—let’s call it a developed-world idea. But this provides us enough funds and knowledge to continue developing the basic idea and eventually getting into Africa and providing the opportunities I mentioned. So it’s actually on our road map, but a later stage of development. (Pers11)

Pers05 initially founded a BOP business with a value proposition that aimed to improve the availability of social products (e.g., solar lamps, clean cooking stoves, and fortified food samples) for poor consumers while positively affecting poverty by working with formerly jobless young community members to distribute these products. It was difficult for Org05 and the distributors to cover costs and make an income because of the high cost of transporting stocks to the distributors and the longevity of the products that provoke no constantly recurring demand.

The responses from Pers05 to these poverty–profitability tensions were defensive. He changed the value proposition and value delivery elements extensively. He decided, first, to improve not only the distribution of social products but all kind of fast-moving consumer goods (FMCGs) and, second, to rely on an existing distribution network (i.e., informal convenience shops in townships known as “spaza-shops”) instead of working with formerly jobless people. This response fosters profitability over poverty tension (suppressing response). Pers05 thinks that the improved logistics for spaza-shop owners (i.e., facilitated comparison of wholesaler prices through an app-based service of Org05) could have long-term effects on the poorer township dwellers through decreased prices at the shops (i.e., a decrease of the poverty premium). However, the developed technical app-service does not currently foster such behavior. The social products are completely removed from the

business model design, and the more impact-driven elements are postponed to the future (splitting response):

So for the moment, we have absolutely no ways to try to drive the price down at the shop level. We are just driving down for the shop owners. And we basically kindly ask them to lower their cost, but I'm pretty sure none of them do it. [. . .]

And let's say in two, three years we want to be in 50,000 Spaza shops and have access to 140 wholesalers. [. . .] That's not a social aspect of it, but once we cover these stores, we can actually start distributing the social products that are needed and that's where we have a real social impact. (Pers05)

Instead, Org05 plans to benefit financially from the data generated at the spaza-shops because big FMCG companies are interested in learning more about their market shares in townships. Thus, over time, the poor slum dwellers developed from being the targeted consumers to part of the value proposition of Org05. This implies unclear and potentially negative consequences regarding the poverty impact depending on how the companies that buy the data make use of them.

In sum, in the group of frame Type Ia, the tensions that occurred after the development of the initial value proposition triggered a variety of defensive, avoidance-based responses that emerged as (re-)designed business model elements that have negative consequences for the poverty impact.

Type Ib cognitive frame and responses to tensions. Similar to the respondents from the group having a Type Ia cognitive frame of poverty, the respondents with the less complex Type Ib frame “poverty as economic capability deprivation” also showed proactive confrontation and adjusting responses while developing the initial value proposition of their respective business models. The value propositions all have the potential to reduce poverty. For example, the water pumps functioning on hydropower (Org17) have the potential to increase income and food security of smallholder farmers; the mini-grid solutions based on solar power, including water filtering technology, can increase human capabilities (i.e., health through water) and economic capabilities (i.e., through use of electric energy) for rural communities (Org16); the clean cooking stove developed by Org19 can increase human capabilities (e.g., reducing health issues from fire cooking) and economic capabilities through increased income by decreasing expenses on charcoal and firewood. Org02 wants to increase the economic capabilities of smallholder farmers through increasing sales possibilities of jute fibers (Table 4).

Table 4. Tensions, Responses to Tensions, and Consequences With a Cognitive Frame Type Ib.

Org.	Poverty–profitability tensions	Responses to tensions in the form of business model adaptations	Characterization of response	Potential impact on poverty
Org16	High potential impact on productivity and income opportunities from stable and save energy versus high costs of grid-based solutions.	Decision on <i>value proposition</i> : developing a containerized multifunctional system providing energy (distributed via mini-grid), water, and biogas at a community level.	<i>Confrontation and adjusting response</i> resulting in a new technical solution embracing the tension.	The <i>value proposition</i> element has the potential to impact poverty <i>positively</i> .
Org16	High potential impact of including all inhabitants of a rural community into the mini-grid versus low purchasing power of the majority of rural community inhabitants.	Decision on <i>value proposition</i> : supporting energy-based rural entrepreneurship start-ups (e.g., video hall, coiffeur services) to increase income opportunities.	<i>Adjusting response</i> adding services to the value proposition.	The additional <i>value proposition</i> element has the potential to impact poverty <i>positively</i> through increased economic capabilities.
Org16	High potential impact of including all inhabitants of a rural community into the mini-grid versus long amortization cycles for the capacity necessary for the poorer part of the rural community.	Decision on <i>value capture</i> : Mixing impact and commercial investors to differentiate capital conditions for the investment necessary for the monetary poorer and richer community members.	<i>Adjusting response</i> elaborating the revenue and cost structure that allows different time schemes for amortization of investment.	The <i>value capture</i> element has the potential to impact poverty <i>positively</i> through a 100% coverage approach.
Org17	High potential impact of increasing productivity of smallholder farmers through irrigation versus low effectivity of traditional treadle pumps or high purchasing and operating costs of diesel pumps.	Decision on <i>value proposition</i> : developing an innovative technical solution of a hydropower pump.	<i>Confrontation and adjusting response</i> resulting in a new technical solution embracing the tension.	The <i>value proposition</i> element has the potential to impact poverty <i>positively</i> through improved economic capabilities and food security.
Org17	Highest impact on smallholder farmers versus low purchasing power to cover upfront costs.	Decision on <i>value capture</i> : developing innovative revenue models that allow the farmers to repay after harvest.	<i>Adjusting response</i> resulting in new payment models.	The <i>value capture</i> element has the potential to impact poverty <i>positively</i> through improved affordability of products among poor target groups.
Org17	Increased food security through consumption of improved harvest versus negative impact on repayment schemes.	Decision on <i>value capture</i> : reviewing contracts for repayment; including specifications in favor of crops not consumed in high amounts (e.g., onions).	<i>Acceptance response</i> seeing the necessities of farmers as legitimate and <i>adjusting response</i> resulting in new contracts with the same target group.	The <i>value capture</i> element has the potential to impact poverty <i>positively</i> through continuing with the poorest target groups.

Proceeding from a value proposition for a BOP business model, new tensions evolved when implementing the business model. However, several proactive responses were found in the group with Type Ib frames to handle the upcoming tensions.

For Org16, the value proposition of installing an integrated clean energy and water solution for a whole rural community, thereby connecting everyone in a village to the mini-grid, was at odds with the very low income of most inhabitants:

Fifty-five percent of the community is what we call low-income households, right? [. . .] The low-income customers really complicate it. [. . .] The easiest thing to do is say, “Hey, we’re going to do smaller systems, focus on the mid- and high-income customers. And some time in the future, the low-income customers may have more money we’ll connect with.” And our focus is absolutely not that. It’s about connecting 100 percent of the customers. (Pers16)

Pers16 found proactive responses to handle this tension instead of suppressing the poverty pole or splitting it temporally to a non-defined future. Pers16 did two things that can be interpreted as adjusting responses. First, Org16 combined the value proposition of connecting the community to electricity with initiating new income-generating business activities for the community based on existing electricity (e.g., haircutting services, a video hall). Thereby, Org16 tried to increase the economic capabilities of the whole community to increase the chances of satisfying payback schemes. Second, Org16 approached both impact investors and commercial investors to enable a differentiated value capture element. Org16 tried to use commercial funding to achieve the electrical capacity necessary to satisfy high-income and mid-income customers and long-term impact investors to finance the capacity for low-income customers. The extended value proposition and the balanced value capture element, which can be interpreted as proactive adjusting responses, make it possible to stay connected to the initially envisaged target group.

Org17 developed a hydropower-based pump, which enables land irrigation of smallholder farmers alongside rivers and canals without operating costs. Pers17 acknowledged the tension between the potentially high impact of the product on smallholder farmers with low purchasing power and the need to cover the relatively high unit cost per pump. Although Org17 initially cooperated with some commercially oriented independent sales agents, Pers17 soon realized that these actors did not address affordability. As a proactive adjusting response, Org17 developed new value capture elements, which enabled farmers to receive the pump without any upfront costs, instead

repaying Org17 through a defined share of the following harvests (approximately 10%–20% of revenues). This new value capture element was combined with an enhanced value proposition that provided the farmer with qualitatively better seeds and fertilizers to ensure relevant increases in their yields. This proactive response enables Org17 to stick with poorer target groups and thereby maintaining the potential poverty impact of the product.

Nevertheless, Pers17 experienced new tensions. Amortization calculations for the new payment scheme were based on an assumed increase in crop yield and resulting revenues from the market sales of vegetables. The crop yield did increase as calculated; however, the resulting cash generation was far lower because the involved farmers ate relevant parts of the harvest to satisfy the basic needs of their families. Pers17 experienced this as a strong tension between ethically supporting basic needs satisfaction (i.e., hunger as a severe form of poverty) and the need to justify investment commercially. Org17 proactively responded, recognizing that both poles are important, and contradictions are a natural condition of work. Instead of departing from the target group to avoid tension, they discussed new ways to design the agreement:

Well, we found out after the first run that there are other plants that are not—that are not so largely consumed, namely onions. And they were sold at considerably higher prices at the local market. And that it makes much more sense for the people to sell these products than to consume them themselves. And then there will be a win-win situation for both sides. (Pers17)

Org19, which developed a clean cooking stove based on a solar-biomass hybrid technique that enabled healthier and less cost-intensive cooking activities, showed proactive tension handling as well. Pers19 acknowledged the tension between lowering risks and investment in value delivery elements, for example, by cooperating with independent sales agents, and the conviction that such middlemen had a high interest in increasing their personal margins through skipping the poorest and most rural target groups and that these agents often cannot offer credit options. Unwilling to dominate or override poverty or profitability poles of this tension, Org19 invested in adapted value delivery and value capture elements of the business model by employing a sales force and installing in-house credit schemes for the end customers. Price and repayment quotes are calculated on costs saved for coal, paraffin, or firewood. Furthermore, the stove itself worked with commercial biomass pellets and collected materials (e.g., manure, rests of corn cobs). Thus, operating the product does not require any assets (in contrast to the product of Org04) and enables the integration of poor rural customers. Pers19 found

many proactive responses to handle different tensions and was not willing to split or suppress any of the poles that provoked tensions.

In sum, in respondents categorized as having a Type Ib frame, I observed that the respondents gave multiple proactive responses for tensions that occurred during business model implementation. The respondents showed a strong willingness to continue with the initial target group. Thus, the potential of the business model to positively affect poverty was maintained. It remains to be seen if proactive tension handling will result in profitability as well.

Type IIa cognitive frame and responses to tensions. All respondents with a Type IIa cognitive frame of “poverty as a cultural mind-set” developed a business model that combined training of the BOP constituents with using their labor for profitability. For example, Org7, Org8, and Org13 train poor women in handicraft labor and sell their outputs; Org10 trains young people in farming techniques and gains by brokering investors with the farmers (Table 5). The training element is meant to affect the human and sociocultural capabilities of the poor because the respondents perceive the poor as having low self-esteem, low imagination to envision possibilities, and a low skill level. The labor element is thought to increase the economic capabilities of the poor. The development of this value creation element can be interpreted as a proactive response to the tension between poverty and profitability.

Focusing on the individual development of poor people as part of the business model induces further tensions for Type IIa respondents. For example, respondents acknowledged a tension between the impact of intensively training people with technical skills and encouraging them to take responsibility and advance their skill levels, and the ability to reach many trainees. For example, Org7, Org8, and Org13 have a dozen or fewer poor women to produce the products sold. Pers07, Pers08, and Pers13 promoted the continuation of working intensively with that small group, thereby fostering a secure quality and tight assistance but overriding growth potential (suppressing response).

Another tension that the business model revealed was the tension between the need to cover the costs that occurred through intensive mentoring and training of the laborers included in the project (e.g., opportunity costs of the time invested by the founder) and the potential to affect poverty through fixed and reliable wages. The tension between the level and predictability of wages paid and the profitability of the business model was defensively handled through capping the payment of labor. None of the businesses employed the women who produced handicraft items as fixed wage employees. Instead, the women were self-employed and paid piece rates or a day wage:

Table 5. Tensions, Responses to Tensions, and Consequences With a Cognitive Frame Type IIa.

Org.	Poverty–profitability tensions	Responses to tensions in the form of business model adaptations	Characterization of response	Potential impact on poverty
Org08	High potential to decrease poverty by entrepreneurial activity versus low skill level and (perceived) low self-esteem of poor women to initiate economic activities.	Decision on <i>value creation</i> : initiating a workshop by which Black South African women are trained to sew handicraft products designed and sold by the founder.	<i>Confrontation and adjusting response</i> resulting in an offer for Black women to earn an additional income and personal support for skill development.	The <i>value creation</i> element has the potential to impact poverty <i>positively</i> through increased economic and human capabilities.
Org08	High potential impact through guiding personal development of included women versus low scalability of the business model.	Decision on <i>value creation</i> : concentrating on a small group to intensively work with each woman.	<i>Suppressing response</i> fostering skill development.	The <i>value creation</i> element has the potential to <i>decrease</i> the impact on poverty through low scalability.
Org08	High potential impact through personally guiding development of included women versus low revenues and high opportunity costs for intensive training and personal mentoring.	Decision on <i>value capture</i> : paying by piece instead of fixed wages. Planning to increase the incomes of BOP women in the future when more products are sold.	<i>Ambivalence response</i> offering quick solution but triggering new tensions and <i>splitting</i> (temporarily) <i>response</i> to pay reliable wages at a later point in time.	The <i>value capture decrease</i> element has the potential to the impact on poverty as the BOP producers subsidize the start-up of the business and personal skill development through piece payments instead of minimum or living wages.
Org13	High potential to decrease poverty by entrepreneurial activity versus low skill level and (perceived) low self-esteem of poor women to initiate economic activities.	Decision on <i>value creation</i> : initiating a workshop by which Black South African women are trained to sew leather products designed and sold by the founder.	<i>Confrontation and adjusting response</i> resulting in an offer for Black women to earn an additional income and increase skill levels.	The <i>value creation</i> element has the potential to impact poverty <i>positively</i> through increased economic and human capabilities.
Org13	High potential impact through guiding personal development of included women versus low scalability of the business model.	Decision on <i>value creation</i> : concentrating on a small group to intensively work with each woman and ensure high quality products.	<i>Suppressing response</i> fostering skill development.	The <i>value creation</i> element has the potential to decrease the impact on poverty through low scalability.
Org13	High potential impact through personally guiding development of included women versus low revenues and high opportunity costs for intensive training and personal mentoring.	Decision on <i>value capture</i> : paying per day but at lower rates than skilled work from the market.	<i>Ambivalence response</i> offering quick solution but triggering new tensions.	The <i>value capture</i> element has the potential to decrease the impact on poverty as the BOP producers subsidize the business and personal skill development through lower than market prices for labor.

Note. BOP = base-of-the-pyramid.

It's not a salary. It is a stipend, if you want to call it that. So we're working toward we would be able to afford to give them a cyclical amount per month, automatically. Look if they've been sick and they couldn't work, then I have been paying them. That's what I call a sympathy stipend. [. . .] So long term, it would be to create enough income for them to be able to get a set stipend and to start looking at their additional needs, like they are all housed, but I want to look at a pension fund maybe. (Pers08)

I want to make money as well, but for me, it's empowering people. And we can't—if I have to appoint somebody from outside, I won't be able to afford it. So the objective for me is to get people trained because I have a problem. I don't have skilled workers. So I train them exactly the way I want them to do my work. That is also one of my main objectives. (Pers13)

The tension was repressed (i.e., blocking the awareness of the tension), split (i.e., to an undefined future time), or handled ambivalently, referring to a marginal compromise because any income would improve the economic capabilities of the poor, independent of its relationship to minimum or living wages.

In addition, in Org10, I observed a tension between the impact through the additional income of the poor and the amount of income as a cost factor or foregone income of the BOP business. Org10 trains young jobless graduates in agricultural techniques, pools them in virtual production clusters, and connects these clusters to commercial investors who prefinance assets for one season. The funds facilitate additional income for formerly unemployed youth and increase the productivity of already producing smallholder farmers, thereby increasing the economic capabilities of the BOP constituents. However, the value creation element of the Org10 business model defines that, when the crop of the cluster is sold after the season, the investors get 50% of the profits, Org10 gets 25%, and the farmers receive the remaining 25%. The share the farmers get determines the poverty impact, and it seems that the ascribed 25% is not high. However, Pers10 was blocking this tension because the distribution aspect in the value capture element was not given prominence, only that the absolute income could increase for the target group.

In sum, in the group of frame Type IIa, proactive tension handling led to the initial business model of combining training and labor, which has the potential to affect poverty positively. However, corporate actors responded defensively regarding the tensions between the impact per person and scaling. The domination of individual training during value creation can decrease the potential impact because few people are benefiting. Furthermore, people in this group responded defensively (e.g., repression, splitting, and ambivalence) to the tension of determining the costs part of the value capture

element of the business model. Conditions for paying labor at the same time define the extent of increased economic capabilities of the poor and the costs to be covered from revenue streams. Thus, the distributional aspect of the value capture element is crucial but not proactively addressed by the respondents.

Type IIb cognitive frame and responses to tensions. Respondents with the simpler Type IIb frame “poverty as an individual mind-set” ascribed individual characteristics to the poor, similar to Type IIa. However, the business models of the representatives of the more complex Type IIa frame aimed to compensate for structural conditions, which they believed were responsible for the decreased sociocultural capabilities of their target group. In contrast, respondents of Type IIb believed a main source for poverty was a lack of personal effort and discipline or deficient decision-making.

Org03 developed a mobile app that enabled improved data management of poultry farmers to detect cost-saving opportunities for farmers in Southern Africa. Org10 aims to establish a better distribution system for renewable energy products (e.g., solar lights, solar home systems, and cooking stoves) in rural regions of Nigeria with the help of female micro-entrepreneurs (Table 6). The initial value propositions have the potential to decrease poverty (i.e., through improved economic capabilities of app users and distributors and increased capabilities of energy product users) and emphasize the entrepreneurial activities of poor agents. It can be interpreted as a proactive response to the overarching tension between poverty and profitability.

Regarding the tensions that evolved during business model implementation, Org03 stands out. Org03 experienced tensions between a need to explain the function and advantages of the developed product that justify the subscription model and the target group to which the product could have the most impact:

I’ve sat down with a [small holder] couple [. . .] and I showed them, and let’s say in half an hour we can put in a month’s worth of data. So if you do it every day, then it might take you five minutes a day, [. . .] If you’re not willing to invest five or 10 minutes a day in your primary business, then you should think of doing something else. So—but the African mentality is a bit, is funny, in the sense that if it is not delivering mountains of gold tomorrow, you run a very big risk of them stopping using your product. (Pers03)

Pers03 showed strong projection responses, transferring the tension acknowledged to the reputed deficient character of the poor as a scapegoat. According to Pers03, the poor “should start arithmetics,” they should stop telling “bullshit-stories” about the difficulties of organizing in cooperatives,

Table 6. Tensions, Responses to Tensions, and Consequences With a Cognitive Frame Type IIb.

Org.	Poverty–profitability tensions	Responses to tensions in the form of business model adaptations	Characterization of response	Potential impact on poverty
Org03	High potential impact on productivity increase of smallholder farmers versus low purchasing power of these farmers.	Decision on <i>value proposition</i> : developing a mobile app that enables improved data management of poultry farmers to detect cost saving opportunities.	<i>Confrontation</i> and <i>adjusting response</i> resulting in an app-based software product with low marginal costs.	The <i>value creation</i> element has the potential to impact poverty <i>positively</i> through increased economic capabilities.
Org03	Necessity to explain the product for smallholder farmers versus high costs of initial business contact because of the low grade of organization of farmers.	Decision on <i>value delivery</i> : turning to big farms; labeling smallholder farmers as not ambitious or smart enough to organize in networks.	<i>Projection response</i> scapegoating the poor as the cause of tension. <i>Opposing response</i> fostering increasing revenue and lowering costs.	The <i>value delivery</i> element has the potential to <i>decrease</i> the impact on poverty by abandoning the initial target group.

they should “shape up their business” instead of feeding five chickens “as a hobby.” He concludes as follows:

But if people don't want to be helped, I'm not going to change the world. [. . .]
I'm not going to sit on my horse like Don Quixote and hope that things change.
(Pers03)

Assuming that the poor will not change their behavior, Pers03 adapted the value delivery element. He completely abandons the initial target group and exclusively focuses on big businesses. This behavior can be interpreted as an opposing response that only addresses profitability to the exclusion of the needs of the poor:

Actually I'm talking now to bigger partners. I'm trying to organize more or less the same thing, but through working together with feed companies . . . because they have a vested interest in these things going well as well. So in that respect we're a bit more on the same side. [. . .] So that is more my way of going ahead because there will never be enough time to let's say visit all the individual farmers, so we're not going to bother. (Pers03)

In sum, I only observed a strong defensive projection and opposing response in the group with Type IIb frames. One respondent showed a strong penchant for scapegoating. Pers03 transferred many conflicting elements as the responsibility of the poor themselves. Pers03 did not even consider temporally splitting the tension and somehow reconnecting to the poor in the future. Even if these responses were not observed at Org12, I interpret these strongly defensive responses as specific to Type IIb because these responses are facilitated through the cognitive frame that is dominated by the weak and negative characteristics of the poor.

Figure 2 synthesizes the findings of this study. Corporate actors in BOP businesses are confronted with poverty–profitability tensions. They respond to these tensions by adapting business model elements. Some tension responses can be interpreted as proactive with a positive influence on the potential poverty impact of the BOP business models. Other tension responses can be interpreted as defensive and avoidance-based, which decreases the potential positive impact on poverty.

Many of the respondents with the more complex cognitive frame of poverty as multidimensional capability deprivation (Type Ia) show defensive responses that resulted in a decreased effect on poverty because of a divergence from the initial target group. The group of respondents with the simpler cognitive frame of poverty as economic capability deprivation with a clear dominance of economic attributes (Type Ib) showed more proactive responses

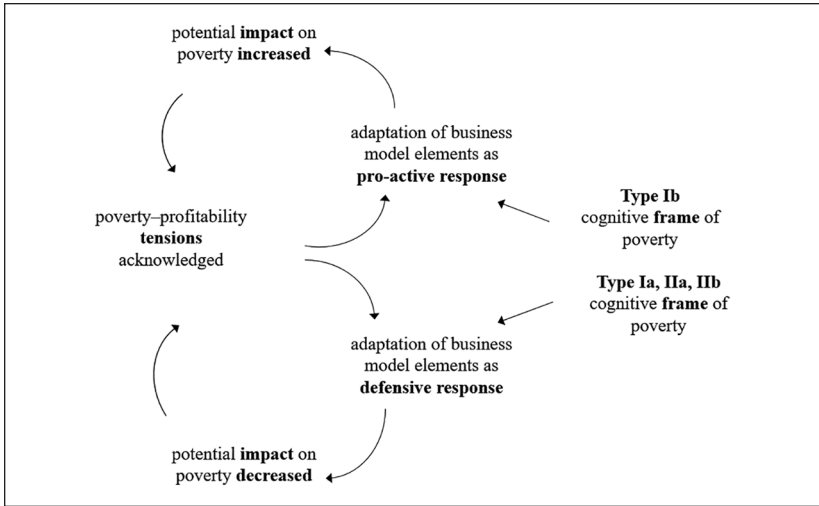


Figure 2. Tension handling in BOP businesses.

Note. BOP = base-of-the-pyramid.

to poverty–profitability tensions. Their adaptations to business model elements aimed to retain business relations with the poor. The group of respondents with a cognitive frame of poverty as a cultural mind-set (Type IIa) proceeded with the initial target group of value creators but limited the potential impact on poverty through decisions on scaling and loan payments. A cognitive frame of poverty as a personal mind-set (Type IIb) encouraged avoidance-based responses that scapegoated the poor and limited the potential impact on poverty.

Discussion

The findings of this study have theoretical and practical implications. First, this study contributes to the literature on tensions and responses to tensions in the broader context of corporate sustainability. Second, it contributes to the literature on managerial cognitive frames and their effect on society. Third, it has implications for practitioners in the BOP setting.

Theoretical Implications

First, this study contributes to the growing literature on tensions and responses to tensions resulting from hybrid settings in corporate sustainability (Battilana

& Lee, 2014; Hahn et al., 2015, 2018; Joseph et al., 2020). Hahn et al. (2018) identified a need for research about the descriptive aspects of how firms respond to tensions in sustainability, the instrumental aspects that address the consequences of tension handling, and the normative aspects that emphasize tensions in sustainability instead of win-win scenarios. This research contributes to all three aspects.

In the specific context of BOP ventures, I descriptively specify poverty–profitability tensions that occur during business model implementation and the proactive and defensive responses taken by corporate actors. I confirm the usefulness of the generic categories of proactive and defensive tension handling and the specification of different responses in each category presented by other researchers (Jarzabkowski & Lê, 2017; Jarzabkowski et al., 2013; Lewis, 2000; Smith & Lewis, 2011). I also concretize responses to tensions as adaptations of business model elements. Thus, this study contributes to the emerging literature that combines the perspective of tensions in hybrid settings with a business model logic (Davies & Chambers, 2018; Davies & Doherty, 2019; van Bommel, 2018).

Regarding the instrumental perspective, the study highlights that corporate actors take many defensive, avoidance-based responses over time that decrease the potential poverty impact of BOP business models. This happens notwithstanding the clear initial goal duality of contributing to poverty reduction and securing profitability with innovative, original value propositions that have a potential positive poverty impact. The adaptations of business model elements that can be interpreted as defensive or avoidance-based responses—which decrease the potential poverty impact of BOP business models—are (a) value delivery elements that rely on independent sales agents who do not have high incentives to serve the poorest target groups, (b) value capture elements that include high upfront payments, and (c) value creation elements that combine the skill development of poor laborers with low and unsecure loan payments.

Regarding the normative aspects of research on tensions and responses to tensions, this study contributes by focusing on the poverty pole constituting the poverty–profitability tension inherent in BOP ventures. According to Hahn et al. (2018), research on tensions creates leeway for the full consideration of the intrinsic value of multiple sustainability issues beyond simple business cases and offers a platform for the normative debate of the role of business for sustainable development. The variety of responses by corporate actors in BOP ventures that decrease the potential impact on poverty emphasizes the difficulties of finding profitable solutions to the many challenges of poverty.

This indicates that companies are far from replacing conventional actors aiming at poverty reduction, such as NGOs and public entities. This study

supports critical views on businesses improving poverty at the BOP on a large scale and scope (Blowfield & Dolan, 2014; Chatterjee, 2014; Dolan & Rajak, 2018; Karnani, 2017). The focus on tensions and responses to tensions further contribute to a poverty-focused research perspective in the BOP claimed by several authors (Dembek et al., 2020; Halme et al., 2012; Kolk et al., 2014).

Second, this study contributes to the cognitive perspective in corporate sustainability. This study challenges the findings of several empirical studies that indicate a positive relationship between more complex cognitive frames of sustainability and a greater social impact of organizations (Crilly & Sloan, 2012; Gröschl et al., 2019; Haffar & Searcy, 2019; Hockerts, 2015; Wong et al., 2011). These scarce empirical results might have implied that a complex frame of poverty as multidimensional capability deprivation, aligned with the status quo of the international development debate, encourages embracing upcoming tensions and recognizing poverty alleviation as equally important to profitability during the whole process of business model design and implementation.

In contrast, corporate actors with the most complex frame of poverty, Type Ia, made several defensive responses that suppressed the poverty pole of BOP inherent tensions and decreased the potential impact on poverty. Furthermore, corporate actors with a simpler, economically aligned frame of poverty, Type Ib, responded proactively by adapting business model elements several times, enabling them to stay connected with the poor. If only taking Types Ia and Ib into account, our study seems to support the conceptional proposition developed by Hahn et al. (2014). It suggests that corporate actors with a frame of simple structure and a clear economic content focus are more likely to adopt a pragmatic stance on sustainability issues that enable impactful, working solutions (Hahn et al., 2014, p. 477).

However, this study's findings stress that a dichotomy of one simpler and one more complex managerial frame of sustainability does not adequately explore the consequences of cognitive frames on societal impact. The discovered two pairs of cognitive frames of poverty elucidate this circumstance. In the case of the macro-oriented perspective on poverty as capability deprivation (Types Ia and Ib), the simpler frame with a clear economic alignment focus builds a better condition for making decisions that have a positive impact on poverty. In contrast, in the case of a micro-oriented perspective on poverty as a mind-set (Types IIa and IIb), the more complex frame that partially includes contextual factors build a better condition for impactful decision-making. This finding highlights that not only the structure of cognitive frames expressed in the dichotomy of the "business case frame" and the "paradoxical frame" is important but also that the content of the frames matter,

especially for complex and controversially discussed aspects of sustainable development, such as poverty.

Implications for Policy and Practice

The findings of this study have implications for actors in the BOP context. First, it should be critically emphasized that several of the participants in this study hold a cognitive frame of poverty as a mind-set, which is not congruent with the scientific debate about poverty (Alkire et al., 2015; World Bank, 2018). A “culture of poverty paradigm” is not backed by empirical evidence (Gorski, 2008). It might be true that poor people sometimes make short-term decisions. However, this behavior is explainable through circumstances of living rather than character (Banerjee & Duflo, 2012). The strong focus on ascribed weak characteristics of the poor as a more or less homogeneous group is a gateway for paternalistic approaches, or even for racist reflections, as has been recognized with respondents categorized as Type IIb. Reficco and Gutiérrez (2016) found that the attribution of negative characteristics to “the poor” as a mainly homogeneous group can impede a successful implementation process of BOP business models. Thus, from a normative and an instrumental viewpoint, support programs for BOP businesses should include formats to discuss different conceptions of poverty and sensitization-building formats for the living conditions of poor people.

Second, although the findings of this study indicate that the development of a new product or service (i.e., a new value proposition) with a potentially positive impact on poverty is necessary but no sufficient condition for realizing a positive impact on poverty. Many of the described tensions did not occur until the factual implementation of the BOP business models. The business model logic with its components of value proposition, value creation and delivery, and value capture (Teece, 2010) can help confront corporate actors with potential poverty–profitability tensions, even before they occur, and discussing potential proactive responses.

Third, the findings suggest that a strong focus on the economic dimension of poverty might be beneficial to find proactive responses to tensions. However, it is important to emphasize that the exclusively one-dimensional consideration of poverty does not comprehensively portray the life situation of poor people. It will always illuminate only particular aspects, perhaps those that are more adequate for business-led approaches. Thus, even though this research suggests that a complex cognitive perspective on poverty might not be an assurance for finding proactive responses to poverty–profitability tensions, this should not be interpreted as a subordination of a multidimensional and complex interpretation of poverty in general. Instead, it indicates

that business-led approaches can only be one approach to poverty reduction. Further actors, such as governments or NGOs, are challenged to tackle poverty in all its forms.

Conclusion and Outlook

This article offers new insights about the cognitive frames of poverty held by corporate actors in BOP businesses and how corporate actors with different cognitive frames of poverty respond to tensions while implementing BOP business models. Regarding the limited scale and scope of this study's data and potential interpretation bias from the single author, future research should verify the four cognitive frames and their implications for tension handling in BOP business models. In addition to that, the results point to various directions for future research. This study showed that adapting business model elements in response to tensions triggered new tensions that required further responses. Future research might extend these insights with a methodological approach that takes a process perspective (Langley et al., 2013; Langley & Tsoukas, 2016).

The observed differences and similarities in responses to poverty–profitability tensions in the four groups of respondents were interpreted in light of the cognitive frames of poverty hold. These interpretations are backed by the argument of Hahn et al. (2014, p. 476), who reason that different cognitive frames will lead managers to adopt different decision-making stances. This predisposition is relevant to the sample's focus on founders and strategic decision-makers in small BOP businesses. However, when interpreting responses to tensions, context also matters. The interrelationship between a person's cognitive capacity and the social and physical environment in which a person acknowledges and responds to tensions might be of interest for further research, especially in larger companies.

The four concrete frames of poverty observed in the sample are an important contribution to concretize the cognitive perspective in the BOP context. Further research in the realm of cognitive perspectives and BOP should apply these concrete cognitive frames, beyond the dichotomy of the business case and paradoxical frames, because the poverty–profitability tension is decisive for the BOP approach. Furthermore, there are other partial aspects of sustainable development that are controversially discussed and not consistently defined, such as diversity or equity. Future research might precisely observe the cognitive frames of these phenomena. Antecedents for building a specific frame and a dynamic perspective on how these frames might change and its consequences for tension handling were beyond the reach of this study. However, these aspects could be the focus of future research.

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Supplemental Material

Supplemental material for this article is available online.

Note

1. The Inclusive Business Accelerator (IBA) platform shut down in April 2018 after 5 years because of non-prolonged funding.

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Author Biography

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Online Appendices

Appendix A. Interview Guide.

- *Thank you and introduction of interviewer*
- *Introduction of the research project*
- *Anonymity: If it is ok with you, I would like to record the interview. I am planning on using the data for scientific publications; however, all personal information will be completely anonymized. The record can be deleted at all times.*
- *The interview:*
 - *Order: Introduction of yourself, your personal understanding of poverty, the business model of your organisation, (non-profit partners), wrap up*
 - *Will last about 45–60 minutes, open questions, there is no strict order*
 - *Interview guide only functions as a guideline*

Category	Guiding Question	Focusing Questions
Introduction	Please introduce yourself in your own words.	<p>What's your role at XY?</p> <p>What is your formal education?</p> <p>What did you do before starting to deal with the topic of inclusive business?</p> <p>How many years of working experience do you have?</p>
Cognition of Poverty	The topic of my research is Inclusive Business, respectively, BOP businesses. In this context, it is regularly stressed that this approach is related to poverty and its reduction. What do you think poverty means?	<p>Could you elaborate a bit more on that?</p> <p>Do you have any examples in mind?</p> <p>You mentioned several aspects of poverty. How do these interrelate from your point of view?</p>
	How is it possible to reduce poverty?	<p>Could you elaborate a bit more on that?</p> <p>Do you have any examples in mind?</p>
The Business Model	Now I would like to ask you about your business. Could you please describe the business model of XY in your own words?	<p>What are the objectives of your business?</p> <p>Could you please describe how the business started?</p> <p>What are and were major challenges?</p>
	How does the business model of XY relate to poverty?	
<i>Role of non-profit partners?</i>	<i>In the BOP context, it is often stressed that non-business partners from the social or public actor play an important role. What about your own project? What is the role of non-profit partners for XY?</i>	<i>Data from this building block was not included in this paper.</i>
Wrap Up and Outlook	Is there anything you would like to add ? Anything that seems important to you?	
	I am currently searching for further interview partners . Could you recommend someone?	May I contact you again? Please contact me any time.

Appendix B. Cognitive Frames of Poverty.

Types	Content		Proves	Structure	
Ia “Poverty as multidimensional capability deprivation”	Attributes poverty definition:	<ul style="list-style-type: none"> • relevance of a lack of basic needs satisfaction • relevance of several human capability deprivations • poverty is beyond economic capability deprivation • multidimensional understanding of poverty 	<p><i>Pers01: It will be hard to even stay alive, if you don't have access to good food, or to food, but also to water, and healthcare even, or housing. [...] - the most common approach would be, okay, you don't have the financial means to get that. But I felt like it's not only about financial means, sometimes there's also other causes, why you are not able to access these kind of things.</i></p> <p><i>Pers05: So it's in very different fields, but not having access to medication could already be part of poverty. And not having access to sanitation is going to be part of poverty. So it's not just something that is monetary and the fact that you don't have money. But it's more a lack of opportunity and a lack of access to opportunities.</i></p> <p><i>Pers09: Basic needs such as food, clothing, shelter, education, healthcare, jobs. I just think anyone who is not able to afford these basic things, or even the lack of access to these things for me that's what poverty means.</i></p> <p><i>Pers18: A lack of access to water, to energy, to sanitation. But you won't leave poverty only with this. There are also other basic needs, like education, access to a worthy health system, also alimentation, housing ...</i></p>	Degree of differentiation (number of salient content attributes)	<ul style="list-style-type: none"> • high (high amount of content attributes) • high (complex interrelated-
	Attributes poverty explanation:	<ul style="list-style-type: none"> • wide range of structural explanations 	<p><i>Pers01: I think on a very high level, it also depends on how we have arranged our societies, but also our economic models in the western world. Kind of exploiting the rest of the world.</i></p> <p><i>Pers09: I also think improving infrastructure so improving roads and schools and hospitals and other -- for farmers, for instance, improving value chain services such as storage. In Ghana, we have a big problem with post-harvest loss. And those are the kinds of things that cause farmers to be poor.</i></p>		
	Attributes poverty reduction:	<ul style="list-style-type: none"> • political approaches and market-based approaches • call for the combination of different approaches • relevance of different actors 	<p><i>Pers04: When the available money would be spread more equally about all the people in the country, this has already helped a lot. Climate change is, of course, also not helping. [...] So there, maybe, well, all the measures that you have against climate change worldwide could help.</i></p> <p><i>Pers05: So I guess there's a lot of ways to do it and to work on that. Poverty is not just one thing so there are a lot of small actions that we can do to tackle the issues.</i></p> <p><i>Pers09: I think the government has a big role to play in that.</i></p> <p><i>Pers11: Improving the health of children and families through better nutrition.</i></p> <p><i>Pers14: To make sure that the poor parts of the society will get a higher income or support from the government or aid organisations.</i></p>		

			<i>Pers15: So you need this agreement -- this global agreement. And then you need a system that will guarantee that there is a gathering of the fund and disbursement of the funds to have it going.</i>	(complexity and multitude of connections among attributes)	ness in and among the three overarching themes)
	Dominance:	no clear alignment logic but high relevance of basic needs			
Ib “Poverty as economic capability deprivation”	Attributes poverty definition:	<ul style="list-style-type: none"> • focus on economic capability deprivation 	<p><i>Pers02: If somebody fails to fulfil his and his family's basic needs because of lack of money.</i></p> <p><i>Pers19 If you do not have the financial means to go your own way. Or, if you cannot decide to the best of your knowledge and belief, as your financial means are limited.</i></p>	Degree of differentiation (number of salient content attributes)	<ul style="list-style-type: none"> • low (low amount of content attributes)
	Attributes poverty explanation:	<ul style="list-style-type: none"> • structural explanations for the lack of income and assets 	<p><i>Pers02: These poor people they would like to work. They really want to work, but sometimes they have limitations what to work for.</i></p> <p><i>Pers16: This problem of poverty is perpetuated by the fact that people are 90 percent subsistence farmers. [...] They're dependent on the income generated from those crops.</i></p> <p><i>Pers19: Well, what I want to say is that the people know that they need a pump. But they simply cannot pay for it. Although everything they need is there, and maybe they would like to set up a commercial farm. But they simply cannot because they lack the money for the original investment.</i></p>		
	Attributes poverty reduction:	<ul style="list-style-type: none"> • strong focus on market-based approaches • creating income opportunities • increasing the efficiency of market participants 	<p><i>Pers02: So to permanently reduce poverty, one thing is very important, which is to create employment opportunity or working opportunities for these poor people because they would like to work. [...] So in a summary, I think there is no other way to reduce poverty except with business.</i></p> <p><i>Pers16: And so for me, sustainable development in a rural context, fundamentally, is based on the premise of you need to create a dynamic that injects more capital into the community to increase disposable income.</i></p> <p><i>Pers19: I think that, in order to reduce poverty, entrepreneurship is particularly important in developing countries.</i></p>		
	Dominance:	clear alignment logic focusing economic attributes of poverty			

Type IIa “Poverty as a cultural mindset”	Attributes poverty definition:	<ul style="list-style-type: none"> • individual characteristics make up poverty • poverty as a lack of imagination and courage • relevance of sociocultural capability deprivation 	<p><i>Pers08: You can't even imagine to start dreaming. Survival comes into your mind the whole time.</i></p> <p><i>Pers10: Poverty is a mindset on its own. You will see somebody that is from a poor background or somebody from a rich background. There is definitely a difference. [...] Poverty is a mindset in a particular person, and it also brings about low self-esteem and depression and all that. [...] So there's the mindset that people surely have and they feel they might not be able to do anything better with themselves.</i></p> <p><i>Pers13: They don't think they have the capability of reaching success or have the capability of undergoing training. They don't think they have that capability or that they are capable of running a business. Things that we take for granted, it's not for granted for them. So it's a mindset. It's a way how they think about things.</i></p>	Degree of differentiation (number of salient content attributes)	<ul style="list-style-type: none"> • high (high amount of content attributes) 		
	Attributes poverty explanation:	<ul style="list-style-type: none"> • individual explanations (“culture of poverty” paradigm) • structural explanations (e.g., patriarchal societies, no exposition to opportunities) 	<p><i>Pers08: The nature of poor people mostly is that they've not been exposed to opportunities. because of their situation, their world is so small that they can't see further. [...] very few women are independent. With the cultural systems in third world countries, where they believe the man is the head of the house, or the chief. [...] So to me, it's a cultural thing in rural countries that will not easily be solved.</i></p> <p><i>Pers13: Intellectually, they don't think like we do. There's cultural differences. But it's because of their social economic environment which they live. So you really need to change people's mindset. I think that is one of the biggest, biggest problems.</i></p>				
	Attributes poverty reduction:	<ul style="list-style-type: none"> • educative measures and training • market-based approaches as a vehicle to improve sociocultural capabilities • exposition to “role”-leaders 	<p><i>Pers08: Create a spirit of entrepreneurship: You doing it for yourself. You're not dependent on anybody. You can become self-sufficient. Not to cause trouble, these ladies, lots of them are married. [...] They're earning their own money, and they can see how it can be done.</i></p> <p><i>Pers10: So educating the mind of those people, like talking to them, it's more like letting them understand that they were not born to be poor, or they are not worse than those people that are rich or that are living in a better class of income. So that's what I'm saying. Like it's development of the mind, just helping them understand that it could actually make a living for themselves, and they could actually be better than this they find themselves in.</i></p> <p><i>Pers13: And also, it's not just about the money. It's also about empowering them because their self-esteem is very low. They don't think much of themselves. And by empowering them with a skill, you also -- they get a sense of self-worth.</i></p>			Degree of integration (complexity and multitude of connections among attributes)	<ul style="list-style-type: none"> • high (complex interrelatedness in and among the overarching themes)
	Dominance:	no clear alignment logic but high relevance of ascribed individual attributes					

Type IIb “Poverty as an individual mindset”	Attributes poverty definition:	<ul style="list-style-type: none"> • individual characteristics make up poverty • poverty as a lack of will and character • unequivocal negative attributes ascribed to the poor 	<p><i>Pers03: Their behaviour is actually quite fickle. They can, they would change, [...] but they're not very disciplined.</i></p> <p><i>Pers12: And for me, poverty is also a mindset because I think, if people really find themselves in a situation where they are poor, they could actually do all that they can to rise above that. [...] So I think it's the acceptance of the norm that makes you remain in poverty and waiting for this desire to come and lift you out of it.</i></p>	Degree of differentiation (number of salient content attributes)	<ul style="list-style-type: none"> • low (low amount of content attributes) 		
	Attributes poverty explanation:	<ul style="list-style-type: none"> • strong focus on individual explanations • smaller relevance of fatalistic explanations • no relevance of structural explanations 	<p><i>Pers03: That mentality is -- the people don't want to take risks because they think they cannot afford to take the risk, but then it becomes a vicious circle because your yields become ever less. So you have ever less buffer to try something new. [...] It's basically, there's always some bullshit story why it can't work, and it's really, it's that, it's bullshit story.</i></p> <p><i>Pers12: I know there are exceptional cases where it's really like maybe people from circumstances that were plunged into it. But then most times, I think people can actually rise above it.</i></p>				
	Attributes poverty reduction:	<ul style="list-style-type: none"> • exposure to knowledge to change mindset • market-based approaches to emphasize responsibility of the poor • doubts about the efficacy of any measures because of the ascribed weak characteristics of the poor 	<p><i>Pers03: Well the best way out of poverty is work. [...] what I think will also happen if they don't change fast, they will die out. So either they shape up their business and become better performers, or they have to close down. And it will be really subsistence level.</i></p> <p><i>Pers03: I think one is, it starts with knowledge and exposure to knowledge. And I think that maybe now with phones it is getting a bit better, potentially. But even if you have a phone, but you never posed the question, then you will never get an answer. And Africa in a way is still very traditional in that.</i></p> <p><i>Pers12: So I think exposure or knowledge, knowledge is quite key. Education is quite key. Children can step out of their comfort zones. [...] the children who took their studies like seriously and went to school, when you see them and you look at the other ones, I wish I had -- could show you pictures. Then you could actually tell the difference because those ones who have really gone to school actually look cleaner. They behave better. And they're less unruly.</i></p>			Degree of integration (complexity and multitude of connections among attributes)	<ul style="list-style-type: none"> • low (focused on clear means–ends relationships in and among the overarching themes)
	Dominance:	clear alignment logic focusing negative individual attributes of the poor					

Appendix C. Overview of the Cognitive Frames of Interviewees.

Cognitive Frame		Inter-viewee	Country of Origin of Inter-viewee	Org.	Location	Short Description of Organisation
Type Ia	“Poverty as multidimensional capability deprivation”	Pers01	The Netherlands	Org01	The Netherlands	Develops, produces, and sells water filters.
		Pers04	The Netherlands	Org04	The Netherlands	Develops, produces, and sells biogas systems.
		Pers05	France	Org05	South Africa	Sells social products (e.g., cookstoves, solar lanterns, water filters) and improves the distribution of these products.
		Pers09	Ghana	Org09	Ghana	Develops and sells information and communication services for agricultural markets (including the content, software, and field support).
		Pers11	Israel	Org11	Israel	Develops, produces, and sells insect-based nutrient powder.
		Pers14	Israel	Org14	Israel	Develops, manufactures, and sells post-harvest drying and storage solutions.
		Pers15	France	Org15	Senegal	Develops, manufactures, and sells bookkeeping hardware and software for small shopkeepers.
		Pers18	Spain	Org18	Spain	Develops, installs, and operates energy and water solutions for rural communities.
		Pers20	Germany	Org20	Germany	Develops, manufactures, and sells off-grid electrification systems based on hydropower.
Type Ib	“Poverty as economic capability deprivation”	Pers17	Germany	Org17	The Netherlands	Develops, manufactures, and sells water pumps for irrigation systems.
		Pers06	South Africa	Org06	Zambia	Develops and sells land right services like parcel surveys and documentation.
		Pers16	Portugal	Org16	Portugal	Develops, manufactures, and operates mini-grid technical solutions for rural energy and clean water.
		Pers19	The Netherlands	Org19	The Netherlands	Develops, manufactures, and sells clean cooking stoves.
		Pers02	Bangladesh	Org02	Sweden	Does R&D for jute fibre-based materials for the construction, automobile, and textile sector and sources jute for these products.
Type IIa	“Poverty as a cultural mindset”	Pers07	South Africa	Org07	South Africa	Designs, manufactures, and sells gift boxes from recycled material.
		Pers08	South Africa	Org08	South Africa	Designs, manufactures, and sells textile products (e.g., backpacks, pillows, dolls).
		Pers10	Nigeria	Org10	Nigeria	Offers agricultural training and platform services to finance young agricultural entrepreneurs.
		Pers13	South Africa	Org13	South Africa	Designs, manufactures, and sells leather products (e.g., cushions, bedcovers, purses).
Type IIb	“Poverty as an individual mindset”	Pers03	The Netherlands	Org03	The Netherlands	Develops and sells app-based record-keeping software for poultry farming.
		Pers12	Nigeria	Org12	Nigeria	Sells and distributes clean energy, clean cooking, and clean water products.

Paper III:

**The Influence of Agonistic Deliberation on Decoupling and Recoupling:
A Process Perspective on the DETOX International Sustainability Standard**

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Under Review with Journal of Management Studies (1st Round).

**The influence of agonistic deliberation on decoupling and recoupling:
A process perspective on the DETOX international sustainability
standard**

ABSTRACT

To examine the phenomena of decoupling and recoupling of policy and practice, as they relate to an international sustainability standard, this study takes a process perspective on the case of a global sports fashion company confronting a new chemical management standard (DETOX) that had been initiated by a global, environmental, non-governmental organization. A qualitative-inductive analysis of interview and archival data, covering a period of eight years, reveals that decoupling and recoupling are shaped by sequences of agonistic-deliberative interactions between the standard setter and the standard taker over time. Grounded in the empirical study, we develop a process model of how agonistic-deliberative interactions with varying levels of agonism drive decoupling, transition, and recoupling phases. This model contributes to the neo-institutional literature by elucidating that de-/recoupling are influenced by the dynamic interplay between implementation efforts by standard takers on the meso level and the standard setter's evolving policy specifications as well as evaluative perspective on the macro level. This article thereby shows both that and how de-/recoupling are co-constructed through distinctly political interactions.

Keywords (alphabetical): agonistic deliberation, decoupling, DETOX, international sustainability standards, process research, recoupling

INTRODUCTION

“There has been a major paradigm shift in the clothing industry [...], which now takes responsibility for their production instead of just their products”

Bunny McDiarmid, Executive Director of Greenpeace International (2018)

It is rather rare that a high representative of one of the most critical environmental non-governmental organizations (NGOs) verifies a paradigm shift of an industry for the better. However, by 2018, companies accounting for 15% of global clothing production had committed to the DETOX chemical management standard and accepted responsibility for any discharge of hazardous chemicals into natural waterways during their production processes, even deep in the supply chain. Greenpeace launched its “DETOX my fashion” campaign in 2011, seeking to pressure fashion brands to alter the practices in their own global supply chains, according to the recommended, standardized DETOX chemical management policy. Whereas Greenpeace acknowledged real changes in the supply chain of all DETOX committed brands by 2018, only a few years earlier, the NGO had raised concerns that some companies were engaged in greenwashing (Greenpeace, 2013c).

According to a neo-institutional perspective, this setting thus represents a case of decoupling (Boxenbaum and Jonsson, 2017; DiMaggio and Powell, 1983; Meyer and Rowan, 1977) and recoupling (Bree and Stoopendaal, 2020; Egels-Zandén, 2014; Tilcsik, 2010). This perspective suggests that societal pressures that threaten organizations’ legitimacy can prompt mimetic behaviour (DiMaggio and Powell, 1983; Meyer and Rowan, 1977). If the socially demanded change conflicts with their efficiency demands or daily practices though, organizations might symbolically adopt new policies, without substantially changing their practices, in a process called decoupling (Bromley and Powell, 2012; Meyer and Rowan, 1977). Recoupling, in turn, refers to the process of achieving a closer alignment between the demanded policy and their actual practices (Bree and Stoopendaal, 2020).

Some researchers point out that standard setters might act on the macro-level to influence companies’ practices at the meso-level (Desai, 2015; Heese et al., 2016). However, there is a lack of research on how these interactions of different actors from different levels evolve over time. In particular, scarce evidence addresses how recoupling happens or how. Given that many international sustainability standards are developed and enacted by multiple actors (Bakker et al., 2019; Levy et al., 2016; Reinecke and Donaghey, 2020) it is important to gain a deeper understanding of the relationship between de-/recoupling efforts and interactions among actors from different levels to strengthen the sustainability impacts of such standards.

Referring to Eberlein et al. (2014, p. 2), we define interactions as “the ways in which governance actors and institutions engage with and react to one another.”

Furthermore, we propose that international sustainability standards provide a particularly pertinent setting for investigating the interplay of standard setters and standard takers during de-/recoupling, because these standards often emerge out of protracted, open conflicts between the macro- and meso-levels (Levy et al., 2016). Brand et al. (2020, p. 17) specify that sustainability initiatives often result from dialogues between standard setters and standard takers that are characterized by so-called agonistic-deliberation, which is a direct, communicative exchange between actors “in which enduring conflict in views and interests is legitimate and to some extent desirable, yet in which participants are willing to mutually justify and accommodate their views”. This notion of communicative interaction resonates with recent calls for deeper analyses of the role of communication in defining the constitution of institutions and organizing practices (Bitektine et al., 2020; Cornelissen et al., 2015; Hardy and Thomas, 2015; Meyer and Vaara, 2020; Schoeneborn et al., 2019; Schoeneborn et al., 2020).

We seek to advance the very few empirical studies on recoupling (Bree and Stoopendaal, 2020; Egels-Zandén, 2014; Tilcsik, 2010) by combining a process perspective (Langley, 1999; Langley et al., 2013) with a multilevel approach that spans the macro- (standard setter) and meso- (standard taker) levels. In so doing, we pose the following research question: How do communicative interactions between a standard setter and standard taker influence decoupling and recoupling over time? To address this research question, we conduct a qualitative case study (Yin, 2009) about the efforts an international sports fashion company, anonymised as “Zeta”, to implement the new chemical management standard DETOX and its exchange with the standard setter Greenpeace. If and how such practices might be imposed in efforts to address the “dark sides of the fashion industry” represent topics that are “ripe for scholarly empirical investigation” (Korica and Bazin, 2019, p. 1490). We applied our process perspective (Langley, 1999; Langley et al., 2013) to approximately 27.5 hours of interviews and more than 1,700 pages of archival data pertaining to the policies adopted and practices implemented over an eight-year period (2011–2019).

The resulting insights allow us to develop a process model in which de-/recoupling are shaped by a sequence of agonistic-deliberative interactions between the standard setter and standard taker with varying levels of agonism over time. Deliberative interactions featuring high agonism, such that the mutual communication is conflictual in views and interests, drive decoupling processes that unfold in phases. Imminent decoupling first sets the stage for policy–practice decoupling through the increasingly conflictual interaction, culminating in the solely

symbolic adoption of a new policy. Intense decoupling then follows, during which the gap between policies and practices becomes more pronounced, driven by deliberative interactions with even more increasing levels of agonism. At this point, the standard taker enters into a transition toward recoupling where both parties are able to deliberate with each other about possible solutions in increasingly less agonistic ways. Next, in a tentative recoupling phase, the standard setter and standard taker grapple with the execution and evaluation of on-going policy implementations, featuring fluctuating agonism levels during constant, intense exchanges; the agonism never gets so high that it causes a relapse to decoupling though. An intense recoupling phase then is characterized by deliberative interactions with further decreasing agonism. Finally, the standard setter acknowledges the tight coupling of policy and practice.

As these findings show, policy–practice de-/recoupling are shaped by the dynamic interplay between implementation efforts by standard takers and the standard setter’s evolving policy specifications as well as evaluative perspective. Our process model thus reflects and advances neo-institutional perspectives on decoupling and recoupling, in three main ways. First, we expand extant perspectives on the role of the standard setter (Bree and Stoopendaal, 2020; Desai, 2015; Heese et al., 2016; Kern et al., 2018) by elucidating how deliberative interactions with fluctuating agonism levels work in tandem across macro and meso levels to establish and maintain sustainability standards and achieve intended outcomes (Wijen, 2014). Second, we extend the formative view of communication (Bitektine et al., 2020; Schoeneborn et al., 2019) in relation to sustainability (Christensen et al., 2013; Haack et al., 2012; Schoeneborn et al., 2020) by showing that the performativity of sustainability-related talk on the meso level unfolds through a sequence of agonistic-deliberative interactions with the standard setter. Third, our findings clarify that the intensity of de-/recoupling, i.e. the degree to which policies and practices are in (mis-)alignment, is influenced by agonistic-deliberative interactions between standard takers and the standard setter. Emergent aspects of de-/recoupling (Crilly et al., 2012; Sandholtz, 2012) are therefore shaped by the dynamic interplay between both sides. Hence, we show both *that* and also *how* de-/recoupling are co-constructed by standard setters and standard takers (Palermo et al., 2017) through distinctly political interactions (Acosta et al., 2019; Levy et al., 2016; Mena and Waeger, 2014).

In the next section, we review prior literature on de-/recoupling and communication related to the constitution and evolution of sustainability standards. After we introduce the research design, data collection, and data analysis procedures, we present our findings and develop a process model. The model suggests that de- and recoupling are shaped by agonistic-deliberative interactions between the standard setter and standard taker. We discuss the main

contributions to theory and practice, then conclude by elucidating some limitations and directions for further research.

THEORETICAL BACKGROUND

Decoupling and Recoupling in the Literature

According to neo-institutional theory, institutionalized ideas put pressure on organizations to adopt certain structures, for legitimacy rather than efficiency reasons (DiMaggio and Powell, 1983), leading to their mimetic behaviour. If these institutional pressures conflict with an efficiency rationale, organizations might resolve the problem by superficially adopting the structure, without actually implementing the related practices, which Meyer and Rowan (1977) call decoupling of the structure and practice. Bromley and Powell (2012) apply the notion of decoupling to a gap between formal policies and day-to-day practices, noting that organizations might adopt policies symbolically, without substantially changing their internal practices, evaluations, or monitoring, thus only weakly altering daily working routines. With these tactics, organizations aim to achieve both external legitimacy and internal efficiency. Despite its centrality to neo-institutional theory though, decoupling has received relatively limited scholarly attention, especially compared with the concept of isomorphism (Boxenbaum and Jonsson, 2017). The limited available research pertains to empirical settings involving corporate social responsibility policies and sustainability standards (Asif, 2020; Behnam and MacLean, 2011; Bird et al., 2019; Crilly et al., 2012; Jacqueminet and Durand, 2019; Luo et al., 2016; Marquis and Qian, 2014), ISO standards (Aravind and Christmann, 2011; Sandholtz, 2012), public regulations in the health sector (Bree and Stoopendaal, 2020; Heese et al., 2016; Kern et al., 2018), public regulations in industrial sectors (Desai, 2015), and new standards in educational sectors (Moratis, 2016; Rasche and Gilbert, 2015; Snelson-Powell et al., 2016).

Bromley and Powell (2012) also propose broadening the concept of decoupling to include means-ends decoupling, such that the adoption of a new policy is followed by a change in work practices (i.e., policy and practices are coupled), but there is scarce evidence that the practices lead to the outcome intended by the policy. Wijen (2014) argues that the efforts in the institutional environment to avoid policy–practice decoupling actually may jeopardize the intended outcomes, by fostering means-ends decoupling. Such considerations are of particular relevance for policies related to opaque fields, such as sustainable development, that are characterized by causal complexity and contingencies across diverse contexts, such that they require flexible, varying, locally embedded solutions. In contrast, institutional efforts to remedy policy–practice decoupling generally rely on concrete rules, stringent monitoring and

sanctioning mechanisms, and best practices. Such arguments reveal an important role of the institutional environment, and especially the actor that tries to establish a new, specific policy or standard, for limiting decoupling and supporting intended outcomes. Nevertheless, only few scholars focused on the role of the standard setter for decoupling. As Heese et al. (2016) show, a standard setter might support the decoupling practices of some standard takers, if partially decoupling their practices from (accounting) standards enable them to make important contributions to societal goals that the standard setter normatively supports. In that case, the standard setter might facilitate decoupling, by selectively monitoring implementation. Desai (2015) also finds that close collaborative exchanges between a standard setter and standard taker can prevent emergent decoupling that results from a lack of knowledge about effective implementation procedures. According to Bree and Stoopendaal (2020), if a standard setter shifts from an outcome-oriented to a process-oriented policy, it can better detect decoupled practices through its monitoring. Then by detecting and discussing this form of decoupling, the standard setter might trigger closer policy–practice alignment at the organizational level, or recoupling. However, none of these studies of the standard setter’s role in decoupling establish a clear process perspective to reveal the interaction between the standard setter and standard taker over time.

A dynamic, processual perspective seems pertinent though. Meyer and Rowan (1977, p. 357) explicitly note that decoupling depends on internal and external conditions, like “a logic of confidence and goodfaith”. These internal and external conditions change over time, prompting varying practices, policies, and gaps between them. Haack et al. (2012, p. 817) even question the very stability of decoupling, predicting that it actually is a transitory phenomenon, because the rhetoric work associated with a commitment narrative that usually accompanies a ceremonial adoption of a new policy leads to gradual or “creeping” factual commitment by firms. Empirical evidence for why and how recoupling, i.e. the process of transforming an initial situation of policy-practice-decoupling into a closer alignment of policy and practice, emerge is still scarce. Tilcsik (2010) shows, new job positions created only to signal ceremonial adaption to a standard can infiltrate an organization, because the hires are committed to its substantial implementation. Egels-Zandén (2014) finds that suppliers first ceremonially adopt a code of conduct for working rights, but they later recouple their practices with the imposed policy, seemingly due to novel auditing practices imposed by the standard setter and an overall influence of regional economic development. Yet Clark and Newell (2013) find that even after decoupling of rating policies and practices had been exposed in the U.S. capital market, the legitimacy of the involved actors was not undermined enough to cause them to change their

practices substantially. Rating agencies, rated companies, and public regulators were involved in complicit decoupling. They promoted a discourse that normalized decoupling, such that they collectively inhibited substantial recoupling. Bree and Stoopendaal (2020) call for more research into recoupling works and the influences of external forces, such as regulators or standard setters. Overall, we thus need empirical evidence of why and how recoupling, as a transformation process that moves away from policy–practice decoupling and toward closer policy–practice alignment, occurs. To obtain it, we combine a processual perspective on de-/recoupling with a multilevel approach that includes both the macro-level, i.e. the standard setter, and the meso-level, i.e. the standard taker. In particular, we focus on the role of communicative interactions between them.

Communication and De-/Recoupling of Sustainability Policies and Practices

Recent developments in neo-institutionalism stress the need for a deeper analysis of communication within neo-institutional theory and analysis (Bitektine et al., 2020; Hardy and Thomas, 2015; Meyer and Vaara, 2020). Cornelissen et al. (2015, p. 14) argue that communication is crucial for the “constitution, maintenance, and transformation of institutions,” and they define communication as “a process of interaction within which actors exchange views and build up mutual understanding” (p. 16). Schoeneborn et al. (2019) elaborate on the constitutive role of communication for organizations as social entities, for organizing as a social practice or process, and for organizationality, which refers to the degree to which loose, fluid social phenomena are more or less “organizational.” Adopting and implementing new standards is a form of organizing. Thus, the relationship between communicating sustainability policies and implementing them (i.e., between the talk and the walk) attracted attention of organizational theory scholars (Christensen et al., 2013, 2020a, 2020b; Haack et al., 2012; Schoeneborn et al., 2020). From a formative perspective on communication, sustainability-related institutions get talked into existence through dialogue among actors.

By scrutinizing interactions, i.e. the manifold “ways in which governance actors and institutions engage with and react to one another,” Eberlein et al. (2014, p. 2) suggest communication is an important pathway for interaction in transnational standard-setting contexts. In particular, and in that they encompass meso and macro levels, sustainability standards often are set through protracted conflicts between the institutional environment suggesting new policies (standard setter) and firms that would have to implement the resulting new practices (standard takers). International versions of these sustainability standards, defined as “*voluntary* predefined rules, procedures, and methods to systematically assess, measure,

audit and/or communicate the social and environmental behavior and/or performance of firms” (Gilbert et al., 2011, p. 24), have proliferated, generating a diverse, global web of regulatory schemes in which multinational corporations are embedded (Vigneau et al., 2015). Such a dynamic setting is particularly pertinent for learning about the communicative interactions associated with de-/recoupling processes, though most scholarly attention to sustainability standards highlights multi-stakeholder initiatives (MSIs) in which corporations are both standard takers and standard setters, engaged in collaborative governance processes with other affected stakeholders, such as NGOs (Bakker et al., 2019; Mena and Palazzo, 2012). The dynamic and political nature of the interplay of corporations and civil society organizations also likely shapes the evolution of sustainability standards though (Mena and Waeger, 2014). Levy et al. (2016) in particular show how global sustainability standards for coffee have evolved over time, shaped by the communicative interactions of corporations and NGOs, which involve disruptive and accommodative political dynamics that reflect the need to accommodate conflicting stakeholder interests and perspectives to create standard policies and then implement the related practices (Dentoni et al., 2018).

Another influential stream of research into sustainability standards draws on the political theory of deliberative democracy to analyse such communicative stakeholder interactions (Levy et al., 2016; Reinecke and Donaghey, 2020; Scherer and Palazzo, 2011). Here, communication is a process of deliberation, i.e. “mutual communication that involves weighing and reflecting on preferences, values, and interests regarding matters of common concern” (Bächtiger et al., 2018, 20). Recent research argues for the adoption of an agonistic view on deliberation that accounts more fully for the disagreement and contestation that occur during communicative interactions about sustainability standards (Dawkins, 2015, 2019). The idea underlying agonism (Laclau, 2001; Mouffe, 2005, 2008) advocates for a constructive role of adversarial dialogue between stakeholders, because it enables them to voice meaningful dissent, even if they lack power. Brand et al. (2020) even propose explicitly that sustainability standards are driven by dialogic interactions between businesses and civil society organizations, and their communicative exchanges reflect the intersection of conflict with the discursive co-creation of common ground. In this sense, agonistic deliberation describes a specific, political form of communicative interaction, where conflicting stakeholder perspectives are the norm and do not inhibit the identification of mutually acceptable solutions. Insights from such a political, agonistic-deliberative perspective on sustainability standard developments provide a promising theoretical lens for exploring the role of communicative interactions in de-/recoupling processes.

METHODS

Research Context

Seeking to reduce environmental problems caused by the discharge of hazardous chemicals by global textile value chains, Greenpeace launched its “DETOX my fashion”-campaign worldwide in 2011. Wet production processes such as dyeing, as usually performed by suppliers in the Global South, involve substantial amounts of hazardous chemicals, with severe risks for the environment, workers, communities, and humankind. In an effort to tackle this problem, the globally active NGO invested significantly in trying to pressure brand companies to change their global supply chain practices. The new, standardized, chemical management policy required several commitments by companies: (1) a basic statement that it will pursue a goal of “zero discharge of hazardous chemicals from the whole supply chain and all products” by 2020; (2) establishing both a precautionary principle, which states that the firm will seek to prevent potentially serious or irreversible damage, even in the absence of full scientific certainty and the right-to-know principle, which implies that every individual has the right to know about environmental hazards to which they may be exposed in their daily lives; and (3) publication of an action plan describing the timelines for eliminating 11 priority chemical groups and for disclosing data about the amount of chemicals discharged by suppliers. In this setting, Greenpeace functions as the standard setter, situated at the macro level, and companies being pressured to adopt DETOX commitments are the standard takers, located at the meso level.

Research Design and Data

With our process view, we consider how and why the focal phenomena—namely, the adoption and implementation of a new standard—emerge, develop, grow, or terminate over time (Langley et al., 2013, p. 1). We conducted a developmental study (Langley and Tsoukas, 2017, p. 9) to account for the process that led to de- and recoupling pertaining to improved chemical management in the fashion sector. Because recoupling has not received sufficient empirical attention (Bree and Stoopendaal, 2020), we explicitly sought to find a case company that first decoupled and then later recoupled the policy with its practices. Using publicly available monitoring data provided by the standard setter Greenpeace, in the form of a tool, it called the DETOX Catwalk, we identified Zeta as the sole company designated as a “greenwashing company” initially, then reclassified as a “leader” in the second DETOX Catwalk. It was among the very first DETOX committed brands too, so we have access to a period of eight years (2011–2019) to investigate these questions. For our single case study approach, the interplay between the NGO and the company represents a critical case of de-/recoupling (Yin, 2009).

We collected data from interviews and archival data. We conducted one pre-interview with Greenpeace in May 2017 and all other interviews between March and September 2019. The 12 interviews conducted with representatives of Zeta include people from the strategic level, responsible for the adoption of the DETOX standard; the operational level, involving different departments responsible for implementation; the company headquarters in Europe; and subsidiaries in Asia (see Table I). We also interviewed four representatives of Greenpeace, and we conducted eight interviews with related stakeholders, including representatives of other companies (chemical companies, auditors, another DETOX committed brand) and industry allies who deal with chemical issues in textile value chains, which helped us understand the context. The interviews lasted 30–180 minutes, with an average of 60 minutes, for a total of approximately 27.5 hours of interview material. All but two informal interviews were recorded and transcribed. In line with Low (2019, p. 136), we did not aim at saturation as an idea of absolute completeness. Instead, this sample is appropriate as it is “composed of participants who best represent or have knowledge of the research topic” (Bowen, 2008, p. 140).

For the archival data, we collected all publicly available DETOX reports published by Greenpeace and its DETOX-related press releases and blog entries; the chemical reports published by Zeta and its DETOX-related public press releases; and some internal documents (see Table II). We included news articles related to the interactions between Greenpeace and the case company, documents published by other DETOX committed brands, and relevant reports by an industry alliance emerging in the context of DETOX. In summary, we gathered more than 1,700 pages of archival data, spanning different episodes over the eight-year research period. By triangulating the real-time archival data with retrospective interview data, we attain rich, divergent perspectives of the case (Flick, 2010).

Table I: Overview of Interview Data

Department	Location	Interview partners*	Formal interviews	Informal interviews	Interview hours
Zeta (SP)					
Social and Environmental Affairs (Z1-Z3)	Westeuropa 1	3	3	5	7,5 h
Material Development (Z4-Z5)	Westeuropa 1	2	2		2,25 h
Sourcing (Z6-Z8)	China, Taiwan	3	1	1	2 h
Manufacturing Excellence (Z12)	Taiwan	1	1		1 h
Business Unit Outdoor (Z9-Z11)	Westeuropa 1	3	3		2,75 h
Total Z		12	10	6	15,5 h
Greenpeace (GP)					
Detox-Team (GP1-GP4)	Westeuropa 1	3	1	2	2,75 h
	Westeuropa 2	1	1		1,25 h

Total GP		4	2	2	4 h
Other Field Actors**					
Another DETOX committed brand	Bangladesh	1	1		1 h
Chemical related companies	Westeuropa 1, Westeuropa 3	2	2		2 h
Auditors	Westeuropa 1, Pakistan	2	2		2 h
Multi-stakeholder and industry initiatives	Westeuropa 1, Westeuropa 2, United States	3	3		3 h
Total Others		8	8	0	8 h
TOTAL		24	20	8	27,5 h

*Several interview partners were interviewed more than once. Some of the interviews were led as group interviews.

** These interviews were included in data analysis, as far as the standard setter or the case company were involved.

Table II: Overview of Archival Data

	Number of documents	Pages
Zeta (Z)		
Press Releases and Blog Entries	20	48
Chemical Progress Reports & chemical related excerpts from sustainability reports	17	120
Confidential documents	3	11
Total Zeta	40	179
Greenpeace (GP)		
Reports	23	1.121
Press Releases and Blog Entries	19	59
Catwalk related Material	6	88
Total Greenpeace	48	1.268
Other field actors		
DETOX commitments from competitors	9	29
ZDHC publications	11	213
News Articles	7	13
Total Others	27	255
TOTAL	115	1.702

Data Analysis

The data analysis follows an inductive (Corbin and Strauss, 2015; Gioia et al., 2013) approach, with some deductive elements for the model development (Graebner et al., 2012). We synthesized the raw data into narratives, followed a temporal bracketing strategy (Langley, 1999, p. 703), identified first-order codes, conducted a second-order analysis, and then aggregated the findings into a processual theoretical model. Although they are overlapping stages, we describe the data analysis stepwise, for ease of understanding.

We started by writing thick descriptions (Cornelissen, 2017, p. 372) derived from the interview and archival data, to establish a detailed sense of “What is going on here?” (Tsoukas, 2009, p. 298 cited in). This first step produced a text of approximately 26,500 words. In writing these thick descriptions, we followed a temporal bracketing strategy (Langley, 1999, p. 703) and a process perspective, in which the world is composed of events that arise from and are constituted in relation to other events (Langley et al., 2013, p. 5). We focus on events and incidents demarcating transitions from discrete but connected phases in the story of DETOX, resulting in five phases.

Next, we coded each phase according to the key concepts of policy and practices, as described in prior literature (Bromley and Powell, 2012). That is, we restructured our descriptions of each phase to reflect the policy and practices of the standard taker, then specified the “inputs for policy” and “activities pushing adoption and implementation” demonstrated by

the standard setter. As necessary, we returned to the raw data to gather further details. In concentrating on relevant concepts for de-/recoupling, we did not proscribe what to see but rather found directions along which we should look (Levy et al., 2016, p. 372). Thus, we became aware that the practices at the standard taker had changed over time, as was already indicated by the publicly available monitoring data, but also that the standardized inputs for the policy and the communication tone expressed by the standard setter and standard taker changed over time too. They mutually influenced each other, such that an action by one party would be followed by a related reaction by the other. The forms of communication between these macro and meso levels, as well as within each organization, revealed the first-order codes (Gioia et al., 2013) (see Figure 1).

As a third step, we started the second-order analysis (Denis et al., 2011). We leveraged the first-order codes to identify communicative elements that triggered responses from the other party. The resulting second-order categories led to aggregate dimensions of communicative interactions between standard setter and -taker driving the phenomena of de- and recoupling over time (Figure 1). Iterating between the data and prior literature, we realized that these interactions reflected agonistic deliberation (Brand et al., 2020; Dawkins, 2019). Finally, we integrated the second-order categories and deduced aggregated dimensions (Gioia et al., 2013) into a process model that accentuates the level of agonism in the deliberative interactions (which we present subsequently in Figure 3).

Figure 1. Data Structure

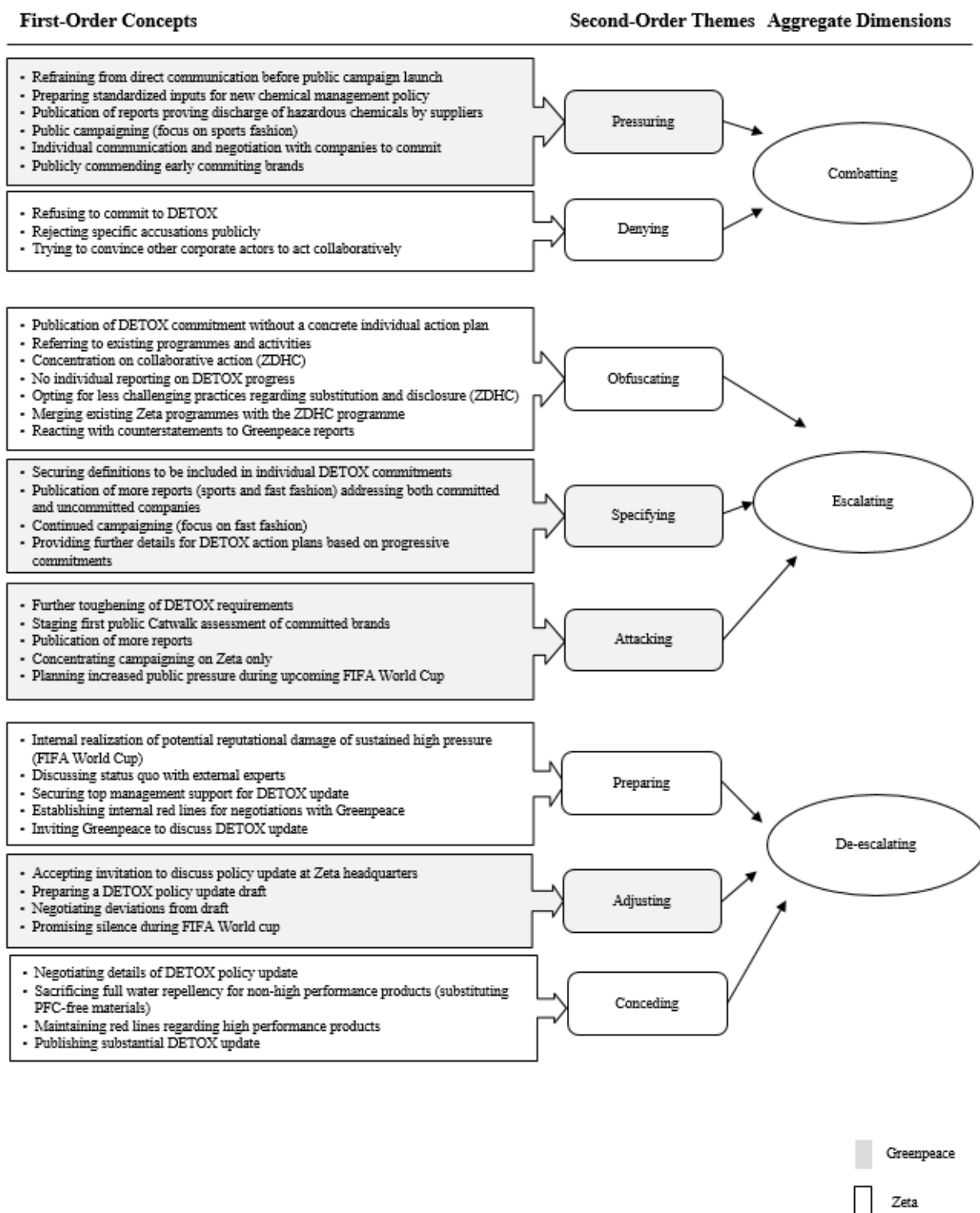


Figure 1: Data Structure

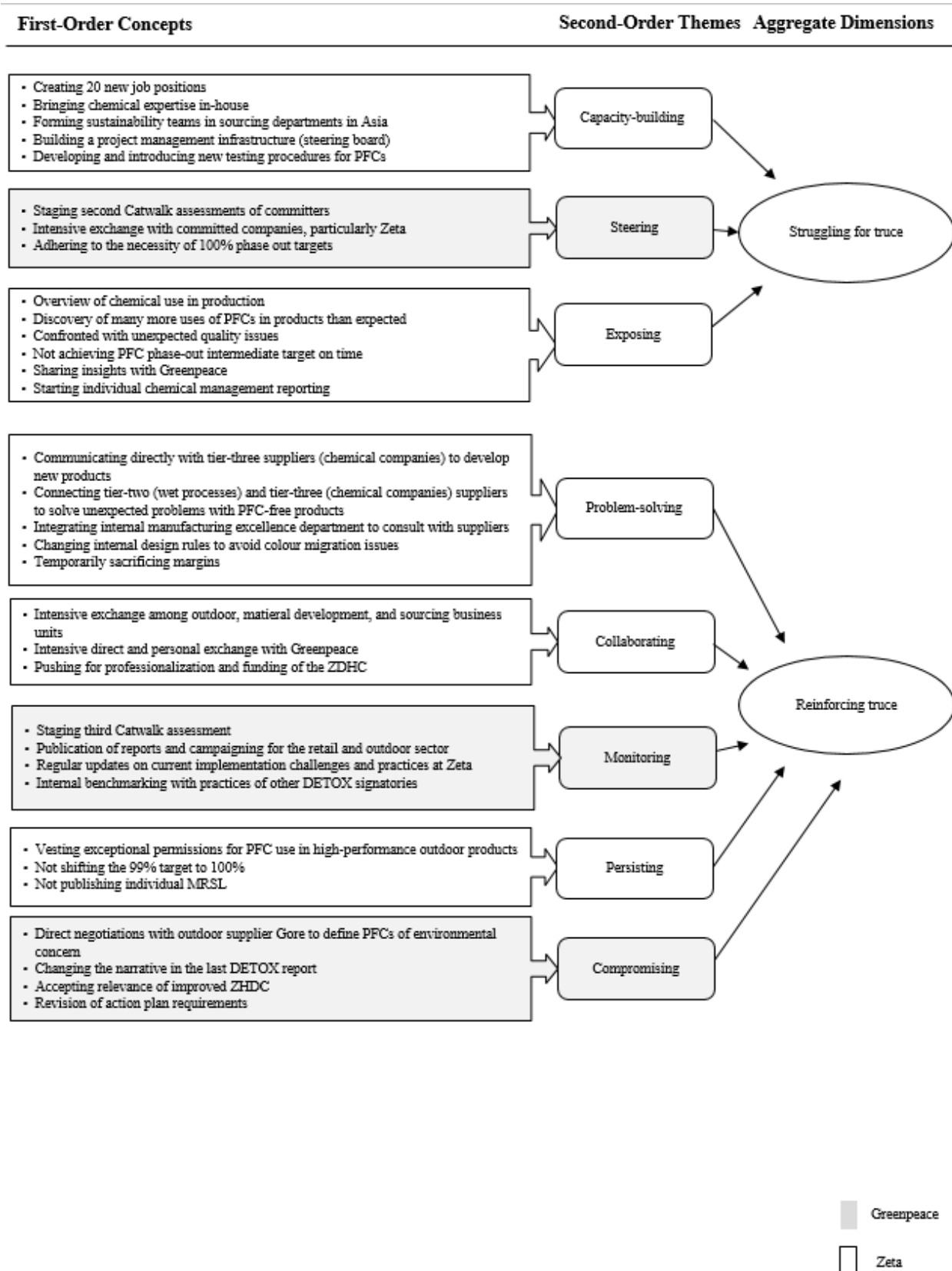


Figure 1: Data Structure (continued)

FINDINGS: THE ROLE OF AGONISTIC-DELIBERATIVE INTERACTIONS FOR DECOUPLING AND RECOUPLING

The interactions between the standard setter and the standard taker drive de-/recoupling of policy and practices, as manifested in key actions and reactions of Greenpeace and Zeta across five episodes. For reaching a consistent narrative flow, we refer first to Greenpeace and then to Zeta in some episodes and vice versa in other episodes. References to information gained from Zeta (Z) and Greenpeace (GP) include citations of the paragraphs in the respective transcripts in which the quotes were gathered. Figure 2 provides a timeline of key events in the interactions between Zeta and Greenpeace during the DETOX campaign.

Combatting (June 2011–August 2011)

Pressuring by Greenpeace. Greenpeace launched the “DETOX my fashion” campaign on 13 July 2011 with the publication of the first DETOX report (Dirty Laundry I), based on a year-long investigation into chemical management practices at textile factories in China and wastewater samples taken from specific factories. The report highlights the environmental and social problems created by wet processes in textile value chains and the involvement of major brands. Greenpeace publicly calls for companies to establish new chemical management policies that include the previously mentioned factors, which we designate as 1) basic statement, 2) references to basic principles, and 3) the publication of an action plan. Along with publishing this report, Greenpeace engaged in indirect, aggressive communication to target companies with an international awareness campaign involving the sport fashion industry, especially two dominant brands, Zeta and Alpha (anonymised). The campaign issued a challenge to both companies, asking who will be “the first clean water champion” (Greenpeace, 2011a, 2019a). The campaign also involved street protests (e.g., in front of Zeta and Alpha flagship stores, global striptease flash mobs) and social media messages, spread by Greenpeace’s supporter network. Furthermore, it used letters and phone calls to the target companies to request that they commit publicly to the DETOX standard.

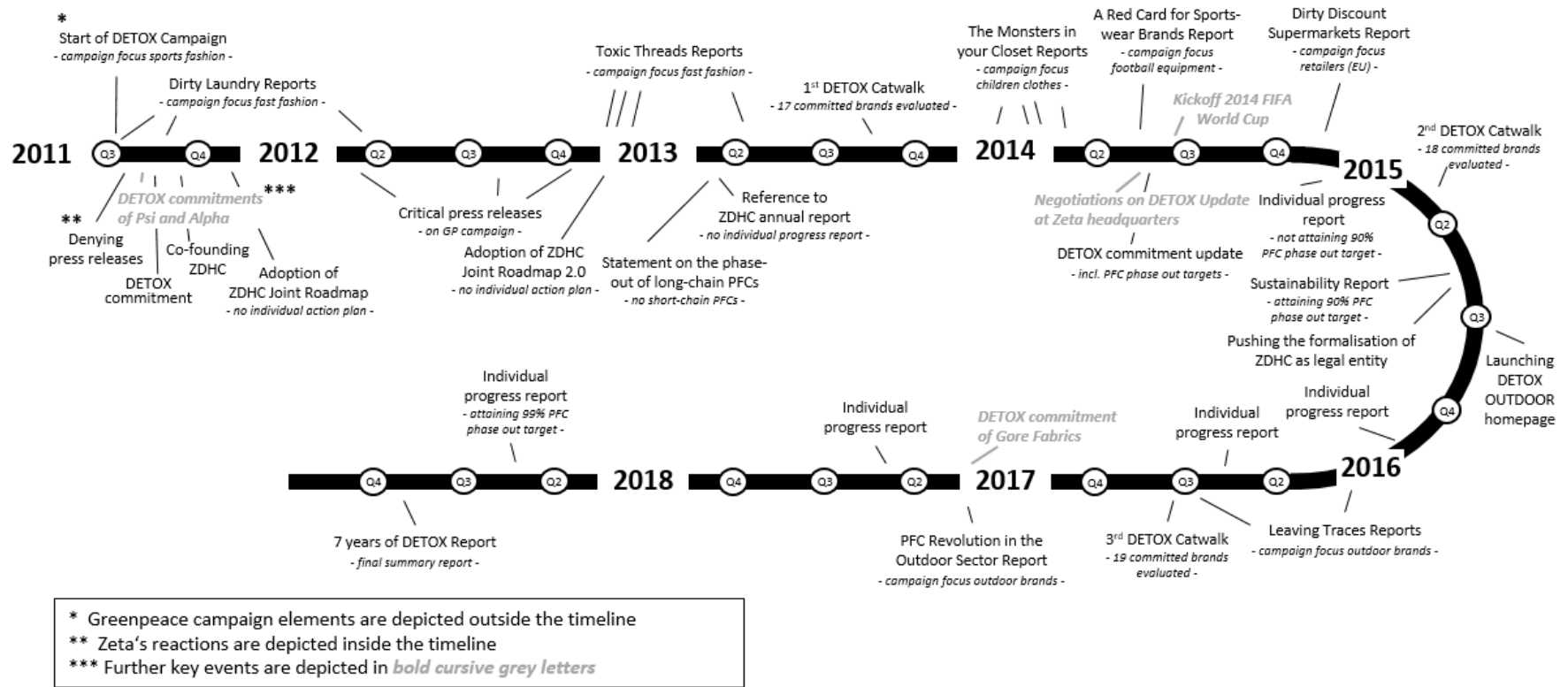


Figure 2: Timeline of Key Events in the Interactions between Greenpeace and Zeta

Two weeks after the campaign launch, Psi (anonymised), a direct competitor of Alpha and Zeta, announced it would be the first to embrace DETOX, in consultation with Greenpeace. Three weeks later, Alpha published its individual DETOX commitment. Greenpeace publicly commended them and simultaneously increased its public pressure on Zeta: “[Alpha] joins [Psi] and accepts our DETOX challenge [...]. Will [Zeta] also step up to the plate?” (in Greenpeace, 2019a). Soon thereafter, Greenpeace published another report (Dirty Laundry II) with more test results obtained from water and textile samples, showing traces of hazardous chemicals.

Denying by Zeta. When the campaign launched, Zeta already had set limits for several hazardous chemicals in its products but not for substances used in manufacturing processes throughout its supply chain (Z2, 2019, §114; Greenpeace, 2011b, p. 64). The requirements of the DETOX policy thus would go beyond its status quo. But in its belief that it already was a global company with relatively high chemical standards, “within its area of direct influence” (publication of Zeta 2011a, p. 2), Zeta expressed unwillingness to accept expanded responsibility throughout its supply chain. Furthermore, it issued a public press release, emphasizing that its business relationship with the company from which the wastewater samples were taken was restricted to cutting and sewing garments, not sourcing fabrics, “which would involve the use of dyestuffs, chemicals and their associated water treatment processes” (Zeta, 2011a, p. 2). In support of its stance, Zeta hired a different testing institute to take new samples, which showed that the concentrations of hazardous substances met local law and “advanced international standards” (Zeta, 2011a, p. 3). That is, Zeta undertook broad, strong efforts to challenge the investigations on which the DETOX campaign was founded (Z2, 2019, §36).

Meanwhile and in the background, Zeta initiated direct communications with competitors, trying to convince them to strengthen their bargaining position against Greenpeace by adopting a collaborative stance, instead of each company generating uncoordinated, ad hoc responses to requests for individual DETOX commitments (Z3, 2019, §54; Shankleman, 2011). In its bilateral discussions with Greenpeace in the weeks after the campaign launch, Zeta refused to offer any concrete commitment (GP2, 2019a, §54). Four other brands initially agreed to not commit individually, but that informal agreement collapsed as soon as Psi published its DETOX commitment. After Alpha followed suit, Zeta resumed more intense direct communication with Greenpeace.

Escalating (August 2011–October 2013)

Obfuscating by Zeta. At the end of August 2011, Zeta pledged a “goal of zero discharge of hazardous chemicals from [Zeta’s] supply chain via all pathways, with a 2020 time line” (Zeta, 2011b, p. 1). Its commitment includes all three key elements, so it officially had adopted the DETOX standard. Before this publication, Zeta discussed its commitment with Greenpeace in detailed, direct communications, which allowed the NGO to require some accurate definitions included in footnotes, in its effort to reduce any room for various interpretations (GP2, 2019a, §25). Yet even with this precaution, Zeta’s senior management did not plan to change the company’s practices substantially. In internal communications, top-level managers and the leadership of the sustainability department concurred that their goal would be to link their existing practices to the new policy. As one high-level Zeta representative, responsible for the DETOX policy, explained (Z2, 2019, §108,124):

The top management as well said ‘yes, we go for it but for now we try to manage this interaction, this commitment on the base of the existing’. [...] In the end, this was the yardstick for our commitment: Yes, we do commit something, but always referring to what we are doing anyway.

Another internal goal was to expand collaborative instead of individual action. Zeta thus continued to communicate with other (sports) fashion companies, seeking to strengthen their position relative to Greenpeace by consolidating a coherent voice (Z2, 2019, §36), as well as to issue “one or another challenge at shared suppliers that we can address effectively and efficiently” (Z2, 2019, §36). Zeta led efforts to organize an industry-wide forum in September 2011. Six brands agreed to collaborate and published a “Joint Roadmap: Toward Zero Discharge of Hazardous Chemicals” (Zeta et al., 2011) on 18 November 2011. The group called itself the zero discharge of hazardous chemicals initiative (ZDHC).

The action plan demanded by the DETOX policy, which Zeta published in November 2011, reflects two internal goals. A five-page individual road map elaborates on half of these pages what Zeta already had done with respect to sustainable practices in its supply chain, prior to the DETOX campaign, and furthermore clarifies that it:

support[s] in principle Greenpeace’s aspiration for a world that is free of hazardous chemicals. However, while we are committed to being part of the solution, we have to acknowledge that the management of chemicals in multi-tiered supply chains is a complex challenge, requiring many actors to play a role in achieving this goal. (Zeta, 2011c, p. 1)

It did not offer any individual timeline for chemical substitution efforts but established that it planned to adopt the collaborative approach outlined in the ZDHC “*Joint Roadmap*” (Zeta, 2011c, p. 4).

At that point, functioning as a loose alliance rather than a separate legal entity, the ZDHC focused on developing tools and guidelines rather than implementation (ZDHC, 2016, p. 5). With regard to the action plan required by the DETOX policy, few specific targets in the “*Joint Roadmap*” refer to alkylphenols and alkylphenol ethoxylates (APEs) and polyfluorinated chemicals (PFCs). The former are a class of chemicals known to be persistent, bio-accumulative, and toxic to aquatic life, but they are widely present in detergents and auxiliary materials used in wet processes in the Global South. The latter treat textile materials to make them water-, oil-, and wrinkle resistant. The group of PFC compounds includes about 3,000 substances. Despite mentioning these classes, the “*Joint Roadmap*” does not offer concrete, comprehensive phase-out plans. Regarding PFCs, it planned to replace long-chain (8C) fluorinated chemistry with short-chain (6C) fluorochemical substances (Zeta et al., 2011, p. 7), which are less toxic but also extremely persistent and mobile, such that the accumulation risks are unknown. Details related to handling hazardous chemicals other than APEs and PFCs are postponed to the future (Zeta et al., 2011, p. 8). With regard to the DETOX requirement to publish disclosure data from suppliers the “*Joint Roadmap*” chemical inventory was planned to be generic and not intended to follow the approach of “chemical by chemical and facility by facility”, as suggested by Greenpeace. Nor did a second version of the collective ZDHC action plan, published 11 June 2013, offer any concrete plans for elimination or disclosure practices (ZDHC, 2013). In retrospect, even a Zeta representative admitted that these early years of the ZDHC were “ineffective” (Z3, 2019, §29).

No individual progress reports were published either in 2012 or 2013. Zeta even stopped reporting on its own chemical-related targets, set prior to DETOX, in its attempt to coalesce its individual goals with ZDHC targets (Zeta, 2013a, p. 36). Attempts by Greenpeace to get Zeta to publish individual DETOX reports and specify an individual action plan were consistently denied (Z2, 2019, §108,124). Thus, for the first two years of the DETOX campaign, the communication between Greenpeace and Zeta “was fraught with very, very intensive tension” (Z2, 2019, §98).

Specifying by Greenpeace. In response to the publication of the ZDHC “*Joint Roadmap*” in November 2011, Greenpeace welcomed the collective action in a press release but also called on the involved companies to “publish shorter and more concrete timelines for the elimination of the most hazardous chemicals” as well as to “provide clear timelines for the disclosure of

pollution information” (Greenpeace, 2011c, 2011d). These calls grew more concrete over time. By March 2012, Greenpeace was repeating its criticisms of the vague targets set by ZDHC and demanding concrete plans for the APE phase-out, including clear elimination dates, “for example by the end of 2013” (Greenpeace, 2012a, p. 38). Later that year, it called on Zeta and other companies to provide “local online disclosure of releases of hazardous chemicals by some of their suppliers, within the next three months” (Greenpeace, 2012b, p. 5).

These specifications matched DETOX action plans that H&M and Marks & Spencer had offered earlier in the year. Greenpeace’s strategy was to use any specifications committed to by other companies in their individual DETOX plans as a starting point for negotiations with new DETOX committing brands. It argued basically that a concrete phase-out date or detection limit that one company regarded as possible must be possible for any other company in that industry (GP2, 2019a, §132). Individual DETOX commitments by Mango and Inditex set notable new benchmarks (Inditex, 2012; Mango, 2012), because they included very concrete statements about the targeted number of suppliers that disclose discharges of hazardous chemicals by individual facility level, as well as short-term phase-out plans for APEs and PFCs (in these cases, including both long-chain C8 and short-chain C6 PFCs). The “Joint Roadmap Version 2.0” that ZDHC published half a year later was far less demanding in its requirements.

For its part, Greenpeace continued to publish reports on textile and wastewater samples from different regions (Greenpeace, 2012a, 2012b, 2012c, 2012d), using these data to demand specific action plans, especially regarding the elimination of APEs and PFCs. Furthermore, it continued to call on individual companies to commit but also began consistently citing ZDHC for failing to achieve an adequate level of specific goal setting or implementation efforts:

The ZDHC is undermining the ambitious "Zero Discharges" objective that is enshrined in its name, by falling into the trap of typical industry joint initiatives, where the lowest common denominator prevails. (Greenpeace, 2013a)

Zeta reacted by issuing press releases that denied or challenged the details of the reports while continuing to emphasize its progress realized in the past (Zeta, 2012a, 2012b, 2013b).

Attacking by Greenpeace. Two years following the launch of the campaign, 17 sports and fast fashion companies had published their DETOX commitment, exhibiting increasing specificity over time. Greenpeace therefore decided to expand its focus, from persuading more companies to adopt to pushing more substantial implementation (GP1, 2017). The first DETOX Catwalk, in October 2013, heralded the start of this new approach, by offering a public evaluation of the progress made by committed brands, as well as clear criteria for how to achieve zero discharge

of hazardous chemicals by 2020. In line with its existing demands for action plans, Greenpeace highlighted the needs for specific “intermediate termination dates” for APEs and PFCs, along with “a universal list of hazardous chemicals beyond the group of 11 prioritized” and public disclosures of data on the use and discharge of hazardous chemicals by suppliers, beginning with Chinese suppliers and then followed by other suppliers from the Global South (Greenpeace, 2013b). It used these criteria to evaluate the 17 DETOX-committed companies.

The results were not positive for Zeta, Gamma (anonymised), and Alpha, leading Greenpeace to categorize them as “greenwashers,” in contrast with other committed companies that earned the title “leaders” (Greenpeace, 2013c). The published results were accompanied by attention-grabbing online and offline activities. In particular, Greenpeace indicated particular disappointment that Zeta had not published any individual progress reports, refused to publish discharge data on a facility-by-facility basis, and lacked an action plan with termination dates and interim targets for APEs and PFCs (Greenpeace, 2013c, pp. 9–10). The NGO sought actively to convince specifically Zeta to recouple its practices with DETOX policy, because it believed the sports fashion sector could evoke to changes in practices throughout the clothing industry (Greenpeace, 2011b, p. 61), which required the leading companies in that sector to initiate their own substantial changes (GP1, 2017). Following a series of reports related to hazardous chemicals for the production of children’s clothing, which included Zeta samples (Greenpeace, 2013d, 2014b, 2014c), Greenpeace published “A Red Card for Sportswear Brands” (Greenpeace, 2014a), citing samples of World Cup gear produced by Zeta, Alpha, and Psi that contained APEs, PFCs, and other hazardous chemicals.

Greenpeace had more leverage to impose pressure on Zeta compared with the U.S. firm Alpha, because of its stronger presence in Europe relative to the United States (GP2, 2019a, §144; Z1, 2019c, §6). Therefore, Greenpeace concentrated its resources on Zeta, increasing public pressure during football-related events (Greenpeace, 2019a). It predicted that the FIFA Championship in June 2014 would be a highly relevant platform for raising public awareness through a public campaign (GP2, 2019a, §56).

De-escalating (October 2013–May 2014)

Preparing by Zeta. After having been criticized publicly for nearly two years and receiving a label as a greenwasher from Greenpeace, leading managers at Zeta came to the conclusion that their initial internal objectives—to relate the company’s existing practices to the DETOX policy without establishing substantial new practices and to pursue collaborative action—was not going to work. A new critical concern arose: to “assure that the noise dissolves” (Z3, §35) and thus avoid bad publicity during the FIFA World Cup (Z2, 2019, §98). The decision to shift its

strategy also received encouragement from external experts, asked to provide feedback on Zeta's programs and Greenpeace's demands. These experts confirmed that Zeta's chemical management processes had room for improvement regarding the handling of wet processes (Z2, 2019, §124). Top managers from the responsible department contacted other top-level colleagues whose help would be needed to implement new practices (Z3, 2019, §69), such as sourcing and material development. As its statements made clear, Greenpeace was especially interested in a concrete elimination plan for all PFCs (not only long-chain PFCs), but at the time, no other substitute was available to make textiles repel water and oil. A Zeta director contacted various relevant business units to learn about the precise challenges and potential for phasing out PFCs; the outdoor unit was of particular concern, because high-performance products use PFC-based membranes to establish water repellency as their core value proposition. The departments jointly established some red lines for a policy update; the sustainability director then contacted the board and CEO to secure financial investments to meet the new, concrete targets (Z2, 2019, §66). After it had completed these internal discussions, Zeta invited Greenpeace representatives to discuss a potential update to its DETOX policy.

Adjusting by Greenpeace and Conceding by Zeta. Greenpeace accepted the invitation and, during a visit by its representatives to Zeta's headquarters, presented a draft DETOX policy update as a basis for discussion. Determined to eliminate PFCs, but also recognizing that no ready-made substitutes were available in the market (in contrast to APE-free detergents), Greenpeace sought to get fashion brands to pursue innovations and new processes to establish PFC-free value chains by 2020. Greenpeace and Zeta negotiated intermediate phase-out dates for various percentages of production, as well as how many suppliers would need to publish discharge data by specific deadlines. The intensive negotiation process took all day and into the night (Z2, 2019; §66). Greenpeace could not get Zeta to agree to all the details of its draft proposal; Zeta actively defended its internal redlines. Finally, the policy update did not include a specific target for phasing out PFCs to 100% (GP2, 2019a, §138), nor the stricter definition of "zero" as "not detectable employing the best and latest technology" pushed by Greenpeace (Greenpeace, 2013b, p. 3).

Yet after 14 hours of negotiation, the parties came to some agreement: Zeta would publish an updated DETOX policy document, and Greenpeace would suspend all planned campaigning activities during the World Cup. One day before the World Cup kick-off match, Zeta announced the DETOX policy update, which Greenpeace had confirmed as acceptable during negotiations. It included two relevant action plan specifications. First, Zeta committed to specific timelines and amounts of disclosure data from suppliers: Publicly available data

from at least 99% of China-based wet process suppliers would be available by the end of 2014, then 50% of all global wet process suppliers would report by the end of 2015, followed by 80% by 1 July 2016 (Zeta, 2014b). Second, Zeta upgraded its policy to phase out not only long-chain PFCs (C8) but all forms in 90% of its products by June 2014 and 99% by the end of 2017. These targets represented a clear change to its existing strategies, as well as a massive challenge to accomplish. However, Zeta was able to retain its red lines, because it would not commit to 100% elimination of all PFCs, recognizing that producing high-end outdoor products ultimately might be incompatible with a complete removal. Greenpeace refrained from any campaigning during the World Cup.

Struggling for Truce (June 2014–March 2015)

Capacity Building by Zeta. Zeta saw the 99% PFC phase-out by 2017 as its biggest challenge. The board and chair assigned new resources to support the endeavour, in the form of an unusually high investment in 20 new sustainability-related job positions across several departments, at headquarters and overseas (Z1, 2019c, §14). A newly appointed steering board featured several high-level vice presidents, and the company hired an experienced chemical scientist lead the PFC phase-out project. Inside the sourcing department in Asia, a newly established local sustainability team was designed to include members with chemical expertise (Z6 & Z7, 2019). Suppliers deeper in the supply chain recognized this as a clear sign that Zeta was taking the PFC phase-out effort seriously and were more willing to invest in new processes (Z8, 2019; §157). Zeta instructed external testing labs to establish and introduce new testing procedures (Z1, 2019c, §43), to help clarify which substances would count as fluorocarbon chemistry and where they were being applied.

Steering by Greenpeace. Greenpeace repeated its DETOX Catwalk assessment in March 2015, relying on the specification of standardized inputs for DETOX policies and Greenpeace’s own interpretation of adequate practices. Zeta earned a more favourable assessment, leaving Alpha and Gamma as the only two remaining greenwashers. As Greenpeace formally acknowledged, “[Zeta] is the first Detox committed company which has a significant number of products that are ‘high-end outdoors’,” so it had encountered specific challenges in trying to completely phase out PFC-treated materials. Nevertheless, the NGO expressed its expectation that Zeta would “rapidly reach elimination of 100% of all PFCs” (Greenpeace, 2015, p. 23).

Exposing by Zeta. Unexpectedly, Zeta found that the use of PFC-treated material in its supply chain was even more widespread than it expected, including in products for which water repellency was not a critical attribute, like sunglasses (Z5, 2019, §63). To reach 90% PFC-free

products by the end of June 2014, Zeta quickly restricted the use of PFC-containing material for any products that did not need to repel water, including fashion-oriented items. The initial support from its business units was satisfying; the phase-out targets had been publicly announced and thus were understood as direct orders from the top (Z5, 2019, §58). All PFC-treated fabrics were banned from the material bill of the designers in fashion-oriented business units. But as these policies were implemented by suppliers, new and unexpected problems arose in the end products, including durability concerns and severe colour migration issues (Z4, 2019, §110; Z6 & Z7, 2019, §101; Z12, 2019, §74). The materials treated with PFC-free chemicals simply did not meet the company's established quality standards. In trying to resolve these issues, Zeta failed to reach its interim target of 90% PFC-free products by June 2014. It did so half a year later (Zeta, 2015b), but by that point, internal support for further decreasing the application of PFCs had been declining. Rather than hide these unexpected issues from Greenpeace, Zeta communicated regularly and intensively with the NGO about its progress and setbacks. As one Zeta representative put it (Z2, 2019, §35/37):

we had calls, we wrote letters, we visited each other. I saw myself as a key account manager. Personal relationship is incredibly important. [After the DETOX policy update,] we were intensively in contact. Several times, we went into retreat for one whole day and gave each other updates. We also made use of that to bring Greenpeace into contact with our industry and with the capabilities of the industry and of us, as [Zeta]. [...] What makes sense, what doesn't make sense.

At the same time, Zeta made more information publicly available, such as in individual chemical progress reports that included detailed information about goals it had realized and the challenges it continued to face (Zeta, 2014a, 2015a).

Reinforcing Truce (March 2015–2018)

Problem-solving by Zeta. Zeta used different communication channels to deal with the unexpected quality problems of PFC-free materials and to prevent the reversion of progress. In particular, it engaged in intensified direct, external communication with tier-three suppliers (i.e., chemical companies) to highlight its need for new, PFC-free products to treat fabrics (Z5, 2019, §84; Z3, 2019). Furthermore, it sought to act as an intermediary to initiate communication between tier-two (wet processes) and tier-three (chemical companies) suppliers, which in turn might prompt a learning process among the tier-two suppliers regarding how to use the new, PFC-free products more effectively. The new local sustainability team in the Asian sourcing unit also increased its communication with tier-two suppliers. Zeta also involves its internal manufacturing excellence team that visited tier-two factories to uncover potential application errors that might be causing problems with the final products.

Beyond imposing pressures down its supply chain, Zeta also changed some of its internal processes, including intensified internal communication with various design departments and establishing restrictions on certain colour combinations to avoid colour migration issues. These business units even confess to decrease margins. The switch to PFC-free materials created higher costs for tier-two suppliers, which were partially absorbed by the business units that paid more to the suppliers for a specific timespan (Z4, 2019, §64). In addition, some testing procedures changed, to ensure the new materials could pass the quality tests (Z6, §132). As the unexpected problems found solutions, Zeta was able to meet its target of 99% PFC-free products by the end of 2017.

Collaborating by Zeta. After having addressed the substitution of PFC-treated fabrics for products not highly dependent on water-repellency, Zeta tackled the substitution of PFCs in high-performance products, especially from the business unit ‘Outdoor’. Exchanges among three key business units (outdoor, material development, and sourcing) intensified. Specialists from the outdoor business unit were convinced that no other chemical combination could match PFCs in terms of water repellency (Z11, 2019), but top management still had hopes for complete substitution of PFCs for all Zeta products by 2020. In tests of reams of water-repelling alternative materials, even if lab trials seemed promising, real-wear tests failed (Z11, 2019). Zeta again initiated close communications with Greenpeace to explain these specific challenges.

Even as it was changing practices in its own supply chain though, Zeta continued to exert influence over collaborative ZDHC group. The ZDHC had not been particularly effective, so Zeta proposed greater professionalization (Z3, 2019). By 2015, ZDHC was registered as a separate legal entity, for which members provided funding. The appointments of an executive director and small team helped shift the focus of the group away from developing tools and standards and toward implementation (ZDHC, 2016, p. 5). Zeta aimed at integrating its own tools and procedures, established through its PFC phase-out efforts, as benchmarks so that various ZDHC members could harmonize their approaches with those of Zeta. The company wanted to avoid costly parallel systems.

Monitoring by Greenpeace. Greenpeace conducted a third DETOX Catwalk assessment in July 2017. Regarding the required action plans, Greenpeace sees the elimination of PFCs as “a poster child” for DETOX practices that would allow for “the implementation of the 2020 goal” (Greenpeace, 2016e, p. 2). Then for the first time, Greenpeace specified new expectations related to chemicals beyond the 11 priority substances previously identified. For example, it requested manufacturing restricted substances lists (MRSL) that defined further hazardous chemicals (Greenpeace, 2016e, p. 2). Noting that Zeta had attained “evolution mode,” the

second best category (Greenpeace, 2016e), Greenpeace recommended that it establish its own individual MRSL, while also cautioning that the ZDHC MRSL had “several major flaws” (Greenpeace, 2016d). Therefore, it encouraged Zeta to “consider tackling the usage of PFCs for the remaining 1% of its products and accelerate its complete phase-out of these hazardous chemicals” (Greenpeace, 2016a, p. 3). To push such elimination, the NGO published additional reports, focused on the retail and outdoor sectors (Greenpeace, 2016b, 2016c). Finally, beyond public monitoring by Catwalk and published reports, Greenpeace engaged in private communications with Zeta about the specific challenges associated with high-performance outdoor products.

Persisting by Zeta. The deviations between Greenpeace’s Catwalk assessment and Zeta’s achievements involved the persistent inability to attain 100% phase-out of all PFCs and the publication of an individual MRSL. Zeta had no success in trials of PFC-free materials for its high-performance outdoor products; from a marketing perspective, it also remained dependent on its use of membranes produced by the market leader Gore. Internally, it decided to establish a procedure for requiring permission, for each high-performance outdoor product and every season, from top management to use PFC-treated material, resulting in 99% and not 100% PFC phase out. It also chose not to publish an individual MRSL, in the belief that the harmonized MRSL linked to the ZDHC provided a more efficient, effective way to change the practices of various suppliers.

Compromising by Greenpeace. Over time, the NGO came to realize that complete substitution of PFC would be more challenging for Zeta than for most other firms that do not offer high-end outdoor products (GP2, 2019a). It thus replaced its largely accusatory posture, as reflected in blog entries and press releases, with a more constructive approach, characterized by interpersonal exchange and explanations. Greenpeace also entered into direct communication with the outdoor supplier Gore, through which they agreed on a definition of “PFCs of environmental concerns” that does not include properly produced polytetrafluorethylene (PTFE) membranes (Greenpeace, 2019b). In this way, the NGO stepped back from its position banning all PFCs without exceptions. Nor did it conduct another Catwalk assessment in 2017. Instead, in July 2018, a comprehensive report, “Destination Zero: Seven years of Detoxing the clothing industry” (Greenpeace, 2018), represented a new approach. All prior reports had featured urgent calls for more substantial action; this report acknowledged the challenges facing different companies, as well as the paradigm shift that had been realized by all DETOX committed companies (Greenpeace, 2018, p. 5). Several brands had removed PFCs from 93%–99% of their products; others attained 100% phase-out success. The diverse outcomes were

presented as acceptable and a positive contribution to the sector's paradigm shift. While the NGO had still blamed Zeta for having neither published an individual MRSL nor a 100% PFC phase out target in the 3rd Catwalk, Greenpeace ultimately accepted this situation as an adequate implementation of the DETOX requirements, implying the fully realized recoupling of DETOX policy and practices.

DISCUSSION

We analysed data spanning eight years to identify how a standard setter and standard taker interacted over a substantial policy implementation. The findings lead us to derive a process model of how de- and recoupling are shaped by agonistic-deliberative interactions.

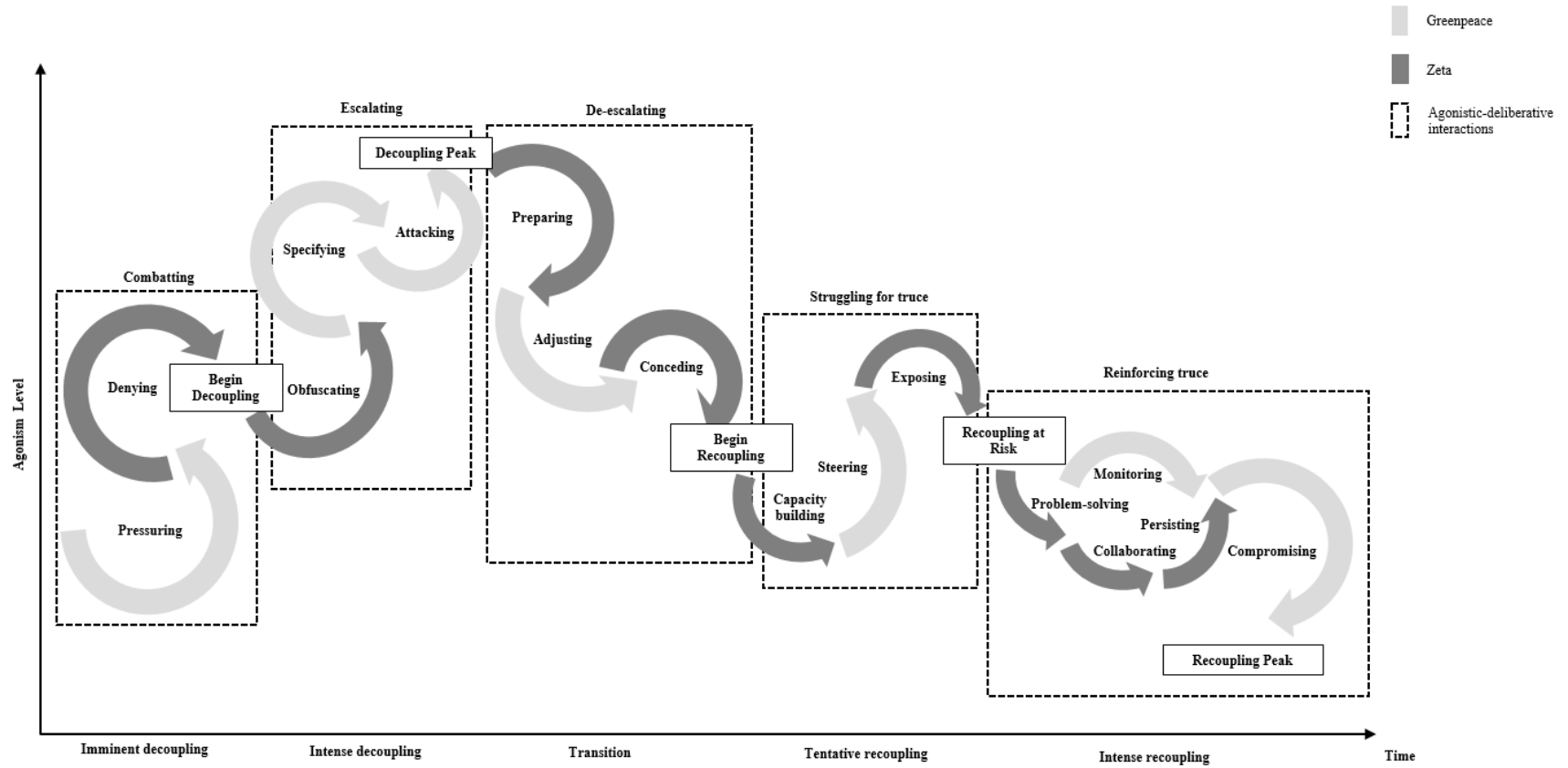


Figure 3: The Influence of Agonistic-Deliberative Interactions on De- and Recoupling: A Process Model

Process Model of How Agonistic-Deliberative Interactions Drive Decoupling and Recoupling

The case study revealed interrelated, analytically distinct agonistic-deliberative interactions involving communicative actions and reactions between the standard setter and standard taker, which also reflect varying levels of agonism. De- and recoupling are shaped by these interactions, suggesting a sequence by which the processes unfold over time, influenced by agonistic-deliberative interactions with higher and lower levels of agonism. In Figure 3, the abscissa of the process model indicates different de-/recoupling states over time, and the ordinate refers to the level of agonism.

Imminent decoupling. Our model shows that decoupling is associated with interactions that exhibit increasing levels of agonism. Before decoupling of policy and practice takes place at the standard taking organization, standard taker and standard setter initially engage in *combatting*, which represents an agonistic-deliberative interaction with an elevated agonism level. The prospective standard taker confronts the normative policy requirements of a new sustainability standard, in the form of public criticism of its existing business practices. The increasingly conflictual interaction is geared toward raising awareness of the problem through pressuring actions by the standard setter as well as toward upholding the status quo by denying actions by the standard setter. This interaction characterizes the first phase of the process that we call imminent decoupling. This increasingly agonistic interaction sets the stage for decoupling, as the standard setter's growing public pressure triggers public adoption of policy requirements to minimize any legitimacy damage, even though the standard taker does not sense meaningful normative or efficiency-related motives. As such, this phase marks a pathway for deliberate decoupling.

Intense decoupling. The next phase in our model, which we call "intense decoupling", is characterized by an even more pronounced level of agonism. By *escalating*, both parties exacerbate the gap between policies and practices over time. Hence, decoupling becomes more intense over time, as the standard setter's specifying actions introduce more specific and demanding normative requirements; the standard taker evades any substantial implementation by obfuscating actions. Decoupling becomes most pronounced when the standard setter calls out the lack of implementation in public by attacking, thereby maximizing the level of agonism in the interaction. The public escalation of the conflict marks the peak of decoupling but also the beginning of the next "transition" phase. So far, our model shows that high levels of agonism in the beginning help to bolster issue salience leading to standard adoption. After the standard

has been adopted, a further increase in agonism intensifies decoupling, meaning that the evaluative perspective for defining adequate policy implementation (i.e., walking the talk) becomes stricter, yet the practices remain largely unchanged. Thereby, the gap between policy and practice becomes most intense.

Transition. The reputational risk that arises in the face of publicly announced intense decoupling and that is fuelled by the increased level of agonism enables the transition from pronounced decoupling into a form of early recoupling. The high level of agonism at the beginning of this transition phase creates space where new interpretations of the adequacy of policy-linked practices can be found through less agonistic deliberative interactions. The transition phase is characterized by a decreasing level of agonism over time as both parties engage in *de-escalating* interactions. The protracted conflict from the first two phases has brought the parties to the table; the less agonistic deliberation in the transition phase supports the negotiated, renewed commitment by the standard-taker. As such, keeping up a high level of agonism in the deliberation by the standard setter, on the one hand, can support the ceremonial adoption of new standards with decoupled practices. On the other hand, upholding this high level of agonism in deliberation over time can also trigger a transition to a recoupling phase.

Tentative recoupling. The tentative recoupling phase, is shaped by an interaction characterized by fluctuating but overall decreasing levels of agonism. By *struggling for truce*, both parties seek to keep their renewed commitments. The standard taker undertakes less ceremonial policy implementations, supported by capacity building actions; the standard setter observes critically and steers the process, but the effort is less aggressive, even if still publicized. Unexpected consequences of implementation practices make compliance with policy requirements difficult for the standard taker, and these emerging challenges put the recoupling effort at risk. However, exposing the problems, rather than obfuscating, in an open, constructive, less agonistic way can prevent another agonism spike. Thus, the standard taker gains time to solve the problems. Sliding back into decoupling is avoided by continued deliberative interactions between the parties with a lower level of agonism than marked the preceding phases.

Intense recoupling. Finally, intense recoupling features a sustained, low agonism level. By *reinforcing truce* both parties contribute to consolidated recoupling practices and avoid any potential returns to decoupling. The standard taker engages in continuous, direct exchanges about its policy implementation with the standard setter, through collaborating and problem-solving actions. The standard setter offers constructive monitoring, such as sharing information about practices by other organizations. This less agonistic, deliberative interaction enables the

parties to find compromises, even about subtopics with more potential for conflict. The relationship developed through their less agonistic deliberation encourages the standard taker to persist in practices it might consider less important and request compromises by the standard setter. The constructive exchanges drive the intensified recoupling phase culminating in the public acknowledgement of tight coupling by the standard-setter itself. Accordingly, low levels of agonism enable the mutual identification of practical solutions, even accounting for potential and unforeseen challenges. However, the tentative recoupling phase emphasizes that a potential for re-elevation of the agonism level by the standard setter needs to be retained to sustain the recoupling efforts over time. This is necessary to demonstrate the continued salience of the issue until policy and practices become reasonably aligned and new practices are firmly anchored as the new normal.

Theoretical Contributions

By adopting a multi-level, processual perspective, this study provides the following contributions to theory. First, our dynamic process model elucidates the role of communicative interactions between a standard setter and standard takers for de-/recoupling. A decision to ceremonially adopt to a new standard is preceded by deliberative interactions marked by a high level of agonism, or what we call combatting, which corresponds with a core neo-institutionalist argument that decoupling represents a strategy to gain legitimacy through the mere adoption of a new policy (Bromley and Powell, 2012; DiMaggio and Powell, 1983). Furthermore, we determine how further increasing the level of agonism, through escalating interactions, decisively pushes the standard taker into a transition phase. Deliberative interactions with high levels of agonism thus create double-edged swords: They encourage ceremonial adoptions and policy–practice decoupling, but they also can contribute to decisions that evoke a transition to recoupling. This processual phenomenon has not previously been detailed in research into interactions between standard setters and standard takers (Clark and Newell, 2013; Desai, 2015; Kern et al., 2018). By taking a process-based perspective, we also show that a one-time interpretation of a standard setter’s behaviour and its impact on implementation practices by the standard taker is likely to be misleading. It is necessary to account for the sequence of agonistic-deliberative interactions that unfold and reflect temporal interdependence, because this sequence and the associated changes in agonism levels affect standard takers’ perceptions of issue salience and cost–benefit analyses (Durand et al., 2019).

With regard to the specific discourse on means-ends decoupling (Bromley and Powell, 2012; Dick and Coule, 2020; Wijen, 2014), we reveal that the sequence of agonistic-deliberative interactions across macro and meso levels shapes the continued and intensified recoupling

between policy and practice but also between means and ends. Wijen (2014) proposes a trade-off, between the intentions of standard setters to remedy decoupling through concrete rules and the actual achievement of envisaged goals. Strict measures arguably may reduce the necessary agency of adopters, especially in opaque fields like sustainability, so outcome-oriented activities may require more flexible solutions that tend to be difficult to monitor for standard setters. Our study shows that deliberative interactions that feature varying degrees of agonism between the standard setter and standard taker help mitigate this trade-off. That is, increasingly agonistic communication from the standard setter, specifying policy requirements and attacking the standard taker, herald the end of policy–practice decoupling. Then constructive exchanges with decreasing levels of agonism during recoupling phases support a focus on intended outcomes, instead of strict adherence to detailed, standardized policy inputs. Deliberative interactions with fluctuating agonism levels thus work in tandem to establish and maintain sustainability standards and achieve intended outcomes.

Second, our consideration of multilevel deliberation between standard setter and standard taker contributes to the view of a constitutive, formative role of communication for organizing (Bitektine et al., 2020; Hardy and Thomas, 2015; Meyer and Vaara, 2020; Schoeneborn et al., 2019), especially organizing as implementing sustainability related practices. Recent studies that combine a formative perspective on communication with corporate sustainability tend to investigate intra-organizational narratives (Schoeneborn et al., 2019; Winkler et al., 2020). But we show how the agonistic, escalating interaction across organizations was decisive for the transition from de- to recoupling. The standard taker was unlikely to have changed its practices to the same extent without constant contestation from the standard setter. In the de-escalating, struggling for and reinforcing truce interactions, the two parties communicate through increasingly constructive deliberative exchanges with lower levels of agonism. This decreased level of agonism helped to overcome a situation of recoupling at risk, by establishing mutual understanding that gives the standard taker space and time to overcome unexpected problems. This deliberative interaction avoids a slide back to decoupling as a potential solution to whitewash the critical situation. However, in addition to the decreased level of agonism that is supportive of finding solutions, previously experienced high agonism levels still remind the standard taker of the necessity to serious implementation efforts. Accordingly, our process model sheds light on *how* organizations “‘talk’ themselves into corrective measures” (Haack et al., 2012, p. 817) by showing that they do not do so alone and instead rely on interactions with the standard setter. By considering actually implemented practices, rather than narratives, and the sequence of agonistic-deliberative interactions, we

extend previous studies that describe that macro-level actors might influence organizations' talk about sustainability related issues (Christensen et al., 2013; Haack et al., 2012; Penttilä, 2020).

Third, with the focus on the agonistic-deliberative exchange between meso and macro levels, we also clarify how the standard setter defines de- and recoupling status, by changing the meaning of the institution, i.e. the standard, over time. The intensity of de-/recoupling, i.e. the degree of policy-practice (mis-)alignment, not only rests on adopted policies and implemented practices by the standard taker, but it also depends on what the standard setter understands as tight coupling. Building on studies that acknowledge the role of the standard setter in decoupling (Desai, 2015; Heese et al., 2016), we emphasize evolving evaluative perspectives. That is, by specifying, the standard setter tightens requirements for coupled practices to reduce any interpretive leeway associated with policy requirements. Then by compromising, the standard setter eases its evaluative perspective to contribute to the fully reached recoupling status. Overall, by varying its evaluative perspective on an implemented policy (means) and the fulfilment of intended outcomes (ends), the standard setter influences the perceived intensity of de-/recoupling. In doing so, we expand the findings of Palermo et al. (2017), in that we show both *that* and *how* means and ends get co-constructed through interactions between standard setter and standard taker. Hence, decoupling cannot only be characterized as either emergent or deliberate on the sole basis of the standard takers' perspective, as shown by Crilly and al. (2012) and Sandholtz (2012). Instead, the standard setter's evaluative perspective evolves over time based on its exchanges with standard takers, prompting an emergent change in its evaluative perspective, which then influences the perceived intensity of de-/recoupling.

Notably, changes in the standard setter's interpretation of the adequacy of practices reflect the interaction process between the standard setter and standard taker, that is, the specific sequence of agonistic-deliberative interactions depicted in our process model. The standard setter specifies requirements because it is unsatisfied with the obfuscating communication by the standard taker. But compromising communications that facilitate full recoupling status also are fuelled by the standard taker, when it engages in collaborating, capacity building, and problem solving. These actions contribute to increase trust and foster the standard setter's willingness to compromise. The deviation between policy and practice is thus not objective but co-constructed over time. Our process model thereby heeds the call by Boxenbaum and Jonsson (2017, p. 90) to shed light on the constitution of de- and recoupling.

Finally, our model depicts the political nature of de-/recoupling (Levy et al., 2016; Mena and Waeger, 2014); both phenomena are driven by agonistic-deliberative interactions

over time and shaped by the standard setter's and standard taker's political efforts involved in combatting, (de-)escalating, and struggling for truce. In the DETOX case, the standard setter tried continuously to raise the bar for standard takers by specifying requirements, and the standard taker took a defensive stance, involving denying and obfuscating responsibility, both of which led to decoupling. But as they came into mutual alignment over time, the standard taker engaged in more credible implementation efforts, which increased the trust experienced by the standard setter and led it to make some concessions and acknowledge the standard taker's efforts. This dynamic process resonates with findings from Levy et al. (2016) concerning the political dynamics of sustainable coffee standards and responds to their call to explore "the dynamic processes of NGO-business interaction in different sectors" as well as "how [NGO campaign] effectiveness depends on balancing disruption and accommodation" (p. 396). Furthermore, our model extends insights from Mena & Waeger (2014, p. 1111) by shedding light on the "contentious underpinnings (...) of firms' and activist groups' strategic decisions" associated with the emergence and implementation of a new sustainability standard that is driven by an environmental activist organisation as the standard setter. In particular, our study shows how agonistic-deliberative interactions between the parties can cause a gradual shift in ideological orientation from a more radical-conflictual posture towards standard takers at the beginning, to a more reformist-constructive posture towards the end of the process.

Practical Implications

Our study also has practical implications for both, standard setters and standard takers. A central insight of this study, as captured in the process model, is that deliberative interactions with varying levels of agonism drive de-/recoupling processes, so standard setters should realize that they can leverage communication with a high level of agonism to foster standard takers' adoption of standards, even if just ceremonially at first. Then sustained pressure can trigger a transition toward more substantial practices. Once they have established issue salience through conflictual communicative actions, standard setters should seek more constructive, deliberative interactions, expressing their willingness to learn about the circumstances and challenges of implementation efforts. By "being part of the journey" (Christensen et al., 2020b, p. 333) and establishing close relationships with standard takers, standard setters may be more likely to attain their objectives, though the effort will be resource intensive. Securing public commitments to specific policy goals can strengthen the internal position of members of the standard taker who are associated with the policy implementation. Thus standard setters should use appropriate measures to encourage public, aspirational talk (Christensen et al., 2013, 2020a).

For the standard taker, once it overcomes the ceremonial facade of symbolic policy implementations, a deliberative exchange with the standard setter, marked by low agonism, will be helpful, even if it struggles with unexpected implementation challenges. Especially in complex and opaque fields, including international value chains and sustainability targets, both parties can learn from the other. Being transparent about successes and setbacks can facilitate less conflictual, more constructive exchanges and thereby advance the development of the new standard. In particular, adding personnel with sustainability-related job responsibilities can build communicative bridges, inside and across organizations, to ensure implementation successes.

LIMITATIONS AND DIRECTIONS FOR FURTHER RESEARCH

We conclude this paper by discussing limitations and boundary conditions of our study that open up fruitful avenues for further research. This study represents a critical case (Yin, 2009) for a sustainability standard that is driven by interactions between a campaign-oriented NGO and a large, multinational, sports fashion brand. The standard setter, Greenpeace, is highly experienced and can draw on valuable resources, in terms of its financial position and human resources, which it can mobilize to push sustainability issues. Thus, Greenpeace is uniquely able to engage in deliberative interactions with high agonism over time and at a global scale, as well as less agonistic, deliberative exchanges with representatives of a global corporation. Furthermore, it is able to define its strategy solely according to its internal decisions, unlike standard setters that might comprise multiple actors, such as multi-stakeholder initiatives that demand coordination among different organizations with diverse interests. In such cases, it may be more difficult to orchestrate specific, deliberative actions with predetermined high or low agonism levels.

The standard taker also has specific characteristics; as one of the top sports fashion brands, in terms of global market share, it has significant influence over global supply chains. Interviewees repeatedly noted how its significant market share facilitated discussions with large, tier-two (wet process factories) and tier-three (chemical) suppliers. In this role, Zeta is perhaps better able to bring other actors to the table and develop flexible solutions to overcome unexpected problems, then actively share its insights with the standard setter to reach a mutual understanding of the requirements for full recoupling. However, its prominence also means that Zeta must take legitimacy threats associated with a public campaign by Greenpeace seriously. The characteristics of the standard taker and standard setter accordingly influence how agonistic-deliberative interactions unfold over time and drive de-/recoupling (for a discussion

of power balances between regulator and implementer see also Kern et al., 2018). Further research thus might explore this aspect further by studying multiple cases, involving varying actor constellations in a comparative way to determine the actors' influences on deliberative interactions and de-/recoupling.

In a related way, the characteristics of the actual standard likely influence how deliberative interactions between standard setter and standard taker unfold over time. With DETOX, the focal issue is the discharge of hazardous chemicals in textile value chains, especially during wet processes; a topic rarely discussed in this industrial sector prior to the campaign. It represents an opaque context, such that it is difficult to identify the characteristics of prevailing practices, establish causal relationships between policies and outcomes, and measure exact results (Wijen, 2014). Thus, the standard setter must perform the intricate work required to choose the standard, phrase the policy, and define appropriate practices. Additional research should address different types of standards, whether based on principles, certification, reporting, or processes (Gilbert et al., 2011), to compare the effects of the type of standard on interactions of standard setters and standard takers that determine their de-/recoupling.

Our study suggests the need to explore wider contexts, beyond interactions between a standard setter and a single standard taker. That is, we find that agonistic-deliberative interactions between the standard taker and standard setter drive de-/recoupling processes, but other context variables likely exert influences too, for de-/recoupling policy and practices as well as means and ends. For example, political and legislative developments in the countries, relevant for the intended outcomes, in our case the production countries. As a standard setter, Greenpeace addresses global brand companies, seeking to prevent the global discharge of hazardous chemicals, but it also lobbies national governmental agencies. The expanding legislative framework in China in particular, related to mandated reporting by factories and monitoring by public authorities, strongly influences suppliers' practices. As Egels-Zandén (2014) argues, national economic development can influence implementation practices, beyond standard setters' activities.

On the flipside, even if the contextual field may influence the development of the policy, practices, and outcomes, the introduction of the DETOX policy and related practices have also influenced the governance field pertaining to chemical regulation. Its launch and the subsequent agonistic-deliberative interaction between the standard setter and standard takers was decisive for the foundation and establishment of the ZDHC for example. This collaborative, industry initiative, introduced as a defence against demands from the standard setter, increasingly took on more responsibility and authority over the intended outcomes. Further

research might move beyond a dual-actor, dual-level analysis to perform a multi-actor, multi-level analysis of the overall, transnational business governance field (Eberlein et al., 2014; Schneider et al., 2017).

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Appendix

A1 Summary of Dissertation

The term base-of-the-pyramid (BOP) refers to the lowest layer of the global income pyramid, in other words the global poor. The BOP concept in management science has at its core the idea that doing business with the poor – be it as consumers or as partners in value creation – can grow profits while at the same time reducing poverty (Kolk et al., 2014; Prahalad, 2005). However, the BOP debate for long has concentrated on profitability issues and has treated poverty reduction rather as a natural consequence of profit maximisation (Dembek et al., 2020). This cumulative doctoral thesis addresses this negligence by the conceptualisation of poverty and the theoretically based analysis of challenges for poverty reduction and sustainability at the BOP. The dissertation varies the levels of analysis from micro to meso to macro, takes into account challenges internal and external to the organisations that initialise a BOP business model, and considers challenges resulting from implementing new business models as well as adapting existing ones. It does so by answering four research questions in three academic articles. Paper I (“*Gaining Mutual Benefits Through Business-non-profit Partnership in Base-of-the-Pyramid Markets: A Relational View*”) is conceptually in nature and firstly, introduces the capability approach (Alkire, 2005; Sen, 1999) to the BOP debate, thereby clarifying the meaning of value creation at the BOP as improved basic capabilities of poor people. Secondly, Paper I applies the relational view (Dyer & Singh, 1998) to business-non-profit-partnerships in BOP markets and examines determinants and facilitators for economic and social value creation through partnerships. Paper II (“*Cognitive Frames of Poverty and Tension Handling in Base-of-the-Pyramid Business Models*”) draws on the cognitive perspective (T. Hahn et al., 2014; Walsh, 1995) and on organisational literature on tensions (Smith et al., 2013; Smith & Lewis, 2011) and tension handling (Jarzabkowski et al., 2013; van Bommel, 2018). It builds on a qualitative study with a medium-sized sample of corporate actors, who implemented new business models at the BOP. Paper II allows for the identification of four different cognitive frames of poverty and the analysis of how corporate actors handle poverty-profitability tensions through adapting business model elements. The findings show that different cognitive frames of poverty shape an uneven handling of poverty-profitability tensions. Paper III (“*The Influence of Agonistic Deliberation on Decoupling and Recoupling: A Process Perspective on the DETOX International Sustainability Standard*”) extends the perspective on challenges for poverty reduction and sustainability at the BOP to include the adaptation of already existing business models through the implementation of international sustainability standards in global value chains. A single case study on the implementation of the new chemical management standard DETOX at an international sports fashion company with interview and archival data covering a period of

eight years allows for the development of a process model (Langley, 1999; Langley et al., 2013). The model helps to explain how the communicative interaction between the standard setter on the macro level and the standard taker on the meso level shapes decoupling and re-coupling between policy and practices over time. The findings of the three papers highlight both prospects and challenges for poverty reduction and sustainability at the BOP that are associated with implementing new and adapting existing business models. The dissertation suggests that the BOP concept is no panacea for ending poverty in its multidimensional sense. Instead, the thesis proposes that whether business at and with the BOP can be considered as effective to contributing to poverty reduction and sustainability depends on how challenges related to the micro level, the meso level and the macro level are overcome by actors and organisations. By adding to the theoretical and empirical knowledge about specific challenges for poverty reduction at the BOP, this dissertation not only advances the current literature and debate on the BOP concept but also contributes to theories considered for analysis. In particular, it contributes to theory on tensions and responses to tensions in corporate sustainability (Battilana & Lee, 2014; T. Hahn et al., 2015; T. Hahn et al., 2018), theory on cognitive frames in corporate sustainability research (Haffar & Searcy, 2019; T. Hahn et al., 2014; Hockerts, 2015), institutional theory on decoupling and recoupling (Boxenbaum & Jonsson, 2017; Bromley & Powell, 2012), and the formative view of communication in organisational science (Bitektine et al., 2020; Schoeneborn et al., 2019).

A2 Zusammenfassung der Dissertation

Der englische Begriff „base-of-the-pyramid“ (BOP) bezieht sich auf die unterste Ebene der globalen Einkommenspyramide, das heißt auf die weltweit ärmsten Menschen. Dem sogenannten BOP-Konzept in der wirtschaftswissenschaftlichen Forschung liegt die Idee zugrunde, dass der Aufbau von Wirtschaftsbeziehungen mit den Armen, sei es in der Rolle als Konsument*innen oder in der Rolle als Partner*innen in der Wertschöpfung, zugleich Gewinne generieren als auch Armut reduzieren könne (Kolk et al., 2014; Prahalad, 2005). Allerdings hat sich die BOP-Debatte vornehmlich auf Aspekte der Rentabilität von Geschäftsmodellen an der BOP konzentriert und Armutsreduzierung eher als automatische Folge wirtschaftlich erfolgreicher Geschäftsmodelle angenommen (Dembek et al., 2020). Diese kumulative Dissertation adressiert diese Lücke, indem sie Armut konzeptionalisiert und die theorie-basierte Analyse auf Herausforderungen für Armutsreduzierung und Nachhaltigkeit fokussiert. Dabei betrachte ich bei der Analyse die Mikro-, Meso- und Makro-Ebene, berücksichtige sowohl Herausforderungen, die

intern als auch solche, die extern zur Organisation verortet sind, und beziehe sowohl Herausforderungen in die Analyse ein, die sich aus der Umsetzung neuer Geschäftsmodelle ergeben, als solche, die durch die Anpassung bereits existierender Geschäftsmodelle entstehen. Diese Varianz ergibt sich durch die Beantwortung von vier Forschungsfragen in drei Fachartikeln. Artikel I (*“Gaining Mutual Benefits Through Business-non-profit Partnership in Base-of-the-Pyramid Markets: A Relational View”*) ist eine konzeptionelle Arbeit und führt zunächst den Fähigkeiten-Ansatz (Alkire, 2005; Sen, 1999) in die BOP-Debatte ein und spezifiziert damit die Bedeutung von Wertschöpfung an der BOP als Beitrag zur Verbesserung von grundsätzlichen Fähigkeiten (*basic capabilities*). Des Weiteren leistet Artikel I einen Beitrag zur Analyse von Herausforderungen für die Überwindung von Armut durch die Anwendung des relationalen Ansatzes (*relational view*, Dyer & Singh, 1998) auf Partnerschaften zwischen Unternehmen und nicht-gewinnorientierten Organisationen in BOP-Märkten. Dabei werden die bestimmenden und unterstützenden Faktoren, welche soziale und ökonomische Wertschöpfung durch Partnerschaften ermöglichen, untersucht und Besonderheiten des BOP-Kontexts herausgestellt. Artikel II (*“Cognitive Frames of Poverty and Tension Handling in Base-of-the-Pyramid Business Models”*) bezieht sich auf die kognitive Perspektive (T. Hahn et al., 2014; Walsh, 1995) sowie auf Literatur der Organisationsforschung zu Spannungen (Smith et al., 2013; Smith & Lewis, 2011) und dem Umgang mit solchen (Jarzabkowski et al., 2013; van Bommel, 2018). Der Artikel basiert auf einer qualitativen Studie mit einer mittelgroßen Stichprobe von Unternehmensakteuren, die neue Geschäftsmodelle an der BOP umgesetzt haben. Artikel II identifiziert vier verschiedene kognitive Deutungsrahmen (*cognitive frames*) für Armut und analysiert wie Unternehmensakteure auf Spannungen zwischen der doppelten Zielsetzung Armutsreduktion und Profitabilität durch die Anpassung von Geschäftsmodellen reagieren. Die Studie stellt dabei heraus, dass unterschiedliche Deutungsrahmen für Armut die Akteure beim Umgang mit Spannungen beeinflussen. Artikel III (*“The Influence of Agonistic Deliberation on Decoupling and Recoupling: A Process Perspective on the DETOX International Sustainability Standard”*) erweitert die Perspektive auf Herausforderungen für Armutsreduzierung und Nachhaltigkeit an der BOP um solche Herausforderungen, die sich aus der Anpassung bereits existierender Geschäftsmodelle ergeben, insbesondere durch die Umsetzung internationaler Nachhaltigkeitsstandards in globalen Wertschöpfungsketten. Eine Einzelfallstudie zur Umsetzung des neuen Chemikalienmanagementstandards DETOX bei einem großen Sportartikelhersteller, welche Interviews und Dokumente umfasst, die einen Zeitraum von acht Jahren betreffen, ermöglichte die Entwicklung eines Prozessmodells (Langley, 1999; Langley et al., 2013). Dieses Modell hilft zu erklären, wie die Kommunikation zwischen der standardsetzenden Organisation auf der

Makro-Ebene und der umsetzenden Organisation auf der Meso-Ebene die Entkopplung zwischen Praktiken und Regelwerk im Unternehmen und die folgende Rückkopplung zwischen diesen beeinflusst hat. Die Ergebnisse aller drei Artikel zusammen unterstreichen sowohl die Chancen als auch die Hindernisse für Armutsreduzierung und Nachhaltigkeit an der BOP, welche mit der Umsetzung neuer und der Anpassung existierender Geschäftsmodelle verbunden sind. Sie zeigen damit auf, dass Geschäftsmodelle, welche arme Menschen als Geschäftspartner*innen oder Konsument*innen integrieren, kein Allheilmittel zur Reduktion weltweiter Armut in multidimensionaler Form sind. Ob und inwiefern solche Geschäftsmodelle zu mehr Nachhaltigkeit und Armutsreduzierung beitragen können, hängt vielmehr davon ab, wie einzelne Akteure und Organisationen Herausforderungen, die mit der Mikro-, Meso-, und Makro-Ebene verknüpft sind, überwinden. Die vorliegende Dissertation trägt mit der konzeptionellen und empirischen Forschung zu Herausforderungen für Armutsreduzierung und Nachhaltigkeit dazu bei, die BOP-Debatte zugunsten einer stärkeren Berücksichtigung der Armutsseite bei der doppelten Zielsetzung von Armutsreduktion und Rentabilität zu beeinflussen. Außerdem leisten die einzelnen Artikel Beiträge, die angewendeten Theorien durch das im BOP-Kontext erworbene Wissen weiterzuentwickeln. Insbesondere leisten sie Beiträge zur Weiterentwicklung der Theorie über kognitive Deutungsrahmen im Kontext von unternehmerischer Nachhaltigkeit (Haffar & Searcy, 2019; T. Hahn et al., 2014; Hockerts, 2015), der Theorie zu Spannungen sowie des Umgangs mit diesen im Kontext von unternehmerischer Nachhaltigkeit (Battilana & Lee, 2014; T. Hahn et al., 2015; T. Hahn et al., 2018) und des Ansatzes der kommunikativen Konstituierung der Organisation (Bitektine et al., 2020; Schoeneborn et al., 2019).

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A3 List of Publications

Published with academic journals (double blind, peer-reviewed)

Grimm, Jordis (2020): Cognitive Frames of Poverty and Tension Handling in Base-of-the-Pyramid Business Models, *Business & Society*, First Published November 26, 2020. doi:10.1177/0007650320975184. - *part of the doctoral thesis* -

Grimm, Jordis; Schormair, Maximilian & Gilbert, Dirk Ulrich (2020): Co-Constructing Decoupling and Recoupling: A Process Perspective on the IAS DETOX, *Academy of Management Proceedings*, Vol. 2020 No.1. Best Papers Short Version. <https://doi.org/10.5465/AMBPP.2020.151>.

Manuscripts under review with academic journals (double blind, peer-reviewed)

Grimm, Jordis; Schormair, Maximilian & Gilbert, Dirk Ulrich: The Influence of Agonistic Deliberation on Decoupling and Recoupling: A Process Perspective on the DETOX International Sustainability Standard, submitted at: *Journal of Management Studies* in Nov 2020, under review (first round). - *part of the doctoral thesis* -

Published and accepted book chapters

Grimm, Jordis & Gilbert, Dirk Ulrich (2019): Gaining Mutual Benefits Through Business-non-profit Partnership in Base-of-the-Pyramid Markets: A Relational View, in Sales, Arnaud (ed.): Corporate Social Responsibility and Corporate Change. Ethical Economy (Studies in Economic Ethics and Philosophy), Vol. 57. Springer, pp. 177-203. - *part of the doctoral thesis* -

Editor work

Saner, Raymond & Grimm, Jordis (Hrsg.) (2011): Umweltkonflikte und Nachhaltigkeit in Lateinamerika: Verhandlungen zwischen Unternehmen, NGOs und Regierungsstellen. Südwestdeutscher Verlag für Hochschulschriften. ISBN-13 : 978-3838119748.

Working papers

Grimm, Jordis (2008): Corporate Social Responsibility und Entwicklungszusammenarbeit: Eine fruchtbare Kooperation zur nachhaltigen Gestaltung von Wertschöpfungsketten? Centre of International Studies (CIS) Hamburg. CIS Paper No.19.

Grimm, Jordis (2006): Ergebnisse der Glücksforschung als Leitfaden für politisches Handeln?, Discussion Paper Nr. 14 Universität Flensburg. ISSN 1618-0798.

A4 Teaching Experience

Strategic Management	<p>Tutorials and collaboration for the lecture, B.A. Sozialökonomie, Universität Hamburg (with Prof. Dr. Dirk Ulrich Gilbert or Prof. Dr. Sebastian Späth).</p> <p><u>Content:</u> Introduction to strategic management and the strategy process</p> <p>Timeframe: summer term 2015 / winter term 2015/16 / summer term 2016 / summer term 2017 / summer term 2018</p> <p>Language: German</p> <p>Participants: ca. 200 (divided in 4 tutorials à 50 participants)</p>
Applied Business Ethics	<p>Seminar, M.A. International Business and Sustainability, Universität Hamburg (with Prof. Dr. Dirk Ulrich Gilbert)</p> <p><u>Content:</u> Ethical business conduct in relation to a globalized economy</p> <p>Timeframes: summer semesters 2014, 2015, 2016, 2017</p> <p>Language: English</p> <p>Participants: ca. 30</p>
Case Study Shell	<p>Seminar, M.A. International Business and Sustainability, Universität Hamburg (with Prof. Dr. Dirk Ulrich Gilbert).</p> <p><u>Content:</u> Strategic case study with Royal Dutch Shell, Hamburg</p> <p>Timeframes: winter semester 2015/16</p> <p>Language: English</p> <p>Participants: ca. 25</p>
Perspectives and Concepts of Sustainability Management	<p>E-learning based module, M.B.A. Sustainability Management, Leuphana Universität Lüneburg (autonomous).</p> <p><u>Content:</u> Cooperative and Political Sustainability Management: How to organize sustainability management taking into account interests of internal and external stakeholders</p> <p>Timeframes: 2014, 2015, 2016, 2017, 2018, 2019, 2020</p> <p>Language: German</p> <p>Participants: ca. 30-60</p>
Marketing at the Base-of-the-Pyramid	<p>E-learning based course, M.B.A. Sustainability Management, Leuphana Universität Lüneburg (autonomous).</p> <p><u>Content:</u> How to adapt the marketing mix to base-of-the-pyramid markets to reach profitability and poverty reduction.</p> <p>Timeframes: 2014, 2015, 2016</p> <p>Language: German</p> <p>Participants: ca. 30-60</p>

Introduction to Sustainability Management and other courses	E-learning and contact teaching in MBA programme Sustainability Management for professionals and executive staff from Latin America, Leuphana Universität Lüneburg. Timeframe: 2008-2010 Language: Spanish/German Number: pre-phase 60, MBA-phase 20
Introduction to Sustainability Management and several more courses	E-learning and contact teaching in certificate programmes Sustainability Management for professionals and executive staff from Africa and Asia, Leuphana Universität Lüneburg. Timeframe: 2011, 2012 Language: English Number: 20
Bachelor and Master Theses	Supervision of Bachelor and Master theses for the department Sozialökonomie of Universität Hamburg and for the Centre for Sustainability Management of Leuphana Universität Lüneburg Timeframe: since 2008 (Leuphana) respectively 2012 (Univ. HH) Language: English/German Number: ca. 50

A5 Curriculum Vitae

In the publication version of the dissertation, this paragraph is replaced by blank pages due to data protection law.

Any questions, please contact the author Jordis Grimm via email: jordisgrimm@gmx.de

A7 Primary Data related Annex (Confidential)

The interview transcripts, the interview guidelines, the archival data (partially in digital form), and an exemplary selection of data analysis documentation is presented in the confidential annex in two additional volumes (Confidential Annex Part A related to Paper II and Confidential Annex Part B related to Paper III). The appendices are only available to the reviewers of the dissertation. In case of any questions, please contact the author Jordis Grimm via email: *jordisgrimm at gmx.de*