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Social Business Collaboration at the Bottom of the Pyramid: The Case of Orchestration

Abstract

Social business orchestrators (SBO) help social businesses of various sizes to tackle major societal issues by filling gaps in knowledge and resources. However, research has overlooked these types of collaboration. Situated within a bottom of the pyramid (BoP) context in Bangladesh, the current study sheds light on the process of value creation for SBO–social businesses partnerships by comparing different collaboration partners. Multiple case study research through the lens of the relational view was used to ask how SBOs facilitate value creation in social businesses by flexibly adapting resource inputs and governance mechanisms to the specific endowment and size of partners; this approach was informed by interviews and field note analyses. The combined deductive–inductive analysis enhances knowledge of idiosyncrasies of SBO–social business collaborations. Our study draws attention to the role of large orchestrators, whose model could be scaled and transferred to other world regions, including industrialised countries.

Keywords

Sustainability, base of the pyramid (BoP), developing countries, collaboration, small and medium-sized enterprises (SME), micro social businesses.

Social Business Collaboration at the Bottom of the Pyramid: The Case of Orchestration

1. Introduction

Despite economic growth and increased social wellbeing, large segments of developing country populations still suffer from poverty, as well as insufficient access to health services and education (Alkire et al., 2014). Business has been viewed as one promising mechanism for lifting people out of poverty and addressing other major societal challenges in the Global South (e.g., Kirchgeorg and Winn, 2006). However, this is only the case if business development is integrated into local societies and communities and if value is created not only economically but also socially and environmentally (e.g., Gold et al., 2013; Huq et al., 2014; Panapanaan et al., 2016; Belz and Binder, 2017).

The idea of value creation within economic, social and environmental sustainability dimensions is linked with the concept of inclusive business development that integrates the poor as consumers as well as a pool of resources (Hahn, 2012). Within the family of inclusive business approaches, social business models represent a subset that aims to maximise the creation of social value (e.g., Yunus et al., 2010). Social business models could be described as a ‘socially dominant logic’, which borrows from Montabon et al.’s (2016) concept of ecologically dominant logic, in which environmental and social interests outweigh economic and financial interests. The idea of social business emerged in a developing nation context some years ago (Yunus et al., 2010), and it has since found worldwide recognition and application (e.g., Eweje and Sakaki, 2015). Social businesses are conceived as a sustainable business model (e.g., Evans et al., 2017) that focuses on solving major societal problems that can be found in both industrialised and developing nations. An example of a social business model is the joint venture between Grameen Bank and Danone in Bangladesh, which was established in 2007. In this case, yoghurt enriched by micronutrients and vitamins is distributed to poor, rural populations to mitigate poverty and malnutrition (Reiner et al., 2015).

Proponents of social business, such as Nobel Prize laureate Muhammad Yunus, stress that at its core, social business is a genuine ‘business’ concept. In this regard, it fundamentally differs from charities or traditional for-profit companies with add-on corporate social-responsibility activities (Gold et al., 2018). In fact, financial and economic viability is the basis of any social business, while profits are retained to improve the business model’s design and stability or for scaling up business operations (Yunus, 2007). This means that social business shares core features with traditional business and thus competes with for-profit organisations in value proposition and how value is delivered to consumers and other stakeholder groups.

Collaborations between relevant business and non-business actors have been proven to be crucial in creating value by both traditional business logic (Kohtamäki et al., 2013) and social business logic in a bottom of the pyramid (BoP) context (e.g., Ählström and Sjöström, 2005; Rivera-Santos et al., 2012; Hahn and Gold, 2014). One specific form of business and non-business collaboration is the case of orchestration, which has received some attention in the business literature but has barely been considered in a specific sustainability and social business context. Orchestrators are often service providers that are related to various functions, such as product design, procurement and logistics. They are essentially masterminds of the entire business model, connecting complementary actors with each other and filling gaps where they perceive them. Doing this involves sharing resources, information and knowledge, as well as overcoming differences in values or cultural norms (Iansiti and Lakani, 2009; Perks et al., 2017).

In the current research, we investigate the collaboration of a large non-profit social business orchestrator (SBO) with micro, small and medium-size social businesses in Bangladesh. More specifically, we scrutinise how the SBO facilitates value creation in social businesses by flexibly adapting resource contribution and governance mechanisms to the specific endowment and size of partners. While exploring the major differences between a cluster of small and medium-size businesses and a cluster of micro social businesses, we ask the following research questions:

- (1) How do synergy-sensitive resources manifest in social business–SBO collaborations?
- (2) How is social business–SBO collaboration governed?

Our study sheds light on the question of how large SBOs may help social businesses create value for tackling major societal problems through tailored collaboration. Thereby, research focus is moved from large social businesses, such as Grameen Danone, to acknowledging the idiosyncrasies of micro, small and medium-size organisations. Furthermore, it is of broader interest to understand the role of SBOs in their partnerships with social business because in the absence of a non-profit organisation, multinational companies could play such an orchestration role to hit their triple bottom lines—i.e. social, environmental and economic performance targets. In fact, engaging in such orchestrations might be viewed as an alternative to traditional ‘transactional’, philanthropy-focused corporate social responsibility (CSR) initiatives (Melissen et al., 2017), in which companies are benefactors that engage in charitable works for passive beneficiaries, e.g., local communities (Gold et al., 2018). Similarly, Paton and Halme (2007) criticise that research has neglected to take the perspective of the poor and to see them as agents of their own destiny.

The remainder of this paper is structured as follows. After reviewing the extant literature on social business and the role of interorganisational collaborations in creating value in social business, we derive key analytic constructs that guide the follow-up analysis of our multiple case studies. We then present the case studies and explain the research design, as well as data-collection methods and analysis. After discussing the findings against extant research, we conclude the paper by explicating the limitations of our approach and offering avenues for follow-up research.

2. Social business

Social business might be viewed as a specific type of inclusive business (Hahn, 2012) that has gained substantial attention, particularly in the context of the resource-poor business environments of the so-called Global South (Guéneau, 2018). Without acknowledging the business principle, Sakaryia et al. (2012, p. 1712) define *social enterprises* as ‘not-for-profit organisations driven by social mission’, i.e. they aim for social change regarding major societal issues. Social *business* is one type of social enterprise that takes the distinct form of a *business*, i.e. it aims to generate sustainable financial revenue streams. The most widely accepted conceptualisation is proposed by Yunus et al. (2010, p. 311), who define *social business* as a ‘no-loss, no-dividend, self-sustaining company that sells goods or services and repays investments to its owners, but whose primary purpose is to serve society and improve the lot of the poor’. Some additional key principles state that a social business organisation should be environmentally conscious and provide workers with fair-market wages (Yunus, 2008).

Social business turns away from the objective of maximising profits (which is usually adopted by traditional businesses) and towards maximising value for society. Such value is

created by helping society overcome severe and persistent problems such as poverty, deficient education and health services that impede social mobility, or a lack of productivity-enhancing technology. While maximising social value, social business must be profitable; in particular, they must generate enough surplus funds for reinvestment and the ongoing development of the business model (Lozano, 2018). Such economic profitability, or at least viability, often represents a major challenge, as demonstrated, for example, by the aforementioned Grameen Danone joint venture, whose expansion plan in rural Bangladesh failed (Reiner et al., 2015).

Since social businesses represent businesses innovatively emphasising value maximisation for society, they are basically on the same playing field as traditional (for-profit) businesses. Thus, their strategy for value proposition and delivery must be competitive, i.e. it must be effectively and efficiently delivering value to customers (along with other stakeholders) (Evans et al., 2017). Extant strategic management literature and, more specifically, the relational view of strategic management (Dyer and Singh, 1998; Duschek, 2004; Lavie, 2006) has underlined the importance of interorganisational collaboration and relation-based governance for meeting customer needs, mitigating opportunism and creating value in the market place (e.g., Kohtamäki et al., 2013). Similarly, social businesses must leverage and govern partnerships with a variety of actors to generate profits and maximise value for society, the latter representing *their* raison d'être. Partnerships appear to be even more essential for micro, small or medium-size (social) businesses, as they often lack the resources of large organisations, including the capital, expertise and experience for creating value on any of the sustainability dimensions—social, environmental or economic (e.g., Halme and Korpela, 2014; Lewis et al., 2015; Álvarez Jaramillo et al., 2019). Since SBOs promise to compensate for exactly these kinds of resource and knowledge gaps, they could become vital partners for micro, small and medium-size social businesses. In this respect, it is interesting to investigate how SBOs may adapt their resource contribution and governance to the specific features and sizes of social business partners. Therefore, we explicate in the following how collaboration facilitates (social) business value creation and thus derive a preliminary research model that we later match with the data in iterative analysis steps.

3. The role of interorganisational collaborations in creating social business value

Building on the resource-based view of strategic management, Dyer and Singh (1998) point to relation-specific assets, knowledge sharing routines, complementary resources and capabilities, and effective governance as determinants of interorganisational competitive advantage. A body of research followed Dyer and Singh's (1998) view of interfirm exchange as a source of superior returns on investment. Such research aims to determine, among other aspects, the conditions under which companies are willing to engage in collaboration and which contingency factors (e.g., relationship types and contextual factors) foster the creation of interorganisational value (e.g., Lavie, 2006). Other studies have cautioned against neglecting possible negative outcomes of value co-creation (Chowdhury et al., 2016).

Building on this extant literature, interorganisational collaboration (as, for example, between SBOs and social businesses) comprise partner selection, creation of complementarities, partnership governance and value creation outcomes (Figure 1). We focus the current investigation regarding the specificities of SBO collaboration with micro, small and medium-size social businesses on questions of how synergies are created through resource complementarity (i.e. 'creation of complementarities') and of how collaboration is endured through formal and informal governance mechanisms (i.e. 'partnership governance'). In the following subsections, we present these two constructs in detail, while we only briefly

address the two constructs partner selection and outcome of value generation, which are beyond the scope of the current analysis.

[Insert Figure 1 here]

3.1 Creating complementarities

The relational view, borrowing from insights on strategic alliance and partnership literature, suggests that value is created if collaboration partners' resources and capabilities complement each other and are directed jointly towards a common goal (Duschek, 2004; Dyer and Singh, 1998). According to Olavarrieta and Ellinger (1997, p. 563), resources are firm-specific assets, while capabilities are 'complex bundles of individual skills, assets and accumulated knowledge [...] that enable firms to coordinate activities and make use of their resources'.

As an antecedent to value creation through complementary resources, potentially synergistic partners need to be identified. Dyer (1998) suggests that partner identification depends on prior alliance experience, internal search and evaluation capabilities, and the position of an organisation within its socioeconomic network (Dyer, 1998). This means that previous experience with partnerships builds up the capacity to search and evaluate potentially synergistic partners. Moreover, the pool of potential partners and thus the probability of finding a good fit depends on an organisation's network, as well as its centrality and connectedness within this network.

Once suitable partners are identified, synergy sensitive resources and capabilities across organisations can be combined. Synergy sensitivity points to the complementarity of resources held within one organisation with those of partner organisations that helps both organisations attain operational, tactical and strategic goals. Synergy-sensitive resources were originally narrowly conceived as sources of relational rents, i.e. competitive advantage (Dyer and Singh, 1998; Lavie, 2006). However, this conception was later broadened towards the triple bottom line (Dyllick and Hockerts, 2002) and various types of organisations, including non-profit organisations. This means that synergy-sensitive resources may contribute to economic, social and environmental value generated by for-profit businesses, non-governmental organisations (NGO) or social businesses (Hahn and Gold, 2014).

So far, extant research in a BoP context has predominantly scrutinised corporations' opportunities to collaborate with NGOs or social businesses to redefine their business models or create an entirely new joint business model (Dahan et al., 2010; Rivera-Santos and Rufin, 2010). Scholarly interest has focused on the resources and capabilities that NGOs and other non-profit organisations can bring into partnerships with businesses as well as the strategies NGOs adopt in those alliances (Idemudia, 2017). Similarly, research on cross-sectoral social business collaboration in an affluent country context also highlight the importance of synergistic capabilities as well as shared resources and knowledge for creating social value (Gillett et al., 2018).

3.2 Enduring collaboration

The relational view posits that collaboration based on complementary resources and capabilities creates value for the parties involved in the long term if the collaboration is governed effectively, meaning that the risk of opportunistic behaviour is confined (Dyer and Singh, 1998; Duschek, 2004). In this way, governance represents a moderator between the synergistic deployment of resources and the value created. In fact, effective governance stabilises partnerships in the long term by minimising incentives for partners to act

opportunistically. Indeed, cross-sectoral collaborations—both in affluent and developing/emerging countries—face a variety of challenges, including cultural incompatibilities, inefficient decision-making, conflicting goals and norms (Duke, 2016; Gillett et al., 2018), lack of trust (Nahi, 2018) and different ambitions for growth (Gillett et al., 2018).

Interorganisational governance is implemented through formal and informal mechanisms. Formal mechanisms are either enforced by third-party authorities—usually based on written contracts (Roxenhall and Ghauri, 2004)—or they are self-enforcing, such as economic hostages (i.e. equity participation) or relation-specific assets (i.e. assets that lose much of their value if the relationship terminates early). Principal categories of relation-specific assets include site specificity, e.g., closely located production facilities, and physical-asset specificity, e.g., equipment and tools adapted to the transaction partner's needs (Duschek, 2004). These economic hostages are to be mutually exchanged by collaboration partners to prevent opportunistic behaviour, such as the 'hold-up' phenomenon, as proposed by transaction cost economics.

Informal mechanisms are *per se* self-enforcing and rely decisively on informal assets, such as trust or reputation (Li et al., 2010). Formal and informal governance mechanisms are often used together and thus generate a particularly strong joint impact on relationship performance, depending on any environmental contingency factors in place (Cao and Lumineau, 2015). Extant research has indicated that informal governance can play an outstanding role in BoP ventures for mitigating opportunism, particularly in business–non-business partnerships (Rivera-Santos et al., 2012; Hahn and Gold, 2014), although the required 'organisational fit, cultural compatibility and trust' (Dahan et al., 2010, p. 336) are difficult to establish when different types of organisations collaborate. In addition, social business collaborations in the context of industrialised countries such as the United Kingdom point to the substantial importance of the common objective of social value creation and a shared vision (Gillett et al., 2018). In a BoP context, third-party enforced mechanisms are used less often due to widespread weaknesses in regulative institutions, e.g., legal systems (Parmigiani and Rivera-Santos, 2015).

The effective governance of cross-sectoral collaboration facilitates performance creation along the so-called triple bottom line, which includes the social, environmental and economic dimensions of sustainability (Dyllick and Hockerts, 2002; Panapanaan et al., 2016). When social businesses are involved, particularly strong emphasis is placed on the social dimension, thereby following a socially dominant logic (cf. Montabon et al., 2016).

4. Methodology

We explored the collaboration between social businesses and SBOs using a multiple case study approach. Such an approach involves gathering rich data on this form of collaboration and allows a deep understanding of this thus far barely researched phenomenon to be gained (Yin, 2009). Eisenhardt (1998) advocates the use of case studies to build and refine theory in so far under-conceptualised areas. Due to the early state of social business research and conceptualisation and a general dearth of empirical research on social business partnerships in developing countries, a case study approach helps transfer and adapt extant theory, such as the relational view and governance mechanisms, to the phenomenon under investigation, i.e. the specific collaboration between social business and the SBO (Eisenhardt, 1998). To enhance the generalisability and internal validity of the findings, we followed the replication logic of multiple case studies (Eisenhardt and Graebner, 2007) on interorganisational collaboration between the SBO and its local partners. Multiple case studies allow for

similarities and differences among cases to be identified, making for (more) consolidated findings in a cross-case analysis. We compared two types of SBO–social business collaboration: (1) small and medium-size organisations, e.g., NGOs and small and medium-sized enterprises (SME) and (2) micro social businesses.

4.1 Research context

Bangladesh is a lower middle income country with approximately 24.3% of the population living below the poverty line of USD 1.25 per day (World Bank, 2017). Furthermore, it is plagued with a number of development challenges, including gender inequality, susceptibility to natural disasters and food insecurity (British Council, 2016). Operating within this complex institutional context (Huq and Stevenson, 2018), the goal of the SBO is to tackle social challenges, such as a lack of education, health, rights and empowerment, by developing an ecosystem of social business in the country. The focus of our research is on the idiosyncrasies (i.e. opportunities and challenges) of SBO–social business collaboration while highlighting major differences between the cluster of micro social businesses and the cluster of small and medium-size social businesses. Both of these clusters require funds to implement their social business ideas but often find it difficult to access the conventional financing channels due to their small size. To fill this important void in the market, the SBO invests (mainly through equity financing) and collaborates with these micro, small and medium-size organisations to achieve its social objectives.

4.2 Data collection

Data was gathered through semi-structured in-depth interviews, following guidelines by King and Horrocks (2010). Key topics were covered in all interviews, while the interviewees could express their views freely and emphasise their chosen aspects. This ensures a thorough exploration of the interviewees' experience and expertise. Following a key informant approach, interviewees were managers involved with social business ventures.

The semi-structured interview guide was revised iteratively on the basis of feedback gathered through four interviews with managers within the SBO during a pilot stage. The principal interview questions covered areas such as the rationale for selecting partners for social businesses, the implementation of social business ventures, monitoring and governance of partnerships, and the specific role of the SBO as a driver and facilitator of value generation through social business.

At the outset of our study, we focused on gathering data from various SBO managers who had pioneered the promotion and development of social business ventures in Bangladesh. We aligned our approach with the case study research tradition of focusing on leading organisations so that the results could be used for benchmarking. We tapped SBO managers' ideas for identifying social business partners, thereby employing a snowballing procedure (Biernacki and Waldorf, 1981). This convenience approach might be justified through the challenging, developing-nation context in which data collection is hampered by deficient infrastructure and a lack of readily accessible databases on SMEs and social businesses, forcing the researcher to rely on word-of-mouth recommendations.

Table 1 provides an overview of the cases (i.e. collaborations between the SBO and NGOs, firms and micro social businesses) and clusters them into two groups. Cluster 1 comprises five instances of collaboration between the SBO and small and medium-size organisations, i.e. NGOs and SMEs. Cluster 2 represents three instances of collaboration between the SBO and micro social businesses.

[Insert Table 1 here]

Altogether, we conducted 18 interviews: eight managers across the SBO, six managers of NGOs, one manager of a firm and three micro social businesses. Table 2 lists the interviewees and their positions within the organisation and the social business venture, and it describes each social business venture's principal value proposition. We strived to interview managers from at least two levels of each organisation to triangulate data sources, thereby enhancing reliability and validity. We achieved this target, except for the cases of NGO 1 and Firm 1, in which we could only talk with the founder and managing director, and the chief executive officer (CEO), respectively. Furthermore, micro social businesses were only interviewed once, and these interviews were rather short in comparison to the interviews with managers.

The interview data was complemented by field notes taken by two of the authors during a social business design lab initiated by and conducted on the premises of the SBO. On this occasion, five rural micro social businesses made formal presentations on their social business ideas, followed by question-and-answer sessions and subsequent assessment panel discussions. This additional data from a social business design lab provided first-hand experience and thus further understanding of how the SBO selects its partners, collaborates with them and monitors their business conduct. For the purposes of data triangulation, secondary data on the organisations was reviewed wherever available, including organisational websites and the social business project reports provided at the social business design lab.

[Insert Table 2 here]

4.3 Data analysis

The transcribed interviews were coded following a flexible approach. We looked for patterns in the data that were based on frequency, commonalities and differences, and the codes were developed to reflect as many of the nuances in the data as possible (Saldaña, 2013). The coding process is illustrated in Figures 2 and 3. Although a deductively derived analytic framework guided our analysis, we maintained an exploratory stance towards new insights inductively emerging from the data during analysis, specifically characterising the types of SBO–social business collaborations in Bangladesh under scrutiny. Therefore, we used *a priori* or deductive codes (e.g., complementary resources and capabilities) to begin analysing the data, but, at the same time, we added inductive codes (e.g., training and teaching) as the analysis progressed (Saldaña, 2013). The transcripts were coded by the first and fourth author, and the codes were then reviewed by the other authors; disagreements were discussed and codes refined when needed. The concepts developed through coding could be further described according to aggregate dimensions, such as business model supervision and goal alignment. Figures 2 and 3 thus depict the key codes from the literature and link them to the codes inductively derived from the data, which then feed into the aggregate theoretical dimensions.

In line with Lincoln and Guba (1985) and Miles et al.'s (2014) suggestions, the quality of analysis was maintained using four trustworthiness criteria: confirmability, dependability, credibility and transferability. The specific techniques to establish rigour are described in Table 3. The findings from our study may be transferred to similar types of collaborations in other developing countries and may contribute more generally towards extending the state of the art regarding collaborations in a BoP context (Avenier, 2010).

[Insert Table 3 here]

5. Findings from cross-case analysis

This section reports the empirical findings from the cross-case analysis in accordance with the analytic constructs of our framework of SBO–social business collaboration, namely synergy-sensitive resources and governance mechanisms. We present the findings with a specific focus on the differences that exist between the clusters of small and medium-size social businesses as well as micro social businesses.

5.1 Enabling complementarities

Our empirical study finds that the deductively derived construct of synergy-sensitive resources manifests as (1) business model supervision, (2) filling skill and knowledge gaps, (3) joining resources and (4) diffusing the social business idea.

(1) The SBO gives specific support to small and medium-size organisations for shaping their business models. This includes advice on how to devise a business plan, how to adapt business model design, and consistent and long lasting consultancy through an SBO project mentor. This is illustrated through the following quote:

‘[...] Then one person (the mentor) takes the responsibility to develop the project and provides us suggestions throughout the project duration. In fact, Mr. [...] is still giving us information, expertise and knowledge’ (NGO representative).

(2) Another major theme was the role of the SBO to fill the skill and knowledge gaps of micro, small and medium-size social businesses that are crucial for their business success. This involves business model support and project mentoring for small and medium-size organisations, as mentioned above, as well as advice and training regarding marketing and distribution. This is exemplified first by a quote from an NGO representative and then by a quote from an SBO representative:

‘[SBO] knows how to talk, how to do what—they have [a] big machinery. In our organization, this is run by two people. [...] he actually disseminates leaflets of our marketing and promotion as well as he does a lot of things for us. So this is my long term observation of working with [SBO]’ (NGO representative).

‘These people don’t even know about the internet. We are hoping to create marketing channels for them, marketing strata, there are two ways. One means is through f-commerce [Facebook commerce] and another, e-commerce by the third party’ (SBO representative).

(3) In addition to the two dimensions that show how the SBO genuinely assumes its role as orchestrator—i.e. as the ‘mastermind’ of business models and supplementer of capabilities and knowledge—the dimension of ‘joining resources’ refers more distinctly to the idea of mutuality. Both SBO and micro, small and medium-size social businesses contribute resources to the partnership, which are joined together to essentially make the partnership work. From the SBO side, equity contribution and financial advice in particular are provided by the SBO towards the implementation of a social business idea held by its partners, as well as its professional networks. When looking into the conditions of the financial support provided by the SBO in more detail, the equity share terms differ from partner to partner, but the equity share is usually 50–50 or three-quarters (SBO) to one-quarter (social business partner). Conversely, micro, small and medium-size social businesses bring their own specialised skills, knowledge and knowhow into the partnership. In addition,

small and medium-size organisations use their own networks, equity and third-party resources to strengthen the business model. For example, an NGO representative elaborated:

'We developed the programmes and sold them to universities...those universities financed our project. Students attended free of cost, and we actually did a number of free events with our own money' (NGO representative).

'[...] this was by very experienced staff of ours. We have a lot of BSc engineers, computer engineers and software engineers in our company, and these people conducted the training for a month' (NGO representative).

(4) Finally, an important aspect of creating resource synergies is to define common goals based on the idea of a social business and to disseminate its specificities and values. The SBO raises awareness of the social business model, for example, during social business summits and social business days.

'What we do is, like I have said, many people in Bangladesh are now well aware of social business and the people or companies that conduct them. Then, there are those two events every year. There will be a gathering of about 3,000 people on 28th May. Around 1,000 people will come from all over the world, and the remaining will come from Bangladesh' (SBO representative).

Furthermore, the SBO has built up a reputation as a source of expertise and as a contact point for social business ideas. Thus, interested people or organisations can get in touch with the SBO either directly or via regularly organised 'design labs', i.e. events convening around 150 people that invite presentations of social business ideas. The idea of social business is further diffused by training and teaching activities carried out by micro, small and medium-size social businesses—*'[...] we conducted many different workshops and seminars all over Bangladesh. With social business experts' (NGO representative)*—as well as by micro social businesses recommending the SBO to their peers.

'I heard about [name of the SBO] and their services from another person who got the same funding from [name of the SBO], and then I decided to get in touch with [name of the SBO]' (Micro social business representative).

Figure 2 visualises the link of the codes derived from the data to the codes that can be found in the literature, as well as the procedure of aggregating inductive codes to empirically founded dimensions of the construct of synergy-sensitive resources. The aggregate dimensions refer to both clusters, i.e. micro, small and medium-size social businesses, except for the dimension of SBO driven business model supervision, which is specific to small and medium-size organisations.

[Insert Figure 2 here]

5.2 Enduring collaboration

All SBO–social business partnerships are governed by a mixture of formal and informal mechanisms as facilitators of interorganisational value creation to ensure long-term collaboration. The empirically founded dimensions comprise (1) goal alignment, (2) flexible relationship management and (3) relationship-based trust.

(1) One crucial aspect of governing SBO–social business partnerships is the continuous alignment of goals, which builds on the shared idea of social business, as elaborated upon in the previous subsection. Goal alignment is implemented through continuous social business monitoring by the SBO. The SBO engages in risk management by

identifying, analysing, evaluating and controlling its partnerships' financial information and risks, as highlighted by one SBO representative: *'We get the info on their sales, purchases and expenses every month. This information is then cross-matched with the plan they gave us at the very first'* (SBO representative). In fact, written contracts contain elaborate reporting requirements, ranging from daily reporting to monthly and annual reporting. The information retrieved from these reports, as well as direct phone calls, is complemented and verified by information gained from on-site visits, thereby reducing the risk of manipulation by social business partners. Therefore, monitoring appears to be a formative feature of SBO–social business collaboration, as described in the following quote from an SBO representative:

'She knows that somebody is watching her, her numbers, and these numbers are accumulated in a big server, and it produces reports. It gives you trends, it gives you ups and downs, what happens to your bank balance, why suddenly all the bank balance has disappeared, what happened on that day, you pick up the phone and [...]. So, once you have these numbers, you can play around with it. This is the kind of collaboration that we have' (SBO representative).

In particular, micro social businesses must report quite frequently—usually daily. One micro social business notes that the SBO recommends that she send a text message regarding her sales and inventory daily, although she feels that she does not have time for this. In addition to such requests for information, and particularly if information is missing, the SBO calls or routinely visits its different partners unannounced, with the goal of verifying business development: *'If she doesn't send the report today, my computer will report these are the people who didn't send the report today. So, I will pick up their phone numbers and start calling them'* (SBO representative).

Furthermore, written contracts are a widespread form of formal governance for the collaborations under investigation. Although written contracts might take various forms, their main purpose is to 'officialise' the collaboration. Some of the interviewees indicated that the process of crafting written contracts can be rather time-consuming—up to a year to fully finalise a contract with the SBO. Moreover, the key principles of social business are used as a kind of 'code of practice' that formally guides and regulates partner selection and collaboration between the SBO and its partners, along with stipulations from contracts, agreements and policies. The SBO verifies its partners' continuous adherence to serving society first: *'Social business is mainly for people who have a drive to do something for society. So, thinking about profit here is not a good idea; the main purpose would not be served'* (NGO representative). Finally, equity sharing represents another important form of formal governance for all of the collaborations, as it reduces opportunistic behaviour among all parties involved.

(2) In terms of informal governance mechanisms, relationship-based trust helps govern collaborations between the SBO and small and medium-size social businesses. Our data provides some indication that formal governance through regular meetings, reports and field visits indeed strengthens informal governance through trustful exchanges of information and views with the SBO's contact people, particularly the project mentor. This is expressed by one NGO representative: *'But now, since [name of the SBO] has funded us, they have some focal people who communicate regularly with us, we share our problems, our findings with them'* (NGO representative). In addition, relationship-based trust is reflected in the principle of largely independent management of social businesses. In partnerships between the SBO and small and medium-size organisations, the SBO does not intervene in its partners' day-to-day business. The SBO only provides improvement suggestions and might intervene in financial issues.

'I have to share some information with them about the business, but they don't pressurise us in any way regarding the business. They have complete trust in [name of the social business]. They are observing everything and giving us suggestions' (NGO representative).

The small and medium-size organisations are monitored by the SBO less intensively, although the actual frequency of visits depends on the individual financial situation of the respective business, regarding which an NGO representative points out: *'There are monthly visits [...]. Even if they are not visiting on a regular basis, but by looking at the financials, they can understand which one to visit and which one not' (NGO representative).*

(3) The SBO governs its collaboration with micro social businesses through flexible relationship management. Flexibility is reflected by a personalised and lenient repayment process, which is acknowledged by one micro social business: *'They are not extremely strict and do take into account special circumstances'*. In addition, micro social businesses—in contrast to small and medium-size organisations—can opt out of the partnership by repaying the SBO's investment, plus a 'share transfer fee', which could be viewed as a way to prevent opportunism, as the micro social business can reap all the benefits of a flourishing business by taking this exit strategy. The share transfer fee amounts to 20% of the total value of the social business venture and allows micro social businesses to terminate the partnership with the SBO and continue running the business as a for-profit venture. This fee covers the costs associated with the services provided by the investor, i.e. the SBO, and makes it easy for micro social businesses to buy the shares at face value.

Figure 3 visualises how the codes found in our data link to major deductive categories of governance, namely formal and informal governance. Furthermore, it depicts how the inductive codes are aggregated towards the three dimensions of SBO–social business partnership governance. Two of the three governance dimensions are cluster specific; flexible relationship management refers to micro social business, whereas relationship-based trust refers to small and medium-size organisations.

[Insert Figure 3 here]

6. Discussion

Business has been acknowledged as an instrument for reducing poverty and increasing the standard of living at the BoP in developing and emerging countries (Panapanaan et al., 2016). Nonetheless, business can only fulfil the function of lifting people out of poverty if its purpose and operations benefit local people in their roles as producers, employees and consumers (Paton and Halme, 2007). Social business is one promising approach in this regard, as it aims to maximise social value while being economically sustainable and able to reinvest to develop or scale the business (Yunus, 2008).

Although the social business ventures of multinational players appear to be more easily accessible—for example, through secondary data from books and grey literature sources—and thus more readily available for in-depth analysis by scholars, the majority of social businesses are small and medium-size organisations as well as micro businesses. These types of social businesses, which operate at the BoP, often lack resources and capabilities, such as finance and accounting knowledge, to implement their social business ideas. Therefore, it is a reasonable strategy for micro, small and medium-size social businesses to line up with SBOs, which provide a portfolio of those resources that they themselves are missing (Perks et al., 2017). Consequently, the quality of the collaboration between SBOs

and social businesses largely determines the viability and sustainability of social business ventures and thus the chances of uplifting BoP communities to higher standards of living.

The extant, multiple case study provides insights into how SBOs engage in collaborative relationships with social businesses that are tailored according to the specific endowment and size of partners, thereby highlighting the partnerships' idiosyncrasies (cf. Schuster and Holtbrügge, 2014). Synergies are systematically and proactively created by SBOs filling the skill and knowledge gaps of social businesses, thereby fulfilling the orchestrators' role as service providers for consultancy and training. Knowledge transfer is even more important in resource-poor BoP environments, where educational infrastructure is not readily available for all population groups. Furthermore, SBOs provide continuous support and supervision for the business models of small and medium-size social businesses, thereby assuming the role of business model 'masterminds' (Iansiti and Lakani, 2009; Perks et al., 2017). In contrast, in the case of micro social businesses, the SBO largely ceases to provide extensive knowledge and support beyond financial training, close monitoring and counselling on managing economic risks, and ensuring the business model's viability. This difference appears to be related to the micro businesses' option of eventually leaving the partnership with the SBO, which small and medium-size social businesses do not hold. While the option of acquiring full ownership of his or her business might serve as an additional motivation for micro-business owners to make their (social) business idea a success, it likely makes the SBO limit its investments (e.g., in terms of consultancy) after the set-up phase, presumably to protect itself against opportunistic partnership termination (cf. Dyer and Singh, 1998).

The preponderance of synergistic resources that the SBO rather unilaterally feeds into social business partnerships—namely business model supervision, as well as skill and knowledge padding—reflects the central role of the SBO as a facilitator of social business ideas. There are, however, two additional dimensions of synergy-sensitive resources created through SBO–social business collaborations. First, the principles and values that underly the idea of social business (Yunus, 2008; Yunus et al., 2010) are disseminated from the SBO to all of its social business partners. Subsequently, these partners further diffuse the social business idea through training and teaching in the course of their social business activities and, specifically in the case of micro social business owners, through recommendations to their peers. This helps spread the idea of social business as a tool for tackling major societal challenges that benefits the BoP more effectively and efficiently than charities, traditional corporation-focused CSR (Gold et al., 2018) or philanthropic development aid (Kirchgeorg, and Winn, 2006; Melissen et al., 2017). Second, resources, such as equity, skills, technical knowhow and network support, are joined together bi- and multi-laterally by the SBO–social business partners and additional third parties. This confirms research on business–non-business collaboration within both social business and BoP literature that points to the importance of various business partners contributing complementary resources for achieving overall business success, such as business related knowhow (e.g., production, marketing and distribution), local networks and legitimacy (Idemudia, 2017; Gillett et al., 2018).

In terms of SBO–social business partnership governance, aligning the goals of all actors involved represents a major theme, which is in line with Gold et al. (2018), who identified 'we-feeling' as crucial for mobilising all relevant actors and developing a common vision in BoP community development projects. Goal alignment is accomplished through committing the partners to the same set of (social business) ideas, written contracts, equity sharing and business monitoring. Regarding the latter, it becomes obvious that the SBO monitors its micro social business partners much more closely and more frequently than it does with small and medium-size organisations.

Specifically for partnerships between the SBO and small and medium-size social businesses, relationship-based trust is a form of informal, self-enforced governance. It primarily manifests itself in the largely independent day-to-day management of small and medium-size social businesses and trustful interpersonal interaction with SBO staff, particularly in the frame of the mentoring programme. In contrast, the governance of partnerships between SBO and micro social businesses are characterised by flexible relationship management, namely a personalised and lenient repayment process of micro-credits and the termination option that gives micro social businesses the opportunity to regain full ownership over their businesses, including the option to operate as for-profit businesses.

The analysis of interorganisational governance modes reveals a clear dominance by the SBO. This is related to the SBO's major efforts in monitoring its partners, e.g., through company meetings, reports, visits and calls, which are not reciprocated. Thus, one could characterise the SBO–social business partnership, to a certain degree, as a creditor–debtor relationship, in which the SBO controls its partners through continuous risk management driven by data and facilitated by strong relationships.

The predominance of informal governance in BoP ventures, as highlighted in extant literature, particularly for business–non-business partnerships (Rivera-Santos et al., 2012; Hahn and Gold, 2014), cannot be confirmed for our case of SBO–social business partnerships in Bangladesh, which is characterised by a mixture of formal and informal governance. One might conclude that formal (e.g., reports and meetings) and informal (e.g., trust-based interpersonal relationships) governance mechanisms indeed reinforce each other, as suggested by Cao and Lumineau (2015). Nonetheless, there is a certain preponderance of formal relationship governance, particularly through the SBO's formal endeavours to monitor its partners.

In the literature, there have been mixed findings as to how far interorganisational monitoring actually reduces opportunistic behaviour by the monitored party (Huq et al., 2016). Heide et al. (2007) suggested that opportunism is prevented effectively if monitoring is directed towards output rather than behaviour. In this respect, the SBO's strategy of giving partners far-reaching freedom in terms of implementing their social business ideas, while monitoring sales figures, income levels and other key indicators, appears to be a well-devised management strategy. Other managerial implications, particularly for SBO management, refer to the provision of tailored resources and services to their social business partners. Such a customised approach is predicated upon assessing the resource endowment of partners, which then facilitates purposefully complementing the extant resource and skill base and joining resources together. The diffusion of the principles and norms of running a social business to SBO partners and beyond represents the basis for collaboration as well as a powerful tool for popularising the social business concept among wider society and for recruiting new social business partners.

7. Conclusion

Although this study provides deep insights into SBO–social business collaborations, our multiple case study research approach does not come without limitations. First, the selection of cases followed a snowballing logic that departed from initial interviews with SBO managers, which means that we did not apply a probability sampling approach that could claim representativeness. The analysed social business cases were selected according to pre-defined categories that followed a theoretical sampling approach and resulted in two clusters of social business cases, i.e. small and medium-size organisations and micro social

businesses. Nonetheless, the actual selection of social businesses for inclusion in the present study was partly driven by pragmatic reasons of accessibility, as data collection in a developing-country context, such as that of Bangladesh, is particularly challenging and costly, with deficient infrastructure and institutions that require careful preparation before entering the field. Still, the research team and specific research approach could overcome some of the linguistic and cultural barriers of data collection in Bangladesh, since two of the authors that led the data collection phase are natives of Bangladesh and are familiar with its language and culture. Second, the case study research approach relies on a limited number of cases within a specific country and thus cannot claim representativeness. Nevertheless, our analysis, which aimed at de-contextualising the findings based on theoretical considerations, achieved a certain degree of abstraction from the original study context (Avenier, 2010).

As the study provides first evidence on the resource complementation and governance of SBO–social business collaborations in Bangladesh and draws conclusions for social business partnerships in a BoP setting and beyond, further qualitative assessments on social business orchestration are required to refute, corroborate and/or refine this study’s findings. Moreover, future research could strive to assess SBO–social business partnerships in an explicitly longitudinal way, thereby identifying, describing and explaining distinct collaborative phases and the factors driving the evolution and maturation of this specific type of interorganisational collaboration. Simultaneously, such longitudinal research could identify and scrutinise the considerations that make micro social businesses more likely to terminate partnerships with SBOs and thus emancipate themselves from SBO oversight. Furthermore, future research might need to look more closely at the question of how SBOs use feedback from their social business partners to improve their value propositions for those partners in the future, thereby transforming the current dominant approach using SBO-led monitoring and knowledge transfer into a more equal and balanced relationship involving two-way communication and mutual feedback.

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Tables

Table 1. Overview of the cases of partnerships between the social business orchestrator (SBO) and local partners.

Case clusters	Partner 1	Partner 2	Description
Cluster 1	Case 1	NGO 1	Partnership between the SBO and a small or medium-size organisation, either oriented towards social causes (NGO) or profit-making (firm) to implement a social business model
	Case 2	NGO 2	
	Case 3	NGO 3	
	Case 4	NGO 4	
	Case 5	Firm 1	
Cluster 2	Case 6	Micro social business 1	Partnership between the SBO and micro social businesses to implement a social business model
	Case 7	Micro social business 2	
	Case 8	Micro social business 3	

Table 2. List of interviewees and organisations.

Organisation/ entrepreneur	Interviewees and their positions	Description of activities related to social business
SBO	Leader of Social Business Team	
SBO	Head of Communications	
SBO	Deputy Manager, Communications	
SBO	CEO	Invests in and facilitates the implementation of social business ideas
SBO	Chairman and Founder	
SBO	Manager, Social Business Communications	
SBO	Senior Financial Analyst	
SBO	Head of HR and Administration	
NGO 1	Founder and Managing Director	Focuses on increasing income of rural households, i.e. those living mostly in the chars (isolated river islands), by ensuring that rural women producers get the 'best price' from their produced

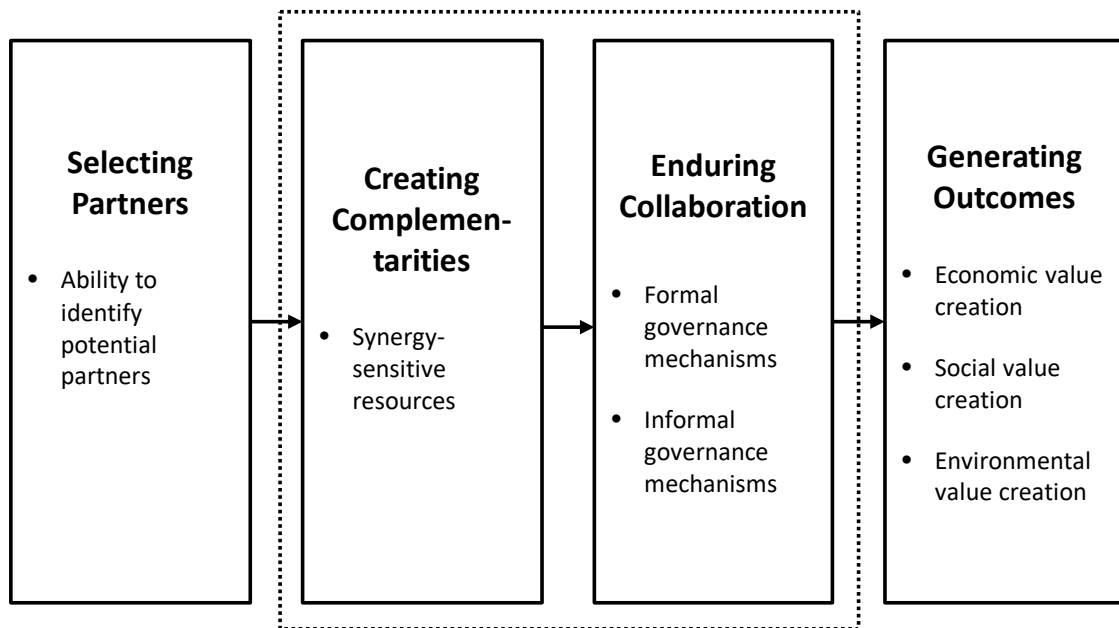
		items (Omani caps in the first phase), either from establishing local market linkage or from exports.
NGO 2	Founder and CEO	Several social business models in parallel: <ul style="list-style-type: none"> - Provides training and workshops on social business. Nurtures social business ideas from youth, helps them find investors and offers mentorship. - Blind people manufacturing notebooks. - Social marketing enterprise (website, web development and social media marketing), with the purpose of supporting businesses with social impacts.
NGO 2	Manager, Operations	
NGO 3	Founder and CEO	Fights climate change by enhancing the functions of plants within the urban ecosystem. Operates a mobile plant nursery to provide agricultural extension services while selling fresh produce.
NGO 3	Coordinator, Communications	
NGO 4	General Manager	Seller of packaged honey purchased from farmers.
Firm 1	CEO	Provides life skills training to the underprivileged and creative arts training to young people and professionals. Runs projects to improve digital literacy and minimise the digital divide in cities and rural areas.
Micro social business 1	Owner	Seller of lungis, an article of casual clothing worn by men in Bangladesh (similar to the Scottish kilts).
Micro social business 2	Owner	Producer and seller of boxes that he supplies to event managers and retailers as well as large sweet makers.
Micro social business 3	Owner	Seller of scrap metal, buying bottles, cans and other scrap metal from hawkers and re-selling it to several wholesalers.

Table 3. Maintaining rigor in the qualitative analysis process.

Criteria	Technique	How the technique was implemented
Confirmability (objectivity)	Detailed description of methods followed	Attempted to provide a complete picture of data collection and analysis, including figures on the coding process.
	Chain of evidence	Conclusions are linked with exhibits of condensed data.
	Multiple sources of evidence	Did not depend on only one source of data but acquired data from multiple managers.
Dependability (reliability)	Full account of theories	Stated research questions clearly and explained theoretical positioning.
	Features of the study design are congruent with research questions	Documented the steps taken throughout data collection and analysis stages.
	A semi-structured interview guide	Refined interview guide through pilot interviews. Recorded interview data by using a digital audio recorder.
	Assurance of meaningful parallelism of findings across multiple data sources	Presented verbatim comments from different participants.
	Peer review/examination	Team of four researchers supervised the data collection and analysis process. We intensively discussed the research within the research team and with colleagues in the field since the start of the research project in autumn 2015.
Credibility (internal validity)	Data display	Used figures to assist in explanation building.
	Triangulation through different data sources	Converging perspectives of managers were pointed out and differences discussed where applicable. We checked each case iteratively and, on an aggregated level, checked both clusters of cases against the source data, i.e. the transcribed interviews and secondary data.
Transferability (generalisability)	Description of characteristics of research setting and sample	Profile of interviewees provided and different types of partnerships included to encourage broader applicability.
	Thick description of findings	Provided an adequately detailed description of research context and findings to allow readers to assess the transferability and appropriateness for their own settings.
	Findings congruent with extant literature	Compared the findings with extant literature to clearly outline contributions.

Figures

Figure 1. The process of interorganisational value creation through collaboration.



Note: Dotted lines encircle the focus of analysis.

Figure 2. Synergy-sensitive resources in SBO–social business collaborations.

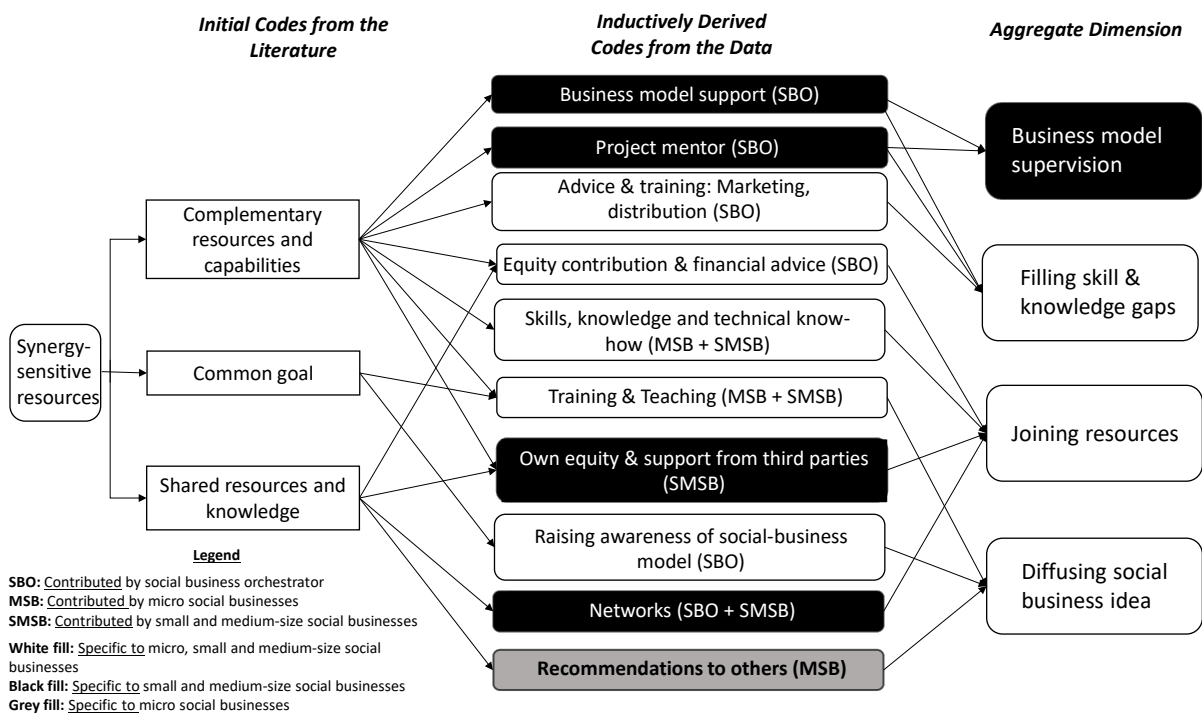
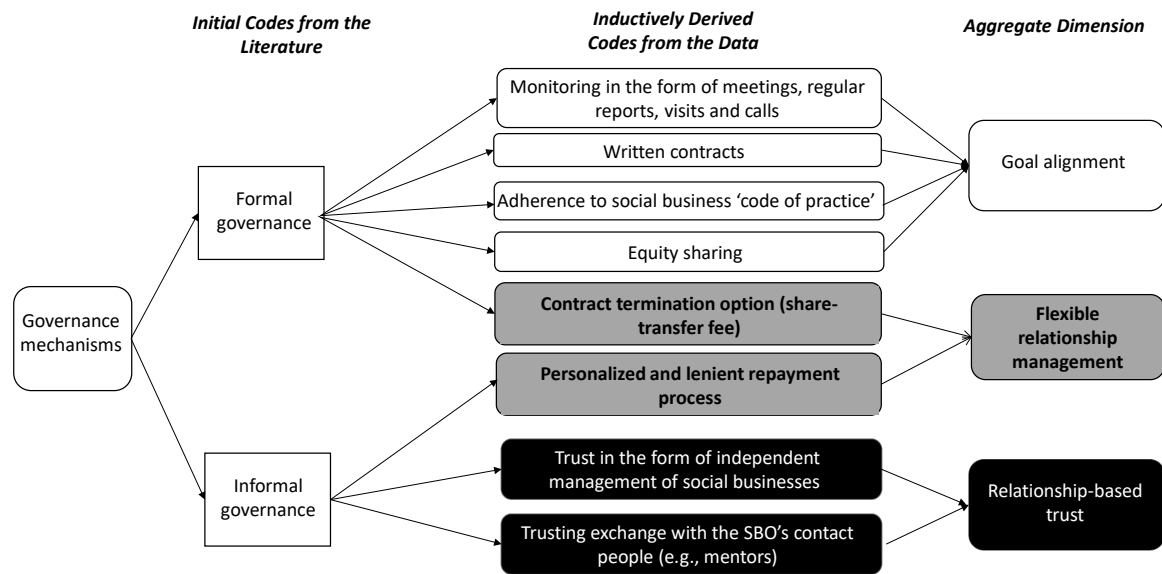


Figure 3. Governance mechanisms in SBO–social business collaborations.



Legend

White fill: Specific to micro, small and medium-size social businesses

Grey fill: Specific to micro social businesses

Black fill: Specific to small and medium-size social businesses