Corporate Social Entrepreneurship at the Bottom of the Economic Pyramid: Antecedents and Outcomes in India

A thesis submitted to The University of Manchester for the degree of Doctor of Philosophy in the Faculty of Humanities

2011

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Abstract

The University of Manchester
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Doctor of Philosophy
Corporate Social Entrepreneurship at the Bottom of the Economic Pyramid: Antecedents and Outcomes in India

2011
Increasingly, developed countries' markets, which are usually characterized by wealthy customers, are getting saturated. This has necessitated that multinational corporations (MNCs) seek new solutions for their future growth and profitability. One of the markets that has attracted the attention of MNCs is the bottom of the economic pyramid (BOP), which comprises four billion people. However, reaching this market, characterized as having a low income of less than $2 a day, is not easily achievable. Corporations have to revisit their prior business models and develop win-win solutions that serve the needs of the poor and create profits. To conceptualize the market-based initiatives of MNCs at the BOP, this research employs the concept of corporate social entrepreneurship (CSE). CSE is defined in this research as the process of innovatively identifying and exploiting social opportunities in large and established organizations with the aim of creating economic and social value. The research questions that this dissertation seeks to answer are concerned with exploring the antecedents and outcomes of CSE. First, built upon three related strands of literature—social entrepreneurship, corporate entrepreneurship and corporate social responsibility—this research attempts to provide a preliminary understanding of the potential antecedents and outcomes of CSE. Then, by employing multiple qualitative and exploratory case studies, CSE and its antecedents and outcomes are empirically investigated in eight multinational companies in India. The research identifies demand conditions and stakeholder expectations as the environmental factors that predict CSE. Three organizational characteristics—management support, a network orientation towards social sector organizations, and the availability of financial resources—are also found to be determining factors. The outcomes are identified as social value creation, long-term profitability and legitimacy. These antecedents and outcomes are theoretically explained and supported by contingency theory, the contingent resource-based view and stakeholder theory.
Declaration

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To my husband, Reza
acknowledgement

First and foremost, I would like to express my profound gratitude to my first supervisor, Professor Rudolf Sinkovics. His support and guidance through all stages of this journey have been invaluable to me, in terms of helping me to conduct a valuable, novel piece of research. I am indebted to him because of his patience in developing and expanding my academic career. He introduced a new research arena, social entrepreneurship, and encouraged and challenged me to devote the three years of my PhD programme to probing, learning about and augmenting this field. I also appreciate his support and assistance with the collection of data in India. His support went much beyond ordinary supervision, as he also trusted my teaching abilities and appointed me as a teaching assistant on a number of courses. In addition, he educated me in how to write successful research funding applications. All in all, without his time, dedication, advice and encouragement, I would never have managed to finish this journey.

I am also thankful to my second supervisor, Professor Mo Yamin, who was there whenever I needed his assistance and supervision. My sincere thanks also go to other members of the Comparative International Business group, particularly Dr. Claudio De Mattos and Dr. Eva Alfordi, who gave me the opportunity to work as their teaching assistant and shared their knowledge and experience with me.

My dissertation could not have yielded meaningful outcomes without a solid empirical basis. I am also thankful, therefore, to Ms. Kalindi Agarwal and Ms. Sonal Bhandari, my Indian friends who facilitated my access to corporations in India. The contributions of all 41 informants from the multinational companies and their social sector partners are also highly appreciated. Without their cooperation, conducting this research would have been impossible.

I would also like to thank the Manchester Business School academics and administration staff, including Professor Catherine Cassell and Ms. Lynne Barlow-Cheetham, Ms. Claire Smith and Ms. Anusarin Lowe in the Postgraduate Research Office.

I also wish to express my gratitude to Dr. Sharon Loane and Professor Perves Ghauri, for their constructive feedback at the Academy of International Business.
conference and to Dr. Ana Maria Peredo and Professor Jonathan Doh, for their instruction at the oikos UNDP Young Scholars Development Academy.

Last but not least, special thanks go to my family. My husband, Dr. Reza Zaefarian, to whom I am forever indebted, has been more than encouraging and supportive of my decision to continue my education to this level in the UK. He was always there when I was desperate and needed some motivation. My parents, Mr. Reza Tasavori and Ms. Farahnaz Salari, and my sister, Mahsa, have always believed in me and inspired me in all of my achievements in life and, of course, in completing my doctoral studies.

Misagh Tasavori
1 Chapter 1-Introduction

1.1 Introduction

This chapter aims to provide an introduction to the research. First, the research background and gaps are explained and the research questions highlighted. Then, a brief overview of the research methodology and the intended contributions is discussed. The chapter ends with a description of the dissertation’s structure and definitions of the key terms in this research.

1.2 Research background: Multinational corporations and the bottom of the pyramid

The increasing capabilities of corporations, as well as saturated markets in many countries, has given rise to large multinational corporations (MNCs) that conduct their business beyond the boundaries of their country of origin. While in the past the activities of MNCs targeted developed countries, now that these markets are saturated, MNCs have turned to developing countries such as India, China and Brazil. In these markets, they have focused on the top of the economic pyramid, that is a wealthy population able to afford similar products to developed markets (Arnold & Quelch, 1998, Prahalad & Lieberthal, 1998). Increasingly, even these top of pyramid markets are becoming saturated all around the world, forcing MNCs to seek new avenues in which to achieve success in terms of growth and profitability.

Despite the dominant poverty in this market, in his book “The Fortune at the Bottom of the Pyramid”, University of Michigan professor, C.K. Prahalad presents a well-reasoned conceptual view, supported by evidence of the initiatives of a number of MNCs, suggesting that companies can make millions even in the lowest economic strata (Hart, 2005, Prahalad, 2004). He invites business leaders to view low purchasing power and poverty as something that may be tackled rather than avoided. He encourages corporations to do business at the BOP to eradicate poverty while achieving their business objective: profit (Harjula, 2005). The key proposition of Prahalad’s work rests on the idea that the future growth of MNCs does not lie in the small high-income market at the top of the pyramid. Rather, it will be built on the mass of low-income people at the BOP (Prahalad, 2009). By citing examples of MNCs that have successfully empowered the poor and developed sustainable business models, he encourages those who want the world to be a better place.

After the phenomenon was highlighted by Prahalad, growing numbers of scholars started to investigate the initiatives of MNCs at the BOP. However, despite Prahalad’s (2004) optimistic predictions about the embedded fortune at the BOP, primary studies illustrated that the failure of MNCs in that market was considerable, due to the fact that the rules of the game were far different from what they were accustomed to (London & Hart, 2004). For example, London and Hart (2004) point out 13 unsuccessful initiatives at the BOP and invite researchers to carry out further investigation and research in this area. Later on, London, Anupindi and Sheth (2010) analysed 64 ventures at the BOP and concluded that corporations should embrace mutual value creation, for both corporations and local producers. Similarly, Rangan, Quelch, Herrero, and Barton (2007) argue that business solutions for the global poor should target the creation of both social and economic value. Others (Crawford-Mathis, Darr, & Farmer, 2010, Simanis & Hart, 2009) advise that innovation at the BOP should involve the poor population and local non-governmental organizations (NGOs). Finally, London and Hart (2010) cast doubt on Prahalad’s proposition regarding the fortune “at” the BOP and argue that next-generation business strategies should focus on business initiatives “with” the BOP population.
1.3 The research questions in this study

Although research about the BOP and the behaviour of MNCs in this market has gained momentum, an enormous amount of research is still required to shed light on MNCs initiatives at the BOP. To take a step towards a better understanding of MNCs’ behaviours at the BOP, this research employs the concept of corporate social entrepreneurship (CSE) (Austin, Leonard, Reficco, & Wei-Skillern, 2005, Austin, Leonard, Reficco, & Wei-Skillern, 2008) and aims to explore its antecedents and outcomes at the BOP in India. Built upon prior definitions of CSE, as well as social entrepreneurship (SE), corporate entrepreneurship (CE) and corporate social responsibility (CSR), CSE is defined in this research as the process of innovatively identifying and exploiting social opportunities in large and established organizations, with the aim of creating economic and social value. India was chosen because it is one of the most populous countries in the world, and accommodates a large BOP population (Hammond, Kramer, Tran, Katz, & Walker, 2007). In addition, the BOP in India has attracted the attention of a growing number of MNCs as a target for market-based initiatives (Jain & Vachani, 2006, Prahalad, 2009).

Specifically, the research questions of this dissertation can be stated as follows:

1. What are the antecedents of CSE at the BOP in India?
2. What are the outcomes of CSE at the BOP in India

To answer these research questions, three pertinent areas have been integrated: SE, CE and CSR. Conducting interdisciplinary research has been emphasized and advocated by many international business scholars (Buckley & Chapman, 1996, Casson, 1988, Casson, 1988). For example, Dunning (1989) views other disciplines as complementary assets which should be integrated to better explain a phenomenon. In the following section, the research gap and the necessity of conducting research on CSE and its antecedents and outcomes is elaborated, in relation to each of these domains: SE, CE, CSR.

1. Research questions and social entrepreneurship perspective
Developing products and services for the subsistence market requires MNCs to perceive social problems such as poverty as opportunities to make a profit (Grayson & Hodges, 2004). In addition, corporations have to find innovative solutions and change their business models and strategies when doing business at the BOP (London & Hart, 2004, Prahalad, 2009). The process of innovatively identifying and exploiting social opportunities (Zahra, Gedajlovicb, Neubaumc, & Shulman, 2008) has been well studied in the field of SE (Chell, Nicolopoulou, & Karatas-Ozkan, 2010, Nicholls, 2008, Peredo & McLean, 2006). SE scholars aim to explain how business practices are employed to address social problems (Neck, Brush, & Allen, 2009, Peredo & McLean, 2006, Zahra, Gedajlovicb, Neubaumc, & Shulman, 2008). By questioning prior approaches used to address complex and persistent social problems, social entrepreneurs adopt innovative solutions in order to make significant and diverse contributions to their communities and societies, and address overlooked social problems (Neck, Brush, & Allen, 2009, Zahra, Gedajlovicb, Neubaumc, & Shulman, 2008).

As in any nascent field, most of the early studies in SE have focused on definitional issues (Mair & Marti, 2006, Martin & Osberg, 2007, Neck, Brush, & Allen, 2009, Peredo & McLean, 2006). Although these endeavours have been illuminating, there is still not much consensus on the definitions and boundaries of SE (Mair & Marti, 2006, Martin & Osberg, 2007, Peredo & McLean, 2006). While some scholars argue that it is limited to non-profit initiatives (Boschee, 1998, Dees, 1998), others claim that it can also refer to for-profit activities that create social value (Austin, Leonard, Reficco, & Wei-Skillern, 2008, Kistruck & Beamish, 2010, Thompson, Alvy, & Lees, 2000). There is also a lack of agreement as to whether SE is limited to the context of small and medium-sized enterprises or can also be used for large, established corporations that pursue both economic goals and social value creation.

To solve this, some scholars in this domain (Austin, Leonard, Reficco, & Wei-Skillern, 2005, Austin, Leonard, Reficco, & Wei-Skillern, 2008) have introduced the term corporate social entrepreneurship (CSE), which is built upon SE and CE (Austin, Leonard, Reficco, & Wei-Skillern, 2005), to refer to the socially-entrepreneurial behaviour of large and established corporations.

As discussed, most of the research in the field of SE has focused on defining the concept and there are not many studies that explore other aspects of SE. Similarly,
there have been only a few attempts to investigate the antecedents and outcomes of SE (e.g., Shaw & Carter, 2007). Meanwhile, the concept of CSE was introduced only recently, and the few articles that refer to CSE are conceptual papers. Therefore, the time is ripe to explore the antecedents and outcomes of CSE empirically.

2. **Research questions and corporate entrepreneurship perspective**

As mentioned in the previous section, to address the debate over whether SE can be applied to the initiatives of corporations, some scholars have suggested that the term CSE be used to refer to SE in the context of large and established corporations (Austin, Leonard, Reficco, & Wei-Skillern, 2005, Austin, Leonard, Reficco, & Wei-Skillern, 2008). Austin, Leonard, Reficco, and Wei-Skillern (2005) indicate that CSE is built upon SE and CE. This proposition is also consistent with the domain of entrepreneurship, which offers the term CE to refer to the entrepreneurial behaviour of large corporations (Burgelman, 1983, Kanter, 1984, Pinchot, 1985, Schollhammer, 1982, Zahra, 1991). Therefore, CE offers a second discipline that can provide the required background for learning about and explaining the behaviour of MNCs at the BOP, and it has been embraced in this research.

CE has usually been viewed as an approach for achieving growth and profitability through product, process, market, or strategy innovation. With considerable social and environmental challenges around the world, successful corporations are envisaging their future success in addressing social challenges through entrepreneurial initiatives. Firms such as Toyota, IKEA, Wal-Mart and GE have learned that implementing CSR strategies is crucial to creating superior value for their customers and creating a competitive advantage for themselves (Esty, 2006, Esty & Winston, 2006). Miles, Munilla, and Darroch (2009, p.67) state that “the time for viewing environmental responsibility and social accountability as simple social issues has now passed; efficient, profitable, environmentally, and socially responsible business strategies and processes have become the business imperatives for the early part of the 21st century”. The necessity of corporations developing entrepreneurial solutions to address social issues has gained the attention of some of the CE scholars (Miles, Munilla, & Darroch, 2009). However, despite the considerable number of studies focusing on CE and specifically the antecedents and outcomes of CE (Antoncic, 2007, Antoncic & Hisrich, 2000, Antoncic & Hisrich,
2001, Zahra, 1986, Zahra, 1993, Zahra, 1991), there is no research on the antecedents and outcomes of CSE. Because of the nature of social problems and the potential challenges involved in seizing them as opportunities, the antecedents and outcomes of CSE may be different from what has been suggested by the existing literature on CE. Therefore, it is important to study the antecedents and outcomes of CE in the context of social problems, in other words what is referred to in this research as CSE.

3. **Research questions and corporate social responsibility perspective**

CSR as a field of study focuses on the responsibility of corporations towards the wider society. Advocates of CSR argue that the focus of a firm’s activities should go beyond its own economic benefits, serving the direct beneficiaries of its operations as well as the community those firms reside in (Freeman, 1984). In this approach towards CSR, businesses are responsible to their stakeholders (1995), where stakeholders are characterized by their “interest, right, claim or ownership in an organization” (Coombs, 1998, p. 289). The initiatives of MNCs at the BOP can also be studied from the CSR perspective, as corporations stakeholders can be considered to include the BOP society, and implement part of their social responsibility by addressing social problems such as poverty (Newell & Frynas, 2007). Rangan and McCaffrey (2006) explain that companies mitigate poverty by targeting disadvantaged populations, offering more choices and improving their quality of life. A number of CSR scholars (Schwab, 2008, Wood, 2008) have also employed the concept of CSE to refer to the activities of corporations that address social problems by developing products and services. Although the concept of CSE was first coined as a new vision for CSR in 2005 (Austin, Leonard, Reficco, & Wei-Skillern, 2005), there are no studies in this domain that explore the CSE phenomenon and shed light on the differences and similarities between it and CSR. For example, although many studies are devoted to identifying the antecedents and outcomes of CSR (Johnson, 2003, Maignan, Ferrell, & Hult, 1999, Orlitzky, 2001, Orlitzky, Schmidt, & Rynes, 2003, Roman, Hayibor, & Agle, 1999), those of CSE have not yet been explored, to the best of the knowledge of the researcher. This research, therefore, bridges this gap in the literature.
1.4 Research methodology

This research investigates the antecedents and outcomes of CSE at the BOP. The study is conducted in India as the country accommodates a large amount of the world’s BOP population (Hammond, Kramer, Tran, Katz, & Walker, 2007). A multiple case study approach (Yin, 2009) has been pursued to answer the research questions. After redefining the concept of CSE, as presented in chapter 2, suitable MNCs in India were identified and interviews were carried out. The interview guides were developed based on the extant literature review, presented in chapter 3, of the antecedents and outcomes of CSR, CE and SE. The interviews were analysed (Ghauri & Gronhaug, 2005), using both within-case and cross-case analysis (Miles & Huberman, 1994), with the help of N-Vivo software (Sinkovics, Elfriede, & Pervez, 2005).

1.5 Intended research contribution

Being multidisciplinary, the findings of this research contribute to several domains:

1) International business

This research studies the behaviour of MNCs at the BOP. Even though the international business literature emphasizes the need to develop new business models in order to enter subsistence economies, the available literature does not provide a systematic review of the nature of the phenomenon, or of the determining factors or outcomes of entering BOP markets. By adopting the concept of CSE and employing three pertinent literatures—SE, CE and CSR—this research aims to identify the environmental drivers and organizational enablers of MNCs at the BOP in India. The findings of this research will also provide a better understanding of the outcomes of the engagement by MNCs in CSE.

2) Social entrepreneurship

This research contributes to the emerging field of SE by extending its boundaries to include large and established corporations. It builds on prior definitions of SE and redefines the concept of CSE, clarifying some of its building blocks. Defining SE in the context of large and established corporations highlights how they can mobilize their resources and contribute towards the achievement of a world without social
problems. In addition, learning about the antecedents and outcomes of CSE will facilitate further research in this area.

3) Corporate entrepreneurship
The concept of CSE, as will be elaborated in the following chapters, can be understood as employing CE to solve social problems. This research reviews prior definitions of CSE and attempts to redefine the concept based on the previous definitions of CE. The empirical findings of this research reveal the antecedents and outcomes of CSE. While there are many studies on these aspects of CE, researchers have rarely focused on employing the insights of CE in the context of social problems. Therefore, this research sheds light on how CE and its antecedents and outcomes may or may not differ when placed in a social context.

4) Corporate social responsibility
Although the term CSE was first coined by CSR scholars in 2005, there has been no specific research in this field dedicated to studying the phenomenon of CSE. The empirical findings of this research on the antecedents and outcomes of CSE reveals how organizations can implement CSR in such a way that creates both social value for societies and economic value for shareholders. In addition, the findings of this research clarify whether the prior findings on the antecedents and outcomes of CSR are applicable to the sub-discipline of CSE.

1.6 Structure of the dissertation
This research is organized as follows. The first chapter has been dedicated to providing background to the research, highlighting the research gap and formulating the research questions. In the second chapter, an attempt is made to review prior definitions of CSE and redefine the concept. To achieve this goal, the related literatures of CSR, CE and SE are reviewed to provide background and a better understanding of CSE. Chapter 3 reviews the antecedents and outcomes of CSR, CE and SE to provide preliminary insights into the potential antecedents and outcomes of CSE. In Chapter 4, the research methodology is explained and justified. Chapter 5 explains the findings from each case and Chapter 6 discusses these findings across cases. The final chapter offers a summary of the dissertation, the research
contributions, its implications for managers, the research limitations and future research directions.

1.7 Definition of key terms

- Bottom of the (economic) pyramid (BOP) refers to the four billion people with incomes of less than $2 per day (in local purchasing power), who reside at the base of the economic pyramid.

- Innovation: Morris et al. (2008, p.54) refer to innovation as the result of innovativeness, which can be defined as “concepts or activities that represent a departure from what is currently available”.

- Opportunity: this has been recognized as feasible, profit-seeking activities that offer an innovative new product or service to the market, improve existing products/services, or imitate a profitable product/service in a less saturated market (Singh, 2001).

- Opportunity identification (or discovery): this refers to perceiving a previously unseen or unknown way of creating a new means-ends framework (2003).

- Opportunity exploitation: refers to acquiring, bundling, and leveraging resources to create value (Sirmon, Hitt, & Ireland, 2007).

- Poverty: defined based on purchasing power parities (The World Bank, 2008) and manifesting in the form of lower levels of life expectancy, higher infant mortality, inadequate food, water, sanitation, housing and education, limited or no employment opportunities, a lack of access to capital, assets, productive resources and social services, and the deprivation of basic capabilities (The World Bank, 2003).

- Social value creation: “social” may be found in everything, and the “value” that social entrepreneurs pursue refers to benefiting “people whose urgent
and unreasonable needs are not being met by other means” (2008, p.62).

Social value creation in this research is understood through four dimensions: social added value, social change, social innovation and empowerment.

- Social opportunity: this is based on two concepts—social problems and opportunity (Grayson & Hodges, 2004)—and refers to social problems that can be considered as opportunities.

- Corporate social entrepreneurship (CSE): the process of innovatively identifying and exploiting social opportunities in large and established organizations with the aim of creating economic and social value.

- Social sector organizations (SSOs) refer to a range of socially-oriented organizations, including development-oriented non-governmental organizations (NGOs), and both for-profit and non-profit small and medium-sized social entrepreneurs whose primary mission is social.

1.8 Chapter summary

This chapter has highlighted the research gaps and defined the research questions. First, the necessity for international business scholars to conduct research into the BOP was pointed out. Then, the concept of CSE was introduced with a view to conceptualizing the market-based initiatives of MNCs at the BOP. Determining the antecedents and outcomes of CSE were announced as the research questions; it was argued that the identification of these factors could also be understood to be a research gap in the related domains of SE, CE and CSR. Intended contributions of this dissertation were highlighted at the end of the chapter.
2 Chapter 2- Redefining corporate social entrepreneurship

2.1 Introduction

The objective of this chapter is to provide a better understanding of the concept of CSE. First, prior definitions of CSE are reviewed to give a preliminary understanding. Then, definitions of CSR, CE and SE, as three domains that are related to CSE, are explained to provide the required background. Building on these areas, the concept of CSE is redefined and the meaning of its components clarified in terms of the aims of this research.

2.2 Prior definitions of CSE

The concept of CSE is quite new in the academic literature and there is not much research dedicated to the concept. The term was first coined by Austin, Leonard, Reficco, and Wei-Skillern (2005), who offer CSE as a new vision for CSR. They define CSE as “the process of extending the firm’s domain of competence and corresponding opportunity set through innovative leveraging of resources, both within and outside its direct control, aimed at the simultaneous creation of economic and social value” (Austin, Leonard, Reficco, & Wei-Skillern, 2005, p.238). Later on, Schwab (2008), in the work “Global corporate citizenship”, describes CSE as the transformation of socially and environmentally responsible ideas into products and services. Wood (2008) refers to CSE in the book “The A to Z of corporate social responsibility”, describing it as the creation or development of new products, services, or market segments to satisfy social needs, innovation in processes or less harmful technologies, or the identification of business opportunities to earn profit while addressing a social challenge.

CSE has also been employed recently in the SE context. In one chapter of the book “Social entrepreneurship: New models of sustainable social change” (Nicholls, 2008), Austin, Leonard, Reficco, and Wei-Skillern (2008) discuss whether SE can apply to corporations, and conclude that large, established, for-profit organizations can also embrace socially entrepreneurial practices to address social problems. They refer to their own prior definition (Austin, Leonard, Reficco, & Wei-Skillern, 2005)
and take CSE to mean “the process of extending the firm’s domain of competence and corresponding opportunity set through innovative leveraging of resources, both within and outside its direct control, aimed at the simultaneous creation of economic and social value” (Austin, Leonard, Reficco, & Wei-Skillern, 2008, p.170).

It is suggested that the concept of CSE is built upon SE and CE (Austin, Leonard, Reficco, & Wei-Skillern, 2005). However, since it was introduced and has been used by CSR scholars, the current research is grounded on all three domains: SE, CE and CSR. Therefore, in addition to the review of CSE definitions, this research investigates the prior definitions of CSR, CE and SE in the following sections and then suggests a new definition for the concept of CSE.

2.3 **Review of definitions in related domains**

2.3.1 **Review of corporate social responsibility definitions**

CSR has different meanings for different people (Votaw, 1973) (see the following table). Although there have been many endeavours to move this concept forward, it is still a vague one for many researchers (Van Marrewijk & Werre, 2003). Some scholars even argue that providing an exact definition of CSR is impossible as it is subject to time and place (Snider, Paul, & Martin, 2003). One of the most cited approaches for defining CSR is that of Carroll (1979). According to him, CSR is built upon four components: economic, legal, ethical, and philanthropic. Economic responsibility views organizations as economic entities whose responsibility is to produce goods and services, as needed by consumers, while making acceptable profits. Legal responsibility entails corporations being expected not only to make profits but also comply with laws and regulations. Ethical responsibility encompasses “those activities and practices that are expected or prohibited by societal members even though they are not codified into law. Ethical responsibilities embody those standards, norms, or expectations that reflect a concern for what consumers, employees, shareholders, and the community regard as fair, just, or in keeping with the respect or protection of stakeholders’ moral rights” (Carroll, 1991, P. 41). Finally, philanthropy embraces “those corporate actions that are in response to society’s expectation that businesses be good corporate citizens. This includes actively engaging in acts or programs to promote human welfare or goodwill”
(Carroll, 1991, P.42). To some, the different levels of CSR are equally important, while others believe that basic responsibilities, such as obeying laws, should not be considered as part of the social responsibility of the firm; according to them, CSRs “begin where the law ends” (Gowri, 2004). This is in line with the perspective of scholars who take CSR to include purely voluntary activities (Gowri, 2004). Similarly, Davis (1973, p.312) defines CSR as “the firm’s considerations of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm to accomplish social benefits along with the traditional economic gains which the firm seeks”. Frederick (1994) observes that CSR is the responsibility of corporations to contribute to the social betterment, whether that obligation is voluntary or coercive. Lantos (2001) classifies CSR activities based on their nature (obligatory versus voluntary), and purpose (whether they benefit shareholders, other stakeholders, or all), labelling them as ethical, altruistic, and strategic. While Lantos’ ethical CSR is similar to Carroll’s (1991) ethical responsibility, and altruistic CSR equates to Carroll’s philanthropic responsibility, strategic CSR satisfies both strategic business goals and the wellbeing of society at the same time (Lantos, 2001). Similarly, Sprinkle and Maines (2010) state that CSR is related to firms’ voluntary endeavours which benefit society. While some of the CSR scholars have not clarified whether firms should seek benefits from their CSR initiatives, others have expressed the view that companies should implement CSR regardless of the benefits. Kok et al. (2001, P. 288), for example, posit that CSR is “the obligation of the firm to use its resources in ways to benefit society, through committed participation as a member of society, taking into account the society at large and improving welfare of society at large independent of direct gains of the company”.

By incorporating some of the elements of prior CSR definitions, a number of scholars have introduced CSE, as a form of CSR. Wood (2008), for example, in “The A to Z of corporate social responsibility”, describes CSE as the creation or development of new products, services, or market segments to satisfy social needs, innovation in processes or less harmful technologies, or the identification of business opportunities through which to earn profits while addressing a social challenge. Schwab (2008) in “Global corporate citizenship” describes CSE as the transformation of socially and environmentally responsible ideas into products and
services. These definitions suggest that CSE follows the strategic approach to CSR (Lantos, 2001) and can be financially beneficial to the firm. Furthermore, these scholars do not limit CSE initiatives to either voluntary or coercive activities.

<table>
<thead>
<tr>
<th>Author</th>
<th>Definition</th>
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<tbody>
<tr>
<td>(Davis, 1973)</td>
<td>Firm’s consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm, in order to accomplish social benefits along with the traditional economic gains which the firm seeks.</td>
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<tr>
<td>(Carroll, 1979)</td>
<td>CSR comprises four components: economic, legal, ethical, and philanthropic.</td>
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<tr>
<td>(Frederick, 1994)</td>
<td>CSR is the responsibility of corporations to contribute to the social betterment through their mainstream and peripheral operations, whether that obligation is recognized and fulfilled voluntarily or coercively.</td>
</tr>
<tr>
<td>(Kok, van der Wiele, McKenna, &amp; Brown, 2001)</td>
<td>Obligation of the firm to use its resources in ways that benefit society, through committed participation as a member of society, taking into account the society at large and improving the welfare of society at large, independent of the direct gains of the company.</td>
</tr>
<tr>
<td>(Mohr, Webb, &amp; Harris, 2001)</td>
<td>A company’s commitment to minimizing or eliminating any harmful effects and maximizing its long-run beneficial impact on society (p.47).</td>
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</table>
| (Kanji & Chopra, 2010) | Operating a business in a socially responsible manner whereby the business:  
- undertakes ethical practices in relation to employment and labour by improving workplaces;  
- is involved in building local communities and communicates with concerned communities regarding the consequences of its policies and products;  
- invests in building social infrastructure;  
- contributes to a cleaner environment, its protection and |
sustainability;
- contributes, by way of its corporate governance, to economic development at large (p.120).

<table>
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<tr>
<th>(European Commission, 2010)</th>
<th>CSR is a concept whereby companies integrate social and environmental concerns into their business operations and into their interactions with their stakeholders, on a voluntary basis.</th>
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<tr>
<td>(Sprinkle &amp; Maines)</td>
<td>CSR is a firm’s voluntary endeavours undertaken to benefit society.</td>
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2.3.2 Review of corporate entrepreneurship definitions

Entrepreneurship in large firms has been described using a variety of terms, including corporate entrepreneurship (Antoncic & Hisrich, 2004, Burgelman, 1983, Guth & Ginsberg, 1990, Vesper, 1984), internal corporate entrepreneurship (Jones & Butler, 1992, Schollhammer, 1981, Schollhammer, 1982), intrapreneurship (Pinchot, 1985), corporate venturing (MacMillan, 1986, Vesper, 1990) and strategic organization renewal (Guth & Ginsberg, 1990, Stopford & Baden-Fuller, 1994). The concept of CE has evolved over the last few decades, and a variety of definitions have been proposed (e.g. see the following table). Broadly speaking, CE has been viewed as entrepreneurial behaviour within existing organizations (Hisrich & Peters, 1995, Jones & Butler, 1992). It has also been used to refer to the development and implementation of new ideas in organizations (Hornsby, Kuratko, & Zahra, 2002) and to capture an organization’s innovation, strategic renewal and corporate venturing (Zahra & Covin, 1995). Guth and Ginsberg (1990) review the literature on CE and conclude that CE embodies the use of two key components, innovation and new business creation, through venturing.
<table>
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<tr>
<th>Author</th>
<th>Definition</th>
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<tr>
<td>(Burgelman, 1983)</td>
<td>Corporate entrepreneurship refers to a process whereby firms engage in diversification through internal development. Such diversification requires new resource combinations to extend the firm's activities in areas unrelated, or marginally related, to its current domain of competence and corresponding opportunities (p. 1349).</td>
</tr>
<tr>
<td>(Hong Chung &amp; Gibbons, 1997)</td>
<td>Corporate entrepreneurship is an organizational process for transforming individual ideas into collective actions through the management of uncertainties (p. 14).</td>
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<tr>
<td>(Guth &amp; Ginsberg, 1990)</td>
<td>Corporate entrepreneurship encompasses two types of phenomena and the processes surrounding them: (1) the birth of new businesses within existing organizations, i.e. internal innovation or venturing and (2) the transformation of organizations through the renewal of the key ideas on which they are built, i.e. strategic renewal (p. 5).</td>
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<tr>
<td>(Jennings &amp; Lumpkin, 1989)</td>
<td>Corporate entrepreneurship is defined as the extent to which new products and/or new markets are developed. An organization is entrepreneurial if it develops a higher than average number of new products and/or new markets (p. 489).</td>
</tr>
<tr>
<td>(Schendel, 1990)</td>
<td>Corporate entrepreneurship involves “the notion of birth of new businesses within ongoing businesses, and . . . the transformation of stagnant, ongoing businesses in need of revival or transformation” (p.2).</td>
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<tr>
<td>(Spann, Adams, &amp; Wortman, 1988)</td>
<td>Corporate entrepreneurship is the establishment of a separate corporate organization (often in the form of a profit centre, strategic business unit, division, or subsidiary) to introduce a new product, serve or create a new market, or utilize a new technology.</td>
</tr>
<tr>
<td>(Vesper, 1984)</td>
<td>Corporate entrepreneurship involves employee initiatives from lower levels in the organization, undertaking something new. An innovation which is created by subordinates without their being asked, expected, or perhaps even given permission to do so by higher management (p.295).</td>
</tr>
<tr>
<td>(Zahra, 1993)</td>
<td>Corporate entrepreneurship is a process of organizational renewal that has two distinct but related dimensions: innovation and venturing, and strategic renewal (p. 321).</td>
</tr>
<tr>
<td>(Zahra, 1996, Zahra &amp; Covin, 1995)</td>
<td>Corporate entrepreneurship — the sum of a company's innovation, renewal, and venturing efforts. Innovation involves creating and introducing products, production processes, and organizational systems. Renewal means revitalizing the company's operations by changing the scope of its business, its competitive approaches or both. It also means building or acquiring new capabilities and then creatively leveraging them to add value for shareholders. Venturing means that the firm will enter new businesses by expanding its operations in existing or new markets (Zahra, 1996, p.1715, Zahra &amp; Covin, 1995, p.227).</td>
</tr>
<tr>
<td>(Morris, Kuratko, &amp; Covin, 2008)</td>
<td>Corporate entrepreneurship is a term used to describe entrepreneurial behaviour inside established mid-sized and large organizations.</td>
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**Internal Corporate Entrepreneurship**

| (Jones & Butler, 1992) | Internal corporate entrepreneurship refers to entrepreneurial behaviour within one firm (p.734). |
| (Schollhammer, 1982) | Internal (or intra-corporate) entrepreneurship refers to all formalized entrepreneurial activities within existing business organizations. Formalized internal entrepreneurial activities are those which receive explicit organizational sanction and resource commitment for the purpose of innovative corporate endeavours — new product developments, product improvements, new methods or procedures (p.211). |

**Corporate Venturing**

<p>| (Biggadike, 1979) | A corporate venture is defined as a business marketing a product or service that the parent company has not previously marketed and that requires the parent company to obtain new equipment, new people or new knowledge (p. 104). |
| (Block &amp; MacMillan, 1993) | A project is a corporate venture when it (1) involves an activity new to the organization, (2) is initiated or conducted internally, (3) involves significantly higher risk of failure or large losses than the organization's base business, (4) is characterized by greater uncertainty than the base business, (5) will be managed separately at some time during its life, (6) is undertaken for the purpose of increasing sales, profit, productivity, or quality (p.14). |
| (Ellis &amp; Taylor, 1987) | Corporate venturing is postulated as pursuing a strategy of unrelatedness to present activities, adopting the structure of an independent unit and involving a process of assembling and configuring novel resources (p.528). |
| (Von Hippel, 1977) | Corporate venturing is an activity which seeks to generate new business for the corporation in which it resides through the establishment of external or internal corporate ventures (p.163). |</p>
<table>
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<tr>
<th><strong>Venture, Internal Ventures, Internal Corporate Venturing, New Business Venturing</strong></th>
<th><strong>Intrapreneurship</strong></th>
<th><strong>Strategic or Organizational Renewal</strong></th>
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<tr>
<td>(Hornsby, Naffziger, Kuratko, &amp; Montagno, 1993)</td>
<td>The term venture may be applied to the development of new business endeavours within the corporate framework (p.30).</td>
<td>Intrapreneurship is the development, within a large organization, of internal markets and relatively small and independent units designed to create, internally test, market, and expand improved and/or innovative staff services, technologies or methods within the organization. This is different from large organizations’ entrepreneurship/venture units, whose purpose is to develop profitable positions in external markets (p. 181).</td>
</tr>
<tr>
<td>(Roberts &amp; Berry, 1985)</td>
<td>Internal ventures are a firm's attempts to enter different markets or develop substantially different products from those of its existing base business, by setting up a separate entity within the existing corporate body (p. 6).</td>
<td>Intrapreneurs are any of the “dreamers who do”, those who take hands-on responsibility for creating innovation of any kind within an organization. They may be the creators or the inventors but are always the dreamers, who figure out how to turn an idea into a profitable reality (p. ix).</td>
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<td>(Stopford &amp; Baden-Fuller, 1994)</td>
<td>New business venturing occurs when “individuals and small teams form entrepreneurial groups inside an organization capable of persuading others to alter their behaviour, thus influencing the creation of new corporate resources” (p. 522).</td>
<td>Strategic renewal involves the creation of new wealth through new combinations of resources (p.6).</td>
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<tr>
<td>(Zahra, 1996)</td>
<td>Venturing means that the firm will enter new business areas by expanding its operations into existing or new markets (p.1715).</td>
<td>Organizational renewal alters the resource patterns of a business so that it can achieve better and more sustainable overall economic performance. To be sustainable, more pervasive effort is needed, involving more than a few individuals and the finance function (p. 522).</td>
</tr>
<tr>
<td>(Zajac, Golden, &amp; Shortell, 1991)</td>
<td>Internal corporate venturing involves “the creation of an internally-staffed venture unit that is semi-autonomous, with the sponsoring organization maintaining ultimate authority” (p. 171).</td>
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Renewal means revitalizing a company’s business through innovation and by changing its competitive profile. It means revitalizing the company’s operations by changing the scope of its business, its competitive approaches or both. It also means building or acquiring new capabilities and then creatively leveraging them to add value for the shareholders (Zahra, 1996, p.1715, Zahra & Covin, 1995, p.227).

Renewal has many facets, including the redefinition of the business concept, reorganization and the introduction of system-wide changes for innovation . . . . Renewal is achieved through the redefinition of a firm’s mission through the creative redeployment of resources, leading to new combinations of products and technologies (Zahra, 1993, p.321).

Antoncic and Hisrich (2000) point out that CE involves the pursuit of creative or new solutions to the challenges confronting a firm, including the development or enhancement of old and new products and services, markets, and the administrative techniques and technologies used in performing organizational functions. Burgelman (1983) indicates that CE may result in activities that are unrelated or only marginally related to the current domain of a firm’s activities. Zahra (1991, P.262) observes that “corporate entrepreneurship may be formal or informal activities aimed at creating new businesses in established companies through product and process innovation and market developments. These activities may take place at the corporate, division (business), functional, or project levels, with the unifying objective of improving a company’s competitive position and financial performance”. Zahra (1995) also explains that CE includes a company’s innovation, renewal and venturing efforts. Morris and Kuratko (2002) stress that CE helps established organizations to manage ongoing change and innovation.

Morris et al. (2008) distinguish between the definition of CE and the forms it can take. They categorize corporate venturing and strategic entrepreneurship as two ‘forms’ of CE. According to them, corporate venturing includes internal corporate venturing, cooperative corporate venturing and external corporate venturing, while strategic entrepreneurship embodies strategic renewal, sustained regeneration, domain redefinition, organizational rejuvenation and business model reconstruction.

Some scholars have conceptualized CE in relation to three main characteristics: innovation, risk-taking, and proactiveness (Covin & Slevin, 1991, Miller, 1983,
Miller & Friesen, 1982, Morris, Kuratko, & Covin, 2008). Innovation entails organizations supporting new ideas, novelty, experimentation, and creative processes that may result in new products, services or technological processes (Lumpkin & Dess, 1996). Risk-taking represents the willingness of managers to make large and risky resource commitments, that is, to engage in projects with a reasonable chance of being costly failures (Miller & Friesen, 1982). Proactiveness embodies an opportunity-seeking, forward-looking perspective, which relies on introducing new products or services before competitors and shaping the environment by anticipating future demand (Lumpkin & Dess, 1996).

However, defining and conceptualizing entrepreneurial activities according to these three dimensions, which was initially suggested by Miller (1983) and employed for a long period of time, has been criticized. Firstly, some entrepreneurship scholars argue that entrepreneurial dimensions are not limited to these three. For example, Lumpkin and Dess (1996) add autonomy and competitive aggressiveness as two other dimensions that should be considered when studying the entrepreneurial orientation of a firm. Secondly, Zahra (1991) indicates that Miller’s instrument captures disposition toward, rather than actual, entrepreneurship. Finally, CE scholars have accused Miller’s approach of failing to capture external entrepreneurial activities (Zahra, Jennings, & Kuratko, 1999) such as external business venturing.

These debates have led to the emergence of a new approach to defining entrepreneurship, and consequently CE, which focuses on opportunity (Venkataraman, 1997). Shane and Venkataraman (2000, P.218) define entrepreneurship as the “examination of how, by whom, and with what effects opportunities to create future goods and services are discovered, evaluated, and exploited”. To be consistent with the entrepreneurship domain, some of the CE scholars have also recently hinged the CE definition on the opportunity concept. In his study of CE, Vintergaard (2005) emphasizes that the opportunity recognition process is crucial in established organizations. Teng (2007) defines entrepreneurship in the context of large organizations as being when a firm actively pursues the recognition and exploitation of opportunities to achieve growth. He also indicates that this definition is in line with the prior conceptualization of entrepreneurship, as pursuing opportunities requires a firm to be risk-taking, innovative, and proactive.
This approach will also avoid the debate over how many dimensions of entrepreneurial orientation firms need to hold in order to be considered entrepreneurs (Lumpkin & Dess, 1996). Defining CE by focusing on opportunities will also prevent criticism from CE scholars that external venturing should be addressed in the CE definition. Oviatt and McDougall (2005, P.539) highlight that “opportunities may be bought and sold, or they may form the foundation of new organizations [internally or externally]”.

2.3.3 Review of social entrepreneurship definitions

As an emerging field, SE also lacks a widespread, accepted definition (Mair & Marti, 2006, Martin & Osberg, 2007, Peredo & McLean, 2006) (see the following table). To some, SE refers to the process of exploring and exploiting opportunities and combining resources in new ways so as to create social value (Mair & Marti, 2006). Others explain it as the provision of new structures to solve social problems (Fowler, 2000) or simply social value-creating activities (Austin, Stevenson, & Wei-Skillern, 2006).

Building upon the entrepreneurial dimension of SE, its definitions can be classified into three different groups. The first strand of literature offers social entrepreneur-centric definitions (Alvord, Brown, & Letts, 2004, Dees, 2001, Martin & Osberg, 2007, Thompson, 2002, Thompson, Alvy, & Lees, 2000). For example, social entrepreneurs have been recognized as possessing ethical fibre, a high degree of social focus, ambition, the ability to continuously adapt, creativity, resourcefulness, resilience and as being visionary leaders (Bornstein, 2004, Dees, Emerson, & Economy, 2001). Elkington and Hartigan (2008) refer to social entrepreneurs by providing a long list of their characteristics. Drayton (2002) identifies social entrepreneurs as change agents, inspired by identifying, addressing and solving societal problems. Similarly, The Skoll Foundation, which invests in social entrepreneurs for systemic change, refers to them as change agents in society (Neck, Brush, & Allen, 2009). Ashoka, a pioneer organization in the field, describes social entrepreneurs as individuals with innovative solutions to social problems (Neck, Brush, & Allen, 2009).
The second approach to defining SE is based on entrepreneurial orientation dimensions (innovativeness, pro-activeness and risk-taking) (Covin & Slevin, 1989, Miller, 1983). Here, researchers have mainly emphasized the role of innovation in SE practices. Alvord, Brown and Letts (2004, P.4) state that “social entrepreneurship creates innovative solutions to immediate social problems”. Austin (2006) describes SE as an innovative, social value-creating activity. Nicholls and Cho (2008) refer to innovation and market orientation as the main entrepreneurial dimensions for SE.

The third category of definitions focuses on the entrepreneurial process or what entrepreneurs do. This approach is more consistent with recent definitions of entrepreneurship (Eckhardt & Shane, 2003, Shane, 2003). Here, entrepreneurs identify social problems as opportunities and offer means of addressing them (Dees, Anderson, & Wei-Skillern, 2004, Thompson, 2002). These definitions are more grounded in the integration of the innovative dimension with the opportunity development process. Mair and Marti (2006) define SE as the process of exploring and exploiting opportunities by mobilizing resources in new ways so as to offer social change or address social needs. Zahra et al. (2008, P.522) point out that “social entrepreneurship encompasses the activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner”.

<table>
<thead>
<tr>
<th>Table 3- Social entrepreneurship definitions</th>
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<tr>
<td><strong>(Austin, Stevenson, &amp; Wei-Skillern, 2006)</strong></td>
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<td><strong>(Zahra, Gedajlovicb, Neubaumc, &amp; Shulman, 2008)</strong></td>
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<td><strong>(Mair &amp; Marti,</strong></td>
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2.4 Redefining corporate social entrepreneurship

Based on Wood’s (2008) definition of CSE, Teng’s (2007) definition of CE and Zahra et al.’s (2008) definition of SE, CSE can be defined as “the process of innovatively identifying and exploiting social opportunities in large and established organizations with the aim of creating economic and social value”. It should be noted that, based on this definition, SE is distinguished from CSE in two ways. First, the underlying assumption when defining SE is that it occurs in small and medium-sized enterprises (SMEs) (Alvord, Brown, & Letts, 2004, Dees, 2001, Martin & Osberg, 2007, Thompson, 2002, Thompson, Alvy, & Lees, 2000) while CSE has been understood in the context of large and established organizations. In addition, SE is pursued by those SMEs whose primary mission is to create social value (Brooks, 2009) but the concept of CSE accepts that both social and economic value are being created. However, in this definition, the “simultaneous” creation of social and economic value has been excluded, on the basis of the findings of this research (this is discussed further in chapters 5 and 6).

There are four main concepts in this definition that require further clarification: social opportunity, opportunity identification, opportunity exploitation, and innovation. The following table summarizes the definitions of these components of CSE.

<p>| Table 4 - The definition of corporate social entrepreneurship in this research |
|-----------------------------|--------------------------|------------------|
| <strong>CSE component</strong>           | <strong>Definition</strong>              | <strong>Source</strong>       |
| Social opportunity          | Social problem + opportunity | (Grayson &amp; Hodges, 2004) |
| ➢ Social problems (in this research) | Poverty, represented by lower levels of life expectancy, higher infant mortality, inadequate food, water, sanitation, housing and education, limited or no employment opportunities, a lack of access to capital, assets, productive resources and social services, and a | (The World Bank, 2003) |</p>
<table>
<thead>
<tr>
<th>Opportunity</th>
<th>Feasible, profit-seeking activities that offer an innovative new product or service to the market, improve existing products/services, or imitate a profitable product/service in a less saturated market (Singh, 2001)</th>
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<tr>
<td>Opportunity identification</td>
<td>Perceiving a previously unseen or unknown way of creating a new means-ends framework (2003)</td>
</tr>
<tr>
<td>Opportunity exploitation</td>
<td>Acquiring, bundling, and leveraging resources to create value (Sirmon, Hitt, &amp; Ireland, 2007)</td>
</tr>
<tr>
<td>Innovation</td>
<td>Concepts or activities that represent a departure from what is currently available. A continuum of innovation either in (1) product/service development or (2) process development (administrative or service-delivery systems, new production or financing methods, different marketing, sales, distribution or procurement approaches, new information or supply chain management systems) (Morris, Kuratko, &amp; Covin, 2008)</td>
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43
2.4.1 Defining social opportunity

Social opportunity is based on two concepts, social problems and opportunity (Grayson & Hodges, 2004), and refers to social problems that can be considered as opportunities. Thus, to understand the meaning of social opportunity, it is important to review the definitions of social problems and opportunities.

2.4.1.1 Defining social problems

While most scholars assume that social problems are clear enough without being defined, a few researchers have attempted to offer a definition and describe the scope of such problems, in order to provide a shared understanding. Bornstein (2004) states that the major social challenges addressed by social entrepreneurs are (1) poverty alleviation through empowerment, for example, the microfinance movement, (2) health care, ranging from small-scale ventures to tackling the HIV/AIDS pandemic, (3) education and training, such as widening participation and the democratization of knowledge transfer, (4) environmental preservation and sustainable development, such as green energy projects, (5) community regeneration, such as housing associations, (6) welfare projects, such as employment for the unemployed or homeless and drug and alcohol abuse projects, and (7) advocacy and campaigning, such as fair trade and human rights promotion. Brooks (2009) understands social problems based on Maslow’s hierarchy of needs. This hierarchy, moving from lowest to highest need, comprises physiological (thirst, hunger, etc.), safety and security, belongingness and love (family and community), self-esteem (achievement and recognition), cognitive and intellectual needs, aesthetic needs, self-actualization (self-fulfilment), and self-transcendence (other-focusedness). From Maslow’s perspective, until the lower needs are satisfied, people will not address the higher ones. Thus, to identify social problems, social entrepreneurs need to determine which level of needs has already been met. Brooks (2009, p. 32-33) goes on to provide examples of SE activities according to this hierarchy; he explains that “social entrepreneurs focus on feeding the hungry, improving safety, bringing together communities, raising self-esteem, educating, promoting aesthetic experiences, helping people to reach their potential, and teaching people to serve others”. It is noteworthy that the underlying assumption behind all the activities of social
entrepreneurs is that they address the urgent needs of disadvantaged groups that have been neglected by other entities (Nicholls, 2008, Young, 2008).

As indicated in the first chapter, the social problem studied in this research is poverty. In its Millennium Development Goals, the United Nations highlights extreme poverty as one of the social problems requiring urgent action (United Nations, 2005).

The most popular definition of poverty is that suggested by the World Bank (2008), which applies a common standard to measure extreme poverty across the world. To convert the nominal value of poverty lines measured in different currencies to a common unit of account, the World Bank uses purchasing power parities (PPPs). PPP can be defined as “the number of units of a country’s currency needed to buy the same amount of goods and services in that country as one U.S. dollar would buy in the United States. Statistically, PPPs are expenditure-weighted averages of the relative prices of commonly purchased goods and services. The weights are derived from expenditures recorded in the national accounts of each country” (The World Bank, 2008, p.2).

National poverty lines are set based on the “cost of basic needs” method. This means that a food poverty line is determined by pricing a food bundle that provides a minimum calorie intake. Then, an allowance for non-food spending is added. Based on this calculation, the latest poverty line lies at $38 per month or $1.25 per day (The World Bank, 2008). Although the number and percentage of people living below the poverty line of $1.25 has declined since 1990, 25% of the world’s population, or 1.37 billion people, still live in poverty, with a further 2.5 billion living on less than $2 per day. This makes a total of almost 4 billion poor (or two-thirds of the planet’s population), which is referred to as the BOP (Prahalad, 2009).

Poverty is not limited to a lack of income and can manifest itself in different forms, no matter whether it occurs in wealthy, developed countries such as the US, or in poor, developing ones (Rangan & McCaffrey, 2006). It can be represented by lower levels of life expectancy, higher infant mortality, inadequate food, water, sanitation,
housing and education, limited or no employment opportunities, a lack of access to capital, assets, productive resources and social services, and a deprivation of basic capabilities (Sen, 1999, The World Bank, 2003). The plight of poverty can be better understood from the following description from the World Bank (2002):

“Poverty is hunger. Poverty is lack of shelter. Poverty is being sick and not being able to see a doctor. Poverty is not being able to go to school and not knowing how to read. Poverty is not having a job, is fear for future, living one day at a time. Poverty is losing a child to illness brought about by unclean water. Poverty is powerlessness, lack of representation and freedom.”

2.4.1.2 Defining opportunity

Eckhardt and Shane (2003) refer to opportunity as the possibility of offering new products or services in such a way that individuals or organizations can sell new outputs at prices that are higher than their production costs. Rae (2007, p.3) offers a broad definition of opportunity as “the potential for change, improvement or advantage arising from entrepreneurs’ action in the circumstances”. It has also been described as meeting market needs, through a creative combination of resources, so as to deliver superior value. Entrepreneurial opportunity has also been recognized as feasible, profit-seeking activities that offer an innovative new product or service to the market, improve existing products/services, or imitate a profitable product/service in a less saturated market (Singh, 2001). In this research, this last definition has been incorporated into the definition of CSE for several reasons. First, it illustrates that products and services offered as a means to solve social problems may be modifications of a firm’s existing products or services. This is in line with the definition of innovation (Morris & Kuratko, 2002), which is explained in the following section. Also, the concept of a less saturated market fits the context of this research, as there are many unresolved social problems around the world (The World Bank, 2008), which could be thought of as representing a huge untapped market. It should be noted that, in the context of CSE, not all initiatives lead to immediate profit making. The social problems that corporations target as opportunities usually represent market failures that have persisted despite repeated attempts by
governments to resolve them (Austin, Stevenson, & Wei-Skillern, 2006). Market failures often stem from the low purchasing power of those who need the service/product (Austin, Stevenson, & Wei-Skillern, 2006) and this explains why they may not look like attractive, profitable opportunities in the first instance. Through CSE initiatives, however, organizations aim to transform these unattractive social problems into profitable entrepreneurial opportunities over a period of time. The following types of opportunity have been recognized by Rae (2007, p.3):

- “a gap in the market for a product or service,
- a mismatch between supply and demand,
- a future possibility which could be recognized or created,
- a problem to be solved, for example by meeting a need,
- a more effective or efficient business process, system or model,
- a new or existing technology or approach which has not yet been applied,
- the transfer of something that works in one situation to another, such as a product, process or business concept, and
- a commodity or experience people would desire or find useful if they knew about it.”

2.4.2 Defining opportunity identification and exploitation

As with the entrepreneurship domain (Bygrave & Hofer, 1991, Venkataraman, 1997), the process of CSE involves opportunity identification and exploitation (Webb, Kistruck, Ireland, & Ketchen, 2010). Opportunity identification, or discovery, refers to perceiving a previously unseen or unknown way of creating a new means-ends framework (2003). Opportunity identification occurs when organizations successfully combine previously distinct knowledge to create new knowledge with which they can offer a product to fill a market gap (Smith & Di Gregorio, 2002). At this stage, organizations explore the idea, the market and the required resources, in order to decide which opportunities are most attractive and which strategies will be most successful (Choi, Lévesque, & Shepherd, 2008). When a good idea has been identified, it should be transformed into a business concept that
will generate revenue for the firm (Lumpkin & Lichtenstein, 2005). In other words, when entrepreneurs have sufficient knowledge to evaluate the viability of an opportunity, they will then shift their attention from opportunity identification to opportunity exploitation (Choi, Lévesque, & Shepherd, 2008).

Opportunity exploitation refers to acquiring, bundling, and leveraging resources so as to create value (Sirmon, Hitt, & Ireland, 2007). Choi (2008) defines opportunity exploitation as developing full-scale operations for products/services identified as opportunities. During the opportunity exploitation process, the firm creates a business model to generate revenue (Block & Macmillan, 1985, Schoonhoven, Eisenhardt, & Lyman, 1990) based on the identified opportunity. This is usually characterized by uncertainty, because companies may not be able to predict changes in demand, or technological, socio-cultural or economic trends (Choi, Lévesque, & Shepherd, 2008). During opportunity exploitation, corporations interact with other market participants and exchange information, which may either encourage or discourage them from continuing to pursue the opportunity (Eckhardt & Shane, 2003).

2.4.3 Defining innovation in corporate social entrepreneurship

Innovation has been recognized by many scholars as the key component of commercial (Casson, 2005) and social (Austin, Stevenson, & Wei-Skillern, 2006) entrepreneurship. Damanpour (1991, P.556) suggests that innovation includes “... the generation, development, and implementation of new ideas or behaviours. An innovation can be a new product or service, an administrative system, or a new plan or program pertaining to organizational members.” According to Burns (2008), innovation can be the substitution of a cheaper material in the production of an existing product, or better marketing of an existing product or service. He states that entrepreneurial firms take advantage of their innovative approach to marketing, finding more effective, often cheaper, routes to market. Kanter (1983, p.20) defines innovation as the “process of bringing any new, problem-solving idea into use.... Innovation is the generation, acceptance, and implementation of new ideas, processes, products, or service”. Morris et al. (2008, p.54) refer to innovation as the
result of innovativeness, which can be defined as “concepts or activities that represent a departure from what is currently available”. Bessant and Tidd (2007) identify four types of innovation: (1) product innovation, which refers to changes in the products and/or services that the organization offers, (2) process innovation, which involves changes in the ways products and/or services are produced and delivered, (3) position innovation, which indicates changes in the context in which products/services are introduced and (4) paradigm innovation, which refers to changes in the underlying mental models that configure what the organization does. Schumpeter (1996), meanwhile, highlights five types of innovation, namely, the introduction of a new or improved good or service, the introduction of a new process, the opening up of a new market, the identification of new sources of raw materials and, finally, the creation of new types of industrial organization. Morris and Kuratko (2002) expand on Schumpeter’s categorization, and introduce a continuum of innovation possibilities. According to them, innovation may occur within product/service development or within process development, and they present a continuum for each of these categories (see the figure below). The continuum of product innovation includes cost reductions for existing products/services, the repositioning of existing products/services, new applications for existing products/services, product/service improvements and revisions, additions to the product/service line, new product/service lines within the company, new-to-the-market products/services and new-to-the-world products/services. The continuum of process innovation entails modest improvements to existing processes, significant revisions to existing processes, the development of minor new processes, and the development of major new processes. Here, processes refer to administrative or service-delivery systems, new production or financing methods, different marketing, sales, distribution or procurement approaches, and new information or supply chain management systems.
This research proposes to use Morris et al.’s (2008) definition, as it is both broad and recent, and to adopt Morris and Kuratko’s (2002) typology of innovation, because it is comprehensive and facilitates the development of an emerging field (Sharma & Chrisman, 1999). According to that typology, in the CSE process, innovation centres on the ability of the firm to make minor to major modifications to its products/processes, in order to solve social problems. Adopting a continuum of
innovation is also in line with some recent studies pointing out that many of the needs of the poor could be addressed through “frugal innovation” (Bhatti, 2010, Li & Kozhikode, 2009). Similarly, Trivedi (2010) argues that radical innovation may not occur in all socially entrepreneurial ventures, as some solutions to social problems may be very simple and not entail much innovation.

2.5 Chapter summary

This chapter aimed to provide a better understanding of the concept of CSE. First, prior definitions of CSE were reviewed to give some background about the previous attempts in this area. Then, definitions of CSR, CE and SE, as related domains to CSE, were reviewed. Finally, CSE was redefined and its components were explained based on the extant literature review. Now that the concept of CSE and its underlying parts have been clarified, the next chapter will review the antecedents and outcomes that have been found in the prior CSR, CE and SE literatures. The literature review presented in chapter 3 suggests potential antecedents and outcomes of CSE, based on those literatures.
3 Chapter 3 - Literature review of antecedents and outcomes

3.1 Introduction

The previous chapter was dedicated to redefining the concept of CSE for the purposes of this research. It was explained that three other areas of research—CSR, CE and SE—can shed light on the CSE phenomenon. Therefore, to answer the research questions, regarding the antecedents and outcomes of CSE, this chapter reviews the antecedents and outcomes of CSR, CE and SE. The aim is to provide a very brief overview of potential antecedents and outcomes of CSE, based on the prior relevant literatures. The key theoretical perspectives underlying these factors are reviewed at the beginning of each section.

3.2 Corporate social responsibility literature

This section of the dissertation starts by reviewing prior key theoretical perspectives employed in the CSR literature, so as to investigate the antecedents and outcomes of CSR. Here, stakeholder theory and the resource-based view of the firm are explained. Then, environmental and organizational antecedents of CSR are pointed out. Previously identified environmental factors include stakeholder expectations, governmental regulations and incentives, and the competitive environment. The key organizational factors determining CSR are organizational structure and firm size, resource availability, corporate culture and organizational ethical climate. The outcomes of engagement in CSR have been identified as the achievement of a competitive advantage, the achievement of organizational commitment, enhanced corporate financial performance, an improved market image, improved legitimacy, and the prevention of or exit strategies from organizational crises. These factors are further elaborated in this section.
3.2.1 Key theoretical perspectives

3.2.1.1 Stakeholder theory

Stakeholder theory (Freeman, 1984) is one of the dominant theories in the CSR literature. It concerns the relationship between organizations and their environment (Chen & Roberts, 2010) and suggests that organizations should take into account the interests of the groups for which they are responsible. This theoretical perspective posits that the “environment” consists of various stakeholders (Chen & Roberts, 2010). An individual or group is considered to be a business unit’s stakeholder when it has one of the following three characteristics: (1) the potential to be positively or negatively affected by the organization’s activities and/or is concerned about the firm’s impact on his/her or others’ well-being, (2) can withdraw or grant resources that are required for the firm’s activities, or (3) when the actor is valued by the organizational culture (Frooman, 1999, Maignan & Ferrell, 2004, Rowley, 1997).

Maignan and Ralston (2002) list the key stakeholders of the firm as employees, customers, shareholders, regulators, and suppliers. Other researchers have broadened this group to include local communities and the natural environment (Bazin & Ballet, 2004, Berman, Wicks, Kotha, & Jones, 1999). Stakeholders have also been categorized into primary or secondary, based on whether their continued participation is absolutely necessary for a business’s survival. Primary stakeholders, comprising employees, customers, investors, suppliers, and shareholders, provide the necessary infrastructure for the firm. NGOs, activists, communities, and governments, as well as general societal trends and institutional forces, are classified as secondary stakeholders because they are not usually engaged in transactions with the focal organization and are not essential for its survival (Waddock, Bodwell, & B. Graves, 2002).

This theory assumes that “all persons or groups with legitimate interests in participating in an enterprise do so to obtain benefits and that there is no prima facie priority of one set of interests and benefits over another” (Mitchell, Agle, & Wood, 1997, P.68). It broadens corporations’ responsibilities beyond the profit maximization function, to include the interests and claims of other beneficiaries, in addition to stockholders (Mitchell, Agle, & Wood, 1997). It allows us to understand
and predict corporations’ behaviour with respect to their stakeholders (Mitchell, Agle, & Wood, 1997). According to stakeholder theory, the behaviour of an organisation can be explained and predicted based on “(a) the nature of its diverse stakeholders, (b) the norms defining right or wrong adopted by these stakeholders, and (c) stakeholders’ relative influence on organizational decisions” (Maignan & Ferrell, 2004, p.5). Therefore, among the various stakeholders in society, managers have to identify the key stakeholder groups whose demands require attention (Mitchell, Agle, & Wood, 1997).

Stakeholder theory also adds that “(1) the impact of each stakeholder group on the organization is dissimilar, and (2) the expectations of different stakeholder groups are not only diverse but also sometimes conflicting” (Chen & Roberts, 2010, p.653). Therefore, one of the key concepts in stakeholder theory is “compromise” which means “giving up certain things to get other things” (Freeman, 1984, p.169). According to Freeman (1984), managers may have to take risks in order to employ initiatives that are counter to previous company policies or practices. Engagement in these types of activities is then the foundation for achieving stakeholder satisfaction and continued support (Donaldson & Preston, 1995). Similarly, Chen and Roberts (2010) suggest that the survival of companies rests upon whether they can understand stakeholders’ concerns and balance their conflicting expectations. Stakeholder theory thus explains the reasons why some of the activities of firms go beyond common business practices (Freeman, 1984) and why some organizations engage in unexpected social or environmental activities (2010).

One of the recognized benefits of incorporating stakeholders’ expectations into the firm’s agenda is legitimacy. Legitimacy refers to “a generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions” (Suchman, 1995, p.574). Pfeffer and Salancik (1978, p.194) state that legitimacy is conferred when a firm’s stakeholders endorse and support its goals and activities. It should be noted that, in stakeholder theory, gaining legitimacy is dependent on the value system of the stakeholders (Chen & Roberts, 2010). Chen and Roberts (2010)
suggest that the legitimacy of a firm can also be represented by the resource flow from the stakeholders to the firm.

3.2.1.2 Resource-based view

When explaining the organizational characteristics of socially-oriented corporations, some scholars have based their argument on the resource-based view (RBV) of the firm. This theoretical perspective suggests that achieving competitive advantage is based on the existence of resources that are valuable, rare, inimitable, and non-substitutable (Barney, 1991, Smith, Vasudevan, & Tanniru, 1996).

The emphasis in RBV is on the firm’s internal resources. The “resource set” or “bundle” of capabilities and resources (Barney & Zajac, 1994) results in superior performance. Firm resources include “all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness” (Barney & Zajac, 1994, p.101). Dollinger (1999) implies that trade secrets, embedded technological knowledge, managerial, marketing and production skills, which are valuable and difficult to imitate, are all resources that can contribute to competitive advantage. Barney (1994) argues that these unique resources can result in a sustained competitive advantage. Competitive advantage emanates from a firm embracing a value-creating strategy before its competitors. Sustained competitive advantage refers to a competitive advantage that competitors are unable to duplicate (Barney & Zajac, 1994).

The first characteristic that a firm’s resources must have in order for it to achieve a competitive advantage is being valuable. Resources are valuable when they enable a firm to implement strategies that enhance its efficiency and effectiveness. According to Barney (1991), resources are valuable and can improve a firm’s performance when they allow the firm to exploit opportunities or neutralize threats. Secondly, value-creating resources should be rare. This means that they should not be owned by a large number of competitors. Firms that possess valuable and rare resources are able to identify and exploit opportunities before their competitors and will enjoy first mover advantage and thus achieve a competitive advantage. However, Barney
Barney (1991) argues that these two characteristics are not sufficient for achieving a sustained competitive advantage. Therefore, he introduces a third criterion: being imperfectly imitable. If a resource is imitable, firms that do not possess it can still obtain it in a short period of time. Barney lists three reasons why a resource could be imperfectly imitable: “1) the ability of a firm to obtain a resource is dependent upon unique historical conditions, 2) the link between the resources possessed by a firm and a firm’s sustained competitive advantage is causally ambiguous, or 3) the resource generating a firm’s advantage is socially complex” (Barney, 1991, p.107). Finally, a non-substitutable resource can be a fourth source of sustained competitive advantage; this means that there are no other strategically-equivalent valuable resources that are neither rare nor imitable (Barney, 1991).

3.2.2 Antecedents and outcomes of corporate social responsibility

3.2.2.1 Antecedents of corporate social responsibility

3.2.2.1.1 Environmental factors

3.2.2.1.1.1 Stakeholder expectations

Arvidsson (2010) reports that increased interest from stakeholders has been one of the primary reasons for organizations incorporating CSR information in their corporate communications. Stakeholders such as customers, employees, communities, groups, and regulators can put pressure on corporations to behave in socially responsible ways (Maignan & Ralston, 2002). Large companies are usually more visible in society and their behaviour on social and environmental issues will be more noticeable (Manakkalathil & Rudolf, 1995, Troast, Hoffman, Riley, & Bazerman, 2002). Studies indicate that MNCs’ activities are even more well monitored and publicized in developing countries (Gifforda & Kestlerb, 2008). Therefore, if they behave in an asocial or unethical manner, they are more likely to suffer and lose their legitimacy (Elsayed, 2006). Islam and Deegan (2008) report that the perceptions of managers about the existence of external pressures—which may emanate from NGOs, the media, and the global community—motivate corporations to engage in CSR activities.
3.2.2.1.1.2 Governmental regulations and incentives

Governments may use their power to encourage or enforce more socially responsible behaviour. They may punish unlawful behaviour or provide incentives for corporations to take desired actions (Keinert, 2008). Sharper governmental legislation has been put in place in recent years in developed countries, which puts pressure on companies to provide written documents on their ethical standards and conduct (Keinert, 2008). One example of a positive incentive is the amnesty policies for self-reporting (Ruhnka & Boerstler, 1998). Another incentive for firms could come from persuading the government to lay down stricter rules on social and environmental issues that they have already been able to meet, thus providing them with an advantage over competitors who have not (Keinert, 2008). Some governmental organizations may also lay down strict rules that corporations have to follow if they want to attend a public auction. This motivates corporations to include strict CSR activities in order to be eligible for future government contracts (Ruhnka & Boerstler, 1998).

3.2.2.1.1.3 Competitive environment

Organizations may engage in CSR activities as a way of stabilizing their situation in a competitive environment. In environment characterized by high uncertainty, dynamism and rapid change, organizations may exploit CSR as a means to obtain the support of stakeholders in order to prevent further uncertainties (Keinert, 2008). Strategic partnerships between corporations and social sector organizations are one example of this type of behaviour (Keinert, 2008). Other scholars argue that, in a dynamic environment, corporations have to cope with a variety of uncertainties, leaving no spare resources that they can allocate to CSR activities (Goll & Rasheed, 2004).

Intensified competition among companies pursuing social and environmental values also increases the likelihood of a firm incorporating a social mission into its field of activity (Keinert, 2008). For example, studies indicate that in the food and cosmetics industries, when one company highlights the ethical or social features of its products,
competitors are often motivated to either imitate them or make further innovations in the same area (Lin & Lin, 2006). When an industry leader undertakes social responsibilities, this may also nurture an ethical climate in the entire industry and persuade competitors to include social responsibility on their agendas (Keinert, 2008).

3.2.2.1.2 Organizational factors

3.2.2.1.2.1 Organizational structure and firm size

Organizational structure has been identified as a factor in the CSR of firms (Keinert, 2008). Studies show that, while highly bureaucratic structures or authoritarian organizations with rigid rules inhibit CSR activities (Neubaum, Mitchell, & Schminke, 2004), more flexible, participative structures produce more socially-oriented climates (Hemingway, 2005).

Firm size has also been recognized as a determining factor. Organizations with a larger size and a larger scale of operation have been shown to incorporate CSR initiatives more often and to better effect than smaller firms (Orlitzky, 2001). The underpinning reasons for this have been described as access to greater amounts of resources, an improved ability to obtain and process social and environmental information, and the possibility of creating a competitive advantage from this information (Keinert, 2008, p.108). Larger organizations can also generate economies of scale from their socially and environmentally responsible investments (Keinert, 2008).

Some scholars argue that a firm’s size is not a determining factor of engagement in CSR per se, but that it is the visibility of the firm that plays the main role. Therefore, MNCs that expand their activities into several countries attract more attention from their stakeholders and have to be more conscientious in taking their demands into account (Orlitzky, 2001).

3.2.2.1.2.2 Resource availability
There is no consensus among scholars as to whether a greater availability of resources results in more engagement with and implementation of CSR. While some claim that there is no significant relationship between the availability of resources and social orientation, others have found a positive relationship (Elsayed, 2006, Keinert, 2008). These latter studies show that the availability of resources is crucial for corporations engaging in CSR activities. When managers have sufficient funding at their discretion, they will be less constrained in their planning and implementation of CSR strategies (Keinert, 2008). Most of the studies on CSR have built their arguments based on the “slack resource” theory. According to this theory, when an organization has a good financial performance, it is more likely to allocate resources to CSR activities (Seifert, Morris, & Bartkus, 2003). The study of Elsayed (2006), for example, confirms the correlation between the availability of resources and the integration of socially-oriented issues into the firm’s strategic planning process.

A number of previous studies confirm that organizations with better financial performance are more likely to engage in socially responsible behaviour than those with weak financial performance (Margolis & Walsh, 2003, Orlitzky, Schmidt, & Rynes, 2003, Walsh, Weber, & Margolis, 2003). This could be because firms that are less profitable have fewer resources to invest in dealing with social issues (Waddock & Graves, 1997).

3.2.2.1.2.3 Corporate culture and organizational ethical climate

The climate of an organization refers to “how things are”; it represents the perceptions, practices and procedures shared among its members. Corporate culture explains “why things are as they are, namely through shared stories, legends, organizational myths, symbols, rituals or language” (Keinert, 2008, p.117). Corporate culture and organizational climate together constitute a basis on which CSR can be fostered or hindered. The climate and culture have important implications for CSR activities as they have a tremendous impact on how business is conducted. The dominant values in an organization affect the employees’ behavioural choices and motivate them to comply with organizational norms and values. This sets out what is “ethically correct” behaviour and how ethical issues
should be treated within the organization, determining what kind of behaviour is discouraged and what kind is accepted and supported (Grojean, Resick, Dickson, & Smith, 2004).

3.2.2.2 Outcomes of corporate social responsibility

3.2.2.2.1 Achievement of competitive advantage

One of the key benefits of incorporating CSR into a firm’s strategy has been identified as the achievement of a competitive advantage. Some scholars state that adherence to social responsibility values as part of a firm’s core business activities results in the creation of intangible assets for the firm. Such scholars advise taking a strategic approach to CSR and suggest that firms “do good in order to do well” (Seifert, Morris, & Bartkus, 2003). One reason for this outcome could be related to the favourable behaviour and support of key stakeholders toward corporations that have incorporated social missions into their agendas (Campbell, Gulas, & Gruca, 1999). From the RBV, differences in firm performance emanate from firms’ key resources which are valuable, rare, non-substitutable, and inimitable. The evidence illustrates that the CSR activities of a firm can enhance or devastate its reputation (Keinert, 2008). A firm’s reputation is a key intangible resource which can create value and its duplication by competitors is virtually impossible (Roberts & Dowling, 2002).

Some scholars argue that another source of competitive advantage through engagement in CSR activities is associated with the cost advantages gained. Corporations can benefit from cost savings when their socially and environmentally responsible behaviour becomes either regulated or an industry standard (Keinert, 2008). Keinert (2008) proposes that, when organizations act on new, emerging opportunities, it is the first movers who will enjoy the benefits. An example of this is that of Chrysler, who lobbied the US Congress to pass tighter environmental regulations on fuel efficiency. Benefiting from its edge in R&D, Chrysler surpassed its main competitor, General Motors, who had not invested in the technology (Husted & Allen, 2000).
Another source of competitive advantage is simply related to the superior revenue of the firm. Engagement in CSR activities can enhance a firm’s market position, increasing sales by creating publicity and enhancing its reputation (Husted & Allen, 2000). Organizations can also gain higher profits by responding early to social demands and acting as CSR pioneers (Keinert, 2008).

3.2.2.2 Achievement of organizational commitment

When organizations engage in CSR activities, they improve their reputation for having high values and ethical standards, which makes them attractive employers and helps them to recruit a highly-qualified workforce (Crowther & Rayman-Bacchus, 2004). In addition, socially-responsible organizations have been shown to be successful in increasing their employees’ loyalty and, consequently, making them more committed to upholding their interests (Salmones, Crespo, & Bosque, 2005). Commitment can be defined as the “strong belief and acceptance of organizations’ goals and values, the willingness to make efforts for the organization, and a strong desire to remain a member of this organization” (Cullen, Praveen Parboteeah, & Victor, 2003). The congruency of individual personal values with an organization’s social values not only decreases the likelihood of employees leaving the organization (Hemingway, 2005), but also determines their performance (Grojean, Resick, Dickson, & Smith, 2004). It also results in greater satisfaction among employees and a higher quality work life (Luthar, DiBattista, & Gautschi, 1997), which is thought to affect employee retention (Lin & Lin, 2006).

The image that a company portrays is also important for potential employees. Undertaking social activities and having an excellent corporate reputation make a company a more attractive place for new workers; they are thus likely to be highly-qualified and motivated to join the workforce (Crowther & Rayman-Bacchus, 2004) and this will further increase the loyalty of the existing employees (de los Salmones, Crespo, & del Bosque, 2005).
3.2.2.2.3 *Enhanced corporate financial performance*

Empirical research has provided credible evidence that more socially responsible companies benefit from new business opportunities through the value they add to their products and services. Recent studies demonstrate that the number of “ethical consumers”, who care about the ethical components of the products they purchase, is growing (Aguilera, 2005) and that more consumers now prefer to buy products and services from more socially responsible firms (de la Cruz Déniz Déniz & Suárez, 2005). Also, ample evidence has been brought forward showing a significantly positive relationship between corporate social performance and financial performance (Seifert, Morris, & Bartkus, 2003). For example, studies illustrate that environmentally friendly companies have better performance in terms of productivity, innovation, market growth, return on investment and overall profitability (Loza, 2004).

3.2.2.2.4 *Improved market image*

Owing to rapid information flow, organizations can improve their image by taking action on the social and environmental challenges of the world (Worthington & Britton, 2003). By doing good, corporations will receive the respect and trust of society (Millar, Ju, & Chen, 2004). The creation of a positive image requires resources and can be expensive and time consuming for organizations (Worthington & Britton, 2003). However, organizations that are perceived to be more socially responsible are more likely to improve their market share and their consumers’ loyalty (Worthington & Britton, 2003).

3.2.2.2.5 *Improved legitimacy*

Legitimacy has been recognized as one of the key benefits of engagement in CSR activities (Bowen, Newenham-Kahindi, & Herremans, 2010, Heugens, Van Den Bosch, & Van Riel, 2002, Morsing, 2005, Morsing, 2006, Wei-Skillern, 2004). It refers to the “generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (Suchman, 1995, p.574). A number of scholars,
building their arguments on stakeholder theory and/or legitimacy theory, have suggested that organizations that engage voluntarily in socially and environmentally responsible activities, gain, maintain or repair legitimacy with relevant stakeholders (Bansal & Clelland, 2004, Cho & Patten, 2007, Deegan, 2002, O’Donovan, 2002). Such scholars argue that organizations should consider society at large, regardless of the direct benefits they can gain from an action. This argument is then justified by the idea that it is the society’s “right to grant or withhold legitimacy depending upon the extent to which the corporation fulfils assigned roles within society” (Logsdon & Yuthas, 1997, p.1221).

3.2.2.2.6 **Prevention of or exit strategies from organizational crises**

Sometimes, an organization may find itself in a crisis due to an unethical situation that has arisen and has the potential to devastate its corporate reputation. Being active and socially responsible can assist companies to come through such crises or even prevent their occurrence in the first place (Grojean, Resick, Dickson, & Smith, 2004). An organizational crisis can be defined as a “specific, unexpected, non-routine event [with the ability to] threaten the organization’s high priority goals, [whilst creating] high levels of uncertainty” (Seeger & Ulmer, 2001, p.369). Evidence indicates that some corporations that have suffered the consequences of a wrong, unacceptable action in the eyes of society have since changed their behaviour and pursued a more proactive social stance. This is sometimes known as the “spotlight effect” which explains the behaviour of corporations as a result of being under public scrutiny due to socially irresponsible behaviour (Spar, 1998).

Engagement in CSR activities can benefit organizations as a preventive measure as well. Through years of undertaking CSR activities, some organizations have established a culture of participation, respect for values, rights and interests, and actual business practices supporting these ideas, all of which may help to prevent crises from occurring. Such organizations can even detect crisis signals early, by listening to internal and external constituencies (Hummels, 1998), and thus take the appropriate action immediately (Simola, 2005).
3.3 Corporate entrepreneurship literature

This section investigates the CE literature and highlights contingency theory as the dominant theory employed in studying the antecedents and outcomes of CE. The antecedents of CE are presented as falling into two categories: environmental factors and organizational characteristics. Both beneficial and hostile environmental factors are pinpointed as predicting CE. Organizational values, open communication, control mechanisms, organizational support, environmental scanning, number of alliances, availability of resources and enhanced corporate performance are the key organizational factors that enable entrepreneurial behaviour in corporations. Finally, the outcome of CE is explained in terms of financial performance. The following sections provide detailed explanations of these factors.

3.3.1 Key theoretical perspective

3.3.1.1 Contingency theory

Almost all researchers in CE have used contingency theory to explain and predict CE and its antecedents and outcomes (Antoncic & Hisrich, 2004, Antoncic & Hisrich, 2001, Zahra, 1993, Zahra, 1991). According to this theory, there is no single best way of managing all organizations. Rather, the most appropriate method depends on a number of environmental and organizational factors and managers need to find the method that best suits these conditions (Miller, Catt, & Carlson, 1996). Therefore, CE scholars tend to explain and predict CE and its antecedents and outcomes by incorporating a set of external environmental variables in addition to internal variables (Antoncic & Hisrich, 2001, Badguerahanian & Abetti, 1995, Zahra, 1991). Contingency theory opens up the organization and suggests how the environment impose itself on the strategic behaviour of the firm (Forsgren, 2008). It places the emphasis on the link between the environment and the internal life of the firm.

According to Forsgren (2008, p73-4), there are three assumptions underlying contingency theory:

1. There is no best way to organize a firm.
2. Not all ways of organizing a firm are equally effective.
3. The best way to organize a firm depends on the nature of the environment to which the organization must relate (Scott, 1981).

These assumptions challenged earlier theories that focused on identifying general principles that were applicable at all times and in all locations. It was argued that these earlier theories overlooked the role of the environment and the fact that some forms of organizational design may be more appropriate in one environmental situation than another. According to this theory, then, achieving a high level of performance requires a fit between the environment and the organizational characteristics (Forsgren, 2008).

Contingency theory has been used by many scholars for the study of organizational design (Donaldson, 1995, Donaldson, 2001). Mintzberg (1979) suggests that, when it comes to designing an organization’s structure, contingency factors should be taken into account. Contingency theory also posits that different types of environmental factors require different organizational characteristics to match a firm’s resources with the opportunities and threats it faces (Aragon-Correa & Sharma, 2003). Thus, the most effective organizational characteristics are those which fit the contingencies. The contingency approach has prevailed among CE scholars for the last few decades.

3.3.2 Antecedents and outcomes of corporate entrepreneurship

3.3.2.1 Antecedents of corporate entrepreneurship

3.3.2.1.1 Environmental factors

The external environment of the firm has been recognized as an important determinant of CE (Covin & Slevin, 1991, Khandwalla, 1987, Miller, 1983). The external environment not only offers new opportunities but also poses complex challenges, to which firms must respond creatively (Covin & Slevin, 1991, Miller, 1983, Zahra, 1991). Environmental conditions are usually assessed in terms of whether the environment is munificent (favourable) or hostile (unfavourable), in the CE literature the munificent environment is usually conceptualized using four

3.3.2.1.1 Munificent environmental factors

The first factor, environmental dynamism, has been recognized as being conducive to CE. Dynamism has been described as the persistence and continuity of change which provides new opportunities for a firm to offer new products or establish new ventures (Antoncic & Hisrich, 2000, Zahra, 1993). Changes in the social, political, technological, and economic environment open new windows of opportunity for the firm and spur its quest for new innovative strategies to seize these opportunities. Secondly, industry growth indicates the firm’s perception of the future growth or decline of an industry. When companies feel that the growth rate of an industry is declining, they will pursue entrepreneurial strategies in order to survive (Harrigan, 1985). The predicted future decline of an industry will move organizations towards embarking on renewal initiatives to redefine their business concepts (Zahra, 1993). Equally, high market growth will encourage engagement in CE (Hobson & Morrison, 1983). Demand for new products is another pull factor for CE, and supposedly compels companies to introduce new products (Zahra, 1993). Finally, changes in an industry’s competitive structure and related technologies are viewed as being influential, intensifying CE (Antoncic, 2007, Guth & Ginsberg, 1990, Khandwalla, 1987). Technological opportunities arise from a technological push (Scherer, 1980).

3.3.2.1.2 Hostile environmental factors

Hostile or unfavourable environmental conditions can also stimulate CE. An unfavourable environment tends to threaten the position of organization and compel the pursuit of CE (Zahra, 1991). When organizations are faced with unfavourable environmental conditions, they may engage in intensive marketing and advertising activities in order to keep their existing customers and expand their market.
increase in hostility may even encourage organizations to develop novel business ideas to improve their business models (Zahra, 1991). As stated above, environmental hostility has been conceptualized into two dimensions: unfavourability of change and competitive rivalry. Unfavourability of change has been described as the extent of the perceived unfavourability of the environment in relation to a company’s goal and mission, which encourages corporations to change their strategies (Zahra, 1993). Competitive rivalry reflects the intensity of competition. In a competitive environment, companies have to explore new opportunities and innovate in both products and processes in order to differentiate themselves from their competitors (Zahra, 1993). Intensive competitive rivalry has thus been recognized as a predictor of CE, especially through innovation (Adler, 1989). Both unfavourability of change and increased competitive rivalry have been recognized as being positively related to CE (Antoncic & Hisrich, 2000).

### 3.3.2.1.2 Organizational characteristics


#### 3.3.2.1.2.1 Organizational values

Kanter (1984) suggests that a combination of emotional and value commitment can enhance innovativeness in an organization. Organizational values represent managers’ philosophies and ideals, which guide employees’ behaviour (Zahra, 1991). These values can persuade individuals to generate new ideas, knowledge and solutions (Wong, 2005).
Organizational values are also thought to have a positive association with CE (Kanter, 1989). Two types have been emphasized: individual-centred values and competition-centred values. Individual-centred values are those values that encourage new idea generation and risk-taking by employees. Competitive values refer to the perceived appropriate strategy in pursuing an organization’s goals. Those organizations that encourage an aggressive response to changes and opportunities in the environment are expected to foster entrepreneurial behaviour (Zahra, 1991).

3.3.2.1.2.2 Open communication

Open communication and information flows are key factors (Chadam & Pastuszak, 2005, Wong, 2005) fostering CE (Kanter, 1984, Pinchot, 1985) and innovativeness (Bowen, 2004) in organizations. To promote CE, managers should emphasize the importance of new ideas at all levels of the organization. Open communication facilitates the generation and introduction of new ideas and cultivates innovation and creativity among employees (Rule & Irwin, 1988, Zahra, 1991). Communication also promotes interdisciplinary cooperation (Kanter, 1986), which brings together the various talents required for the pursuit of viable CE (Zahra, 1991). Further, it helps employees to learn about industry trends as well as threats and opportunities in the external environment (Zahra, 1991). The higher the quantity and quality of communication, the more successful are larger companies in initiating and implementing CE (Peters & Waterman, 1982, Zahra, 1991).

3.3.2.1.2.3 Control mechanisms

Control mechanisms are expected to be positively related to CE. The control and evaluation system used to monitor CE can intensify it (Kuratko, Hornsby, Naffziger, & Montagno, 1993), especially in terms of the selection of entrepreneurial projects (Kanter, 1989). However, excessive reliance on formal control will inhibit entrepreneurial activities (MacMillan, Block, & Narasimha, 1984, Zahra, 1991) and the pursuit of CE (MacMillan, Block, & Narashima, 1986) because it may frustrate creative employees if they have to follow too many procedures in order to receive support for their ideas (Zahra, 1991). Therefore, increased formal control has been proposed as being negatively associated with CE (Zahra, 1991).
3.3.2.1.2.4 Organizational support

Organizational support has been recognized as one of the most important antecedents of CE (Antoncic, 2007, Antoncic & Hisrich, 2004, Antoncic & Hisrich, 2000, Antoncic & Hisrich, 2001, Zahra, Jennings, & Kuratko, 1999). The generation, exploration and development of new ideas should be supported by an organization’s resources. Findings suggest that management involvement (Merrifield, 1993), top management support, commitment, and the style, staffing and rewarding of venture activities (MacMillan, Block, & Narashima, 1986) play a profound role in the implementation of CE. Training and trusting individuals to detect opportunities can also spur CE (Demirbag, Koh, Tatoglu, & Zaim, 2006, Stevenson & Jarillo, 1990). Organizational support in terms of management support, work discretion, rewards, time availability, and loose intra-organizational boundaries, are also seen as crucial organizational factors affecting CE (Kuratko, Montagno, & Hornsby, 1990).

3.3.2.1.2.5 Environmental scanning

Environmental scanning refers to the formal endeavours of the firm to collect and analyse data related to its external environment (Daft, Sormunen, & Parks, 1988). Investigating industry trends and changes will highlight environmental opportunities and threats and stimulate innovativeness and new business venturing that respond properly to environmental conditions (Zahra, 1991). It helps corporations to gather necessary feedback from customers and employees (Chong, Chong Siong, & Heng Ping Yeow, 2006). Environmental scanning has been recognized as being conducive to CE as it facilitates the timely discovery of changes in the industry (Zahra, 1991). It is also crucial for organizations in hostile environments as it enables them to forecast new developments (Khandwalla, 1977).

3.3.2.1.2.6 Number of alliances

Antoncic and Hisrich (2004) show that the number of alliances is also conducive to CE. They expand the set of organizational characteristics that are antecedents of CE to incorporate strategic alliances and a firm’s relationship with others in its network.
They measure the number of strategic alliances an organization has with other firms. Collaboration with other firms is generally adopted as a strategy for innovation and especially for new product/service development (Smith, Dickson, & Smith, 1991).

3.3.2.1.2.7 Availability of resources
A number of scholars have also emphasized the availability of resources, both time and financial (Kuratko, Montagno, & Hornsby, 1990). It is important that employees are allowed to spend part of their working hours on developing new ideas. When employees do not perceive an availability of resources, they will not engage in innovative initiatives (Das & Teng, 1997, Hornsby, Kuratko, & Zahra, 2002, Slevin & Covin, 1997, Stopford & Baden-Fuller, 1994). Burgelman and Sayles (1986) also indicate that the availability of slack resources persuades employees to take more risks.

3.3.2.2 Outcomes of corporate entrepreneurship

3.3.2.2.1 Enhanced corporate performance
Improved organizational outcomes in terms of growth and profitability have been proposed as being a result of CE (Covin & Slevin, 1991, Zahra, 1995, Zahra, 1991). New product or service development has been found to be a key success factor that differentiates successful from unsuccessful companies (Auruskeviciene, Salciuviene, Kazlauskaite, & Trifanovas, 2006). CE entails the exploitation of opportunities that complement or extend the existing business of the firm and will result in the better utilization of resources and improved firm performance (Zahra, 1991).

Whereas most of the CE literature is based on cross-sectional studies, Zahra and Covin (1995) conduct a longitudinal study to investigate the long-term implications of entrepreneurial behaviour. Based on data collected over a seven-year period, their research illustrates that CE has a positive impact on the financial performance of the firm. Their findings suggest that this effect on performance tends to be modest over the first few years but increases over time. According to them, entrepreneurial
activities pay off to a greater extent when organizations are operating in hostile environments (as opposed to benign environments).

3.4 Social entrepreneurship literature

There is a dearth of research in the field of SE investigating its antecedents and outcomes. However, in defining SE, most scholars have referred to social value creation as the outcome of socially entrepreneurial behaviour. Therefore, in this section of the dissertation, this factor is further elaborated.

3.4.1 Outcomes of social entrepreneurship

3.4.1.1 Social value creation

For social entrepreneurs, social value creation is the key outcome that they are seeking (Dees, 1998, Nicholls, 2008) and this has been emphasized in definitions of SE (Brooks, 2009). However, few researchers have clarified the definition and dimensions of social value creation. Some have referred to it solely as value created by solving social problems. Dees (1994) illustrates that social entrepreneurs solve social problems, serve disadvantaged groups in society and offer socially important goods. Others have referred to social impact alongside social value creation and have developed a variety of qualitative and quantitative instruments. Elkington (2001) refers to Triple Bottom Line accounting, Kaplan (2002) highlights the Balanced Score Card for not-for-profits, Sawhill and Williamson (2001) explain a concept called the Family of Measures, Zadek (1998) refers to social reporting and, finally, Nicolls (2004) describes a quantitative approach named Social Return on Investment. Despite these efforts to explain social value creation and social impact, none of these approaches have been completely accepted (Nicholls, 2008). After reviewing a number of SE definitions, Zahra et al. (2008) conclude that the measurement of SE should encompass both social and economic values. They propose the term total wealth creation, including both tangible and intangible outcomes. Tangible outcomes refer to economic wealth and intangible outcomes mainly relate to social wealth creation. However, in their definition, they acknowledge that measuring social wealth creation is difficult because the services
and products that social entrepreneurs offer are non-quantifiable. They add that determining the value that social entrepreneurs create is very subjective and varies from one context to another (Baker, Gedajlovic, & Lubatkin, 2005).

In an attempt to develop a more harmonized definition based on shared knowledge and new evaluative practices, rather than a more scientific metric-based regime, Young (2008, p.62) introduces social value creation and states that “social” may be found in everything and the “value” that social entrepreneurs pursue relates to benefiting “people whose urgent and unreasonable needs are not being met by other means”. He then conceptualizes social value using four types of social value creation.

By adapting his work, this research defines social value creation using four dimensions: social added value, empowerment, social change and social innovation. Social added value is a common feature among all the activities of social entrepreneurs as they address neglected and deep-rooted social problems. There are various examples of this. Kid's Company is an institute working with street children and troubled young adults. To solve the social problem of a lack of attachment, the company has asked its staff to bring love to their work as well as their professional skills. It is hope that this will provide a sense of belonging among the intended beneficiaries. Empowerment refers to improving the incomes of disadvantaged people by, for example, creating employment opportunities for those who are seen as taboo, dysfunctional or undeserving, educating them to develop their skills, or helping them to earn more money from their existing businesses (2008). An example is Green Hotel in the south of India which provides environmental and social tourism and has employed abused women. Social change mainly focuses on transforming practices, structures, beliefs and deep-rooted cultural prejudices (2008). Sometimes, poor people are trapped in their own traditional mindset or do not easily accept new technologies that may improve their lives. Social change, thus, refers to educating people in order to change their traditional understanding and behaviour. An example of this would be educating people about the use of mobile technology and how it can offer new solutions in the lives of the poor. The fourth aspect of social value creation is social innovation which means creating social value by employing fewer resources.
to achieve better outcomes and solving insoluble problems. Innovation here refers to combining existing elements in a new way in the lives of the disadvantaged group, rather than within organizations. An example is the work of International Development Enterprise in India that has brought cheap, simple, and durable water pumps to poor farmers, helping them to reduce their agricultural costs and earn more money (2008). By employing innovative solutions, poor people can benefit from solutions that will reduce their living costs. For example, when trapped in poverty, people usually have to pay higher interest rates on loans borrowed from intermediaries. However, if banks were to offer financial services to the poor at lower interest rates, poor people would be able to achieve their goal (accessing money) at a lower cost (lower interest rate).

3.5 Chapter summary

The overall objective of this chapter has been to review the literatures related to the research topic, in order to gain a deeper understanding of potential antecedents and outcomes of CSE. Although the analysis of the literature provides some important insights and background to the present study, it does not present the final picture and does not specifically identify the key antecedents and outcomes of CSE at the BOP. As the literature review demonstrates, the antecedents and outcomes of CSE could vary depending on which of the three domains of CSR, CE and SE is most dominant in CSE. These factors can be identified and explored by conducting empirical research. Therefore, the next chapter explains the methodology used to seek answers to the research questions of this study.
Chapter 4- Research methodology

4.1 Introduction

The methodology chapter is designed to outline the overall strategy of the research. It begins by stressing the epistemology and ontology that suit the research questions. It then provides more details about the qualitative strategy selected for this research, namely, multiple case studies. The selection criteria are explained and the company cases are introduced. The chapter concludes with an elaboration of the data analysis process and a discussion of the credibility, transferability, dependability and confirmability of this research.

4.2 Epistemology and ontology of the research

Epistemology refers to “what constitutes acceptable knowledge in the field of study” (Saunders, Lewis, & Thornhill, 2007, p.102). Two common epistemological foundations are positivism and interpretivism (Saunders, Lewis, & Thornhill, 2007). Positivism relies on “working with an observable social reality and that the end product of such research can be law-like generalisations similar to those produced by the physical and natural science” (Remenyi, Williams, Money, & Swartz, 1998, p.32). Positivist research is committed to value-neutrality, which means that the researcher is external to the process of data collection and his feelings do not affect the data collection process. Remenyi et al. (1998, p.33) explain that the “researcher is independent of and neither affects nor is affected by the subject of the research”.

In contrast to positivism, the advocates of interpretivism believe that social science is fundamentally different from natural science. Therefore, the subjects of study in social science—people and institutions—require a different approach to that used to study the natural world (Bryman, 2004). According to interpretivists, social science is too complex to be understood in the same way as natural science (Saunders, Lewis, & Thornhill, 2007). Gill and Johnson (2002, p.168) explain that “human beings are able to attach meaning to the events and phenomena that surround them, and from these interpretations and perceptions select courses of meaningful action which they are able to reflect upon and monitor”. This causes different people to
have different understandings of the same physical artefacts, institutions, or human actions (Lee, 1991). Contrary to positivists, interpretivist researchers are very much concerned with the context-specific and attempt to observe people in their natural settings so as to have a better understanding of how the social world is created and maintained (Neuman, 2006). While the emphasis of positivists is on the explanation of human behaviours, the interpretivists look for an understanding of human behaviour (Bryman, 2004) and emphasize making sense of the differences between humans (Saunders, Lewis, & Thornhill, 2007). As a result, interpretivist social researchers favour qualitative methods and spend considerable amounts of time with the research subjects (Mason, 2002, Neuman, 2006). The differences in the underlying assumptions of the positivist and interpretivist positions lead to researchers pursuing different strategies, that is deductive and inductive approaches. In the positivism approach, deductive researchers use existing theory and what is known about a particular phenomenon to develop hypotheses which are then tested to confirm or reject their validity. Further developments and, where necessary, revisions of the theory are then made on the basis of the research findings (Bryman, 2008, Saunders, Lewis, & Thornhill, 2007). Positivist researchers, therefore, favour precise quantitative data, obtained using experiments, surveys, and statistical analysis, so as to generate objective research (Bryman, 2008, Neuman, 2006). In the inductive approach used by interpretivists, on the other hand, researchers are interested in exploring the phenomenon in question (David & Sutton, 2004) in order to develop theoretical concepts and propositions (Schut, 2006).

This study adopts an interpretive philosophy because of the exploratory nature of the research topic and the limited number of previous studies on CSE. Moreover, understandings of the antecedents and outcomes of CSE are very subjective and depend very much on the meaning attached to them by the interviewees and interviewer. In order to answer the research questions, no determinism can be assumed as the CSE phenomenon has been studied by none of CE, SE and CSR researchers and, as a result, a more exploratory approach, with no pre-determined theory from which to drive hypotheses, is favoured. It should be noted that, with this perspective, the researcher still attempts to interpret the social world within a social
scientific framework and analyze data in the light of the “concepts, theories and literature of a discipline” (Bryman & Bell, 2007, p.21).

Ontology refers to the nature of social entities and answers the question of “whether social entities can and should be considered objective entities that have a reality external to social actors, or whether they can and should be considered social construction built up from the perceptions and actions of social actors” (Bryman, 2004, p.16). These two stances are referred to as objectivism and constructionism, respectively (Bryman, 2004). According to social constructionism, different people attach different meanings to phenomena based on their backgrounds and cultural preconceptions (Crotty, 1998). The social constructionist view is particularly appropriate for this research as it is consistent with the interpretivist approach and implies that CSE and its antecedents and outcomes can be perceived as socially-constructed phenomena, behind which there is no single objective truth. Thus, the findings of this research depend on both the respondents’ experiences or perceptions—which are influenced by socially-embedded meanings arising from their national and corporate cultures— and the researcher’s interpretations.

4.3 Research strategy: Quantitative or qualitative research

The research strategy, in terms of whether it involves quantitative and/or qualitative research, refers to the general orientation of the manner in which the research is conducted (Bryman, 2004). Quantitative research is based on the collection and analysis of quantifiable data and has the following characteristics (Bryman, 2004, p.19):

- entails a deductive approach to the relationship between theory and research, in which the accent is placed on the testing of theories,
- has incorporated the practices and norms of the natural scientific model and of positivism in particular, and
- embodies a view of social reality as an external, objective reality.

On the other hand, qualitative research emphasizes words rather than numbers and has the following characteristics:
• emphasizes an inductive approach to the relationship between theory and research, in which the emphasis is placed on the generation of theories,
• has rejected the practices and norms of the natural scientific model, and positivism in particular, in preference for an emphasis on the ways in which individuals interpret their social world, and
• embodies a view of social reality as a constantly shifting emergent property of individuals’ creation (Bryman, 2004, p.20).

Hair et al. (2007) outline the differences between quantitative and qualitative strategies, as demonstrated in the following table.

<table>
<thead>
<tr>
<th>Table 5- Comparison of quantitative and qualitative approaches</th>
<th>(source: (Hair, Moeny, Samouel, &amp; Page, 2007, p.152))</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
<td>Quantitative approach</td>
</tr>
<tr>
<td>Purpose:</td>
<td>Collect quantitative data</td>
</tr>
<tr>
<td>Properties:</td>
<td>More useful for testing</td>
</tr>
<tr>
<td></td>
<td>Provides summary information on many characteristics</td>
</tr>
<tr>
<td></td>
<td>Useful in tracking trends</td>
</tr>
<tr>
<td></td>
<td>More structured data collection techniques and objective ratings</td>
</tr>
<tr>
<td></td>
<td>Higher concern for representativeness</td>
</tr>
<tr>
<td></td>
<td>Emphasis on achieving reliability and validity of measures used</td>
</tr>
<tr>
<td></td>
<td>Relatively short interviews</td>
</tr>
<tr>
<td></td>
<td>Interviewer questions directly, but does not probe deeply</td>
</tr>
<tr>
<td></td>
<td>Large samples</td>
</tr>
<tr>
<td></td>
<td>Results relatively objective</td>
</tr>
</tbody>
</table>

Traditionally, quantitative methods have been favoured over qualitative ones, due to their popular image as the more scientific and structured approach, based on numbers (Ghauri & Gronhaug, 2005, Hakim, 2000). Recently, there has been growing appreciation of the qualitative approach because of the richness of data that it can offer (Flick, 2009). Specifically, it has been acknowledged that international
business requires more exploratory and theory-generating research rather than empirical testing (Mendenhall, Beaty, & Oddou, 1993, Osland & Osland, 2001, Wright, 1996). Sinkovics et al. (2005) highlight the importance of conducting qualitative exploratory research in international marketing and entrepreneurship, as such research requires open, creative and flexible research designs.

To answer the research questions in this study, a qualitative approach has been adopted as such methods are more appropriate than quantitative methods when seeking to understand the inherent nature of a phenomenon (Denzin & Lincoln, 2005, Ko de & Norbert, 1998, Van Maanen, 1983). Hair et al.’s (2007) comparison of the purposes and properties of qualitative versus quantitative research methods, as illustrated in the above table, clearly demonstrate why the qualitative method is appropriate for this study. A qualitative approach also allows for flexibility in terms of a continual renegotiation of the central dimensions of a piece of research (Easterby-Smith, Thorpe, & Lowe, 2002). Such an approach goes beyond understanding the observable behaviour (the ‘what’), revealing the meaning and beliefs underlying that behaviour (the ‘why’ and ‘how’) (Buckley & Chapman, 1996). It should be noted that qualitative research has also been criticized for having certain limitations. For example, it has been argued that qualitative research is not scientific enough, is too ‘feminine’ in nature and is generally unreliable (Hornby & Symon, 1994, Marschan-Peikkari & Welch, 2004).

4.4 Research design

The research design refers to the framework employed for the collection and analysis of data. It is also described as “the overall plan for relating the conceptual research problem to relevant and practicable empirical research” (Ghauri & Gronhaug, 2005, p.56). The choice of research design reflects the priority given to each dimension of the research process (Bryman, 2004). Bryman (2004) outlines five prominent research designs: experimental, cross-sectional, longitudinal, case study and comparative. This research adopts an exploratory, qualitative case study design, which will be explained and justified in the following sections.
4.5 The case study strategy

The term “case” refers to the study of a location or an organization (Bryman, 2004). The case study strategy can be used to provide descriptions, test theories, or generate theories (Eisenhardt, 1989). Since qualitative research better suits the research questions of this study, the case study approach is used to explore and generate propositions. Within a case study, the goals are to examine the setting (Bryman, 2004) and understand the inherent dynamics of the case (Eisenhardt, 1989). Case study research has been suggested as particularly useful when (1) “how”, “why”, or exploratory-type “what” questions are being asked, (2) the behaviour of the research subjects cannot be controlled by the researcher, (3) the research is focused on a contemporary phenomenon (Ghauri & Gronhaug, 2005, Perry, 2001, Yin, 2009), and (4) the area of research is novel or in its early stages (Eisenhardt, 1989). The case study approach has also been recognized as being engaging, rewarding, stimulating and intellectually challenging (Ghauri, 2004, Pauwels & Matthyssens, 2004, Stake, 1995). Many scholars assert that case study research is appropriate when the research aims at exploring a relatively unknown subject (Eisenhardt, 1989, Eisenhardt & Graebner, 2007, Gerring, 2007, Ghauri, 2004, Ghauri & Firth, 2009, Walton, 1992, Yin, 2009). The key reasons for pursuing a qualitative case study approach in this research can be summarized as follows: the nature of the research questions (exploratory “what” questions), and the contemporary and novel phenomenon being studied.

This research employs a multiple-case approach, as this facilitates replication logic, whereby each case is used to confirm/disconfirm inferences drawn from the other cases (Yin, 2009). Although the potential generalizability of qualitative research is limited, multiple-case research provides more chance of this than single-case studies (Creswell, 2007, Ghauri, 2004, Yin, 2009). The multiple-case study approach has also been acknowledged as the most important research method in the field of international business (Andersen & Skaates, 2004, Pauwels & Matthyssens, 2004, Warren, 2002).

It should be mentioned that case study research is not without weaknesses. Yin (1994) criticizes some case study research, stating that their findings may be affected by the investigator’s biased point of view. Yin (1994) also asserts that conducting
case study research is remarkably difficult, even though it has been referred to as a ‘soft’ approach. He adds that the softer the research strategy, the harder it is to carry out. Weick (1979, P.38) is also critical of case studies, saying that researchers may fall into the trap of “describing everything, and as a result describe nothing”. Instead, to enhance the quality of case study research, he suggests “invest[ing] in theory to keep some intellectual control over the burgeoning set of case descriptions”. Reliance on theory will also enhance the explanatory power of case studies (Dubois & Gadde, 2002).

4.6 Selection of cases
Qualitative research relies on purposive rather than random sampling (Bryman, 2004). Purposive and theoretical sampling are often used interchangeably and the only difference is that purposive sampling is not theoretically driven (Silverman, 2006). Random sampling, on the other hand, is used for quantitative methods, when the aim of the research is to produce generalised findings about a population (Auerbach & Silverstein, 2003). There are a variety of approaches that can be used for purposive sampling in qualitative research, including both within-case and across-case sampling (Miles & Huberman, 1994). In this study, cases were selected on the basis of criterion sampling (Kuzel, 1992), which is one of the strategies that can be used for purposive sampling (Patton, 2002). Companies were selected that met a set of a priori criteria important to the research. These criteria were as follows: (1) employing CSE practices and addressing poverty at the BOP; this criterion was selected and applied based on the CSE definition as explained in the previous chapters (details of the CSE initiatives of each firm and how they fit into the CSE definition are provided in the analysis of each case); (2) being an MNC; this criterion was applied because the aim of this research is to provide a better understanding of the behaviour of MNCs in the field of international business; (3) operating in India. Statistics show that most of the world’s poor live in Africa, South Asia, Eastern Europe, Latin America and the Caribbean (Hammond, Kramer, Tran, Katz, & Walker, 2007). India was selected as it is one of the most populous countries and accommodates a significant portion of low-income population (Hammond, Kramer, Tran, Katz, & Walker, 2007). In addition, globalization and the presence of MNCs have significantly alleviated poverty in India (Jain & Vachani, 2006, The World
Based on these criteria, potential companies were identified, contacted and invited to participate in the research. The interviews were carried out up to the point of theoretical saturation (Glaser & Strauss, 1967). This means that further company cases were interviewed to obtain a better perspective on the answers of research questions. Interviewing more companies continued until the explanations heard from a new company case were quite similar to the previous companies that were interviewed. Bryman (2004) and Eisenhardt (1989) refer to theoretical saturation as conducting no more interviews when the phenomenon is observed in previous interviews, and the incremental learning is minimal. This resulted in interviews with eight MNCs engaged in the implementation of CSE projects. This number is also consistent with the optimal number of case studies (Eisenhardt, 1989). Scholars suggest using between four and ten cases in multiple-case study research (Eisenhardt, 1989), as the generalizability of findings may be limited with fewer than four cases, while the complexity and volume of data may cause problems when using more than ten cases (Eisenhardt, 1989).

Since there are not many MNCs in the world engaging in CSE initiatives at the BOP, companies were selected from a variety of industries. The selection was also determined by whether access could be gained. Selecting companies from a range of industries also provides a broader understanding (Kistruck & Beamish, 2010) and enhances the generalizability of the research findings and the extent to which they can be replicated. For the purposes of this research, priority was given to interviewing MNCs’ subsidiaries in India, as they are more closely involved in CSE. In addition, insights gained from the subsidiaries were confirmed or added to by interviewing managers from the company headquarters where access could be obtained. It should also be mentioned that no further interviews were conducted within each case once theoretical saturation about the CSE activities of the firm had been achieved. This will be further elaborated in the data collection section. During the interview process and primary analysis, it was found that interviewing the social partners of the MNCs could improve the quality of the research and provide a more comprehensive picture. Therefore, when time and budget allowed, interviews were also conducted with the MNCs’ partners in order to corroborate the research findings. In this research, a range of socially-oriented organizations, including development-oriented non-governmental organizations (NGOs), and for-profit/non-
profit small and medium sized social entrepreneurs whose primary mission is social, are all referred to as socially-oriented organizations (SSOs). The following table gives an overview of the companies interviewed.

<table>
<thead>
<tr>
<th>Company</th>
<th>Western/Local MNC (W/L)</th>
<th>Field of activity</th>
<th>CSE initiative</th>
<th>Interviewed partner</th>
</tr>
</thead>
<tbody>
<tr>
<td>MNC #1</td>
<td>W</td>
<td>Finance and insurance</td>
<td>This company offers insurance, banking, and asset management in India. It has started offering micro-insurance for the most vulnerable people in rural areas.</td>
<td>SSO A</td>
</tr>
<tr>
<td>MNC #2</td>
<td>W</td>
<td>Financial services</td>
<td>As a financial service provider in India, this company has established a foundation dedicated to enhancing the lives of the poor. They provide financial education to micro-finance institutions so that they can meet the financial needs of the low-income population. Another initiative offers livelihood programmes to empower poor people.</td>
<td>SSO B, SSO C</td>
</tr>
<tr>
<td>MNC #3</td>
<td>W</td>
<td>Fast-moving consumer goods</td>
<td>MNC#3 is one of the largest producers of fast-moving consumer goods in India, with products such as soaps, tea, detergents and shampoos. The CSE initiatives of the company are based on providing affordable and accessible products to rural areas to meet the needs of the poor.</td>
<td>---</td>
</tr>
<tr>
<td>MNC #4</td>
<td>W</td>
<td>Telecommunication, internet, computer software</td>
<td>MNC#4 is engaged in the manufacturing of mobile devices and in converging the internet and communications industries. To bring underprivileged people into the mainstream, the company has produced affordable handsets and provided applications for mobile phones with the aim of empowering the poor.</td>
<td>SSO D</td>
</tr>
<tr>
<td>MNC #5</td>
<td>L</td>
<td>Banking, financial services</td>
<td>As one of the major banking and financial service providers in India, this company has established a foundation and provides a variety of programmes to enhance the lives of the poor, including banking services, health, education and others.</td>
<td>SSO E</td>
</tr>
<tr>
<td>MNC #6</td>
<td>W</td>
<td>Human resources consultancy</td>
<td>As a human resources consultancy, this firm finds job opportunities in the market and trains poor people so as to enhance their qualifications and chances of obtaining these jobs. It also provides entrepreneurial education for poor women, to encourage them to start their own micro-enterprises.</td>
<td>---</td>
</tr>
<tr>
<td>MNC #7</td>
<td>W</td>
<td>Electronics</td>
<td>This company offers consumer electronics, domestic appliances, lighting, medical systems, and medical technology. Built upon its superior design capabilities, the company has designed a smokeless stove for the rural population.</td>
<td>---</td>
</tr>
<tr>
<td>MNC #8</td>
<td>W</td>
<td>Mobile telecommunications</td>
<td>MNC#8 offers mobile networks and telecom services in India. The company has invested in remote rural areas in order to provide network access for villagers. It has also developed very cheap handsets to bring the benefits of mobile phones to the low-income population.</td>
<td>SSO D</td>
</tr>
</tbody>
</table>
4.7 Accessing organizations

After identifying potential cases, one of the most challenging parts of this research was gaining access to the corporations engaged in CSE. Difficulty in gaining access to organizations has been highlighted by many qualitative researchers (Bryman, 1988, Easterby-Smith, Mark, & Jackson, 2008). Collecting data for quantitative research can be difficult as well. However, personal interviews and other aspects of qualitative research tend to take up more of the respondent’s time, and thus persuading people to participate in the research can be very difficult, requiring the researcher to develop a relationship with each respondent (Macdonald & Hellgren, 2004). The difficulties were exacerbated in this study, as the subjects were large corporations located in India.

After several months of unsuccessful formal attempts to access the corporations, several Indian students studying at Manchester Business School agreed to facilitate the process through their networks. Although this was helpful, the success rate was unsatisfactory. Therefore, an additional strategy was pursued. Managers working in the headquarters of the companies, based in Europe, were contacted and invited to participate in the research. After interviewing them, I asked for their help in accessing the Indian subsidiary of their company.

It should be mentioned that, in order to increase the chances of gaining access to these organizations, a letter introducing the research, signed by my first supervisor, was sent via my Manchester Business School email address (Saunders, Lewis, & Thornhill, 2009). This strategy assured the organizations of the credibility of the researcher and the research. The School’s ethical form was also signed and conformity with Manchester Business School’s Code of Ethics was emphasized in our correspondence so as to assure the participants of confidentiality, both for the companies and the interviewees (Taylor & Bogdan, 1998). Anonymity and confidentiality were promised by email and again in person when the interviews took place. Despite the challenges involved in gaining initial access to each organization, further interviews were easier to arrange, facilitated through the assistance of the first respondent (Ghauri & Firth, 2009).
4.8 Data collection

4.8.1 Primary data

Primary data was collected using interviews, which is probably the most widely employed method in qualitative research because of the flexibility that it offers (Bryman, 2004, Bryman & Bell, 2007, Silverman, 2010). An interview can be defined as a process “where the data and findings are based on direct researcher-to-respondent conversations (in person or by phone)” (Daniels & Cannice, 2004, p.185). The importance of the interview is pinpointed by Burgess (1982, p.107): “[the interview] is … the opportunity for the researcher to probe deeply to uncover new clues, open up new dimensions of a problem and to secure vivid, accurate inclusive accounts that are based on personal experience”. An interview is usually conducted to obtain an understanding of the interviewees’ perspective, which entails not only what their perspective is but also why they hold it (King, 2004, Kvale & Brinkmann, 2009). Daniels and Cannice (2004) highlight three conditions under which the use of interviews is advantageous. First, interview-based research is optimal for exploratory and theory-building studies and when there is little or no pre-existing theoretical bias (Eisenhardt, 1989, Parkhe, 1993). Second, it is well-suited to a situation where there is a small population of respondents and interviews can provide depth rather than breadth (Johanson, 2004). Third, interviews are useful when building a rapport with respondents is necessary in order to gain honest responses and accurate information. Qualitative interviews also allow the researcher to probe the respondents’ attitudes and values, difficult to obtain by other means (Byrne, 2004). Further, the flexibility of interviews allows the researcher to repeat and explain any misunderstood questions (Bailey, 1994).

In spite of the advantages that the interview method offers, it has a number of weaknesses. It is time-consuming and difficult to ascertain the underlying assumptions of the respondents. Further, the researcher’s bias may impact the data collection and analysis (Kumar, 2005). Daniels and Cannice (2004) argue that conducting interviews in a foreign country may even require additional interpersonal skills. Despite some of the disadvantages of interviews, its advantages outweighed them in the case of this research. The method is consistent with the nature of the
research questions, which is exploratory, compensates for the paucity of prior research on CSE, and fits the small number of MNCs that engage in CSE activities.

Interviews can be categorized as being structured, semi-structured, or unstructured (Saunders, Lewis, & Thornhill, 2007). In structured interviews, the researcher asks a predetermined and standardized set of questions (Ghauri & Gronhaug, 2005). Structured interviews are also referred to as survey research (Ghauri & Gronhaug, 2005), allowing the researcher to collect data in a uniform pattern, which facilitates the comparison of answers and enhances generalizability (Hesse-Biber & Leavy, 2011). Semi-structured and unstructured (or in-depth) interviews are usually referred to as qualitative research interviews (King, 2004). In semi-structured interviews, the researcher has a list of themes or questions to be asked, often referred to as the interview guide (Bryman, 2008, Bryman & Bell, 2007). The interview guide serves as a “brief list of memory prompts of areas to be covered in unstructured interviews and more structured list of issues to be addressed or questions to be asked in semi-structured interviews” (Bryman & Bell, 2003, p.324). It should be noted that the researcher may decide to change the order of the outlined questions or explore some extra questions, based on the answers given by a particular organization (Saunders, Lewis, & Thornhill, 2007). In comparison, in unstructured interviews, the researcher does not have a specific list of questions but has a clear idea of the aspects that he/she wants to explore. This gives the interviewee the opportunity to talk about the investigated issues freely (Bailey, 2007).

The form of interview selected depends on the purpose of the research. In descriptive studies, for example, structured interviews are favoured as they allow the researcher to identify general patterns, while in exploratory research, semi-structured and unstructured interviews have been suggested as ways to “find out what is happening [and] to seek new insights” (Robson, 2002, p.59). Considering the research questions of this study, semi-structured interviews were preferred. Two interview guides (Bryman, 2008, Bryman & Bell, 2007) were developed. The first one included the list of questions to be covered in interviews with MNCs (see appendix 1) and the second one was prepared for interviewing SSOs (See Appendix 2). The list of questions for interviewing MNCs was developed based on the existing literature on
the antecedents and outcomes of CSR, CE and SE in previous chapters. However, an
interview guide for SSOs was developed during the process of conducting interviews
with MNCs and noting the critical role of SSOs in the process of CSE
implementation. Therefore, the aim of questions targeting SSOs was to develop
further learning about their role in the CSE process and confirm some of the
responses of MNCs (e.g. regarding networking with SSOs, social value creation and
legitimacy). It should be mentioned that the interviewees were also allowed to
describe areas that had not previously been considered. Furthermore, this method
gave the researcher the opportunity to probe their answers, where further explanation
was required. This is particularly crucial when pursuing an interpretivist
epistemology and when aiming to understand the meaning that the respondents
attach to a phenomenon (Saunders, Lewis, & Thornhill, 2007).

4.8.1.1 Pilot interview

As mentioned, two interview guides were employed, which included the list of
questions to be covered in all interviews (see appendix 1 and appendix 2). Interview
guides were further completed and developed after the pilot study. A pilot interview
was conducted to test the suitability of interview guide questions with MNCs and to
enhance the ability of the researcher in carrying out interviews. Examples of
practical issues that were improved through a pilot study include timing of the
interview and the employed etiquettes. Most importantly, the questions developed
from the literature review were tested and where necessary they were re-worded. In
addition, some aspects of CSE phenomenon and/or antecedents and outcomes of
CSE that were not explored sufficiently in the literature review were modified.
In summary, carrying out the pilot study was helpful in the following areas:
• improving the interview guide – questions were added and re-worded
• enhancing researcher’s ability to introduce herself and the project to the respondent
• refining some practical techniques such as interviewing technique, asking for
secondary information and observing the surroundings and body language
• boosting the ability to build relationships with interviewees and asking for
introductions to other informants in the company
A pilot study was conducted with a person attending oikos UNDP Young Scholars Development Academy conference in 2009, where the researcher was also attending. He was a middle level manager working in an MNC headquartered in France which was engaged in CSE initiatives in Africa.

It should be mentioned that interview guide for interviewing SSOs was developed during the process of carrying out actual interviews with MNCs. Therefore, no pilot study was implemented for those questions even though the questions were modified and further elaborated after conducting some interviews with SSOs.

4.8.1.2 Selection of respondents

In order to obtain a holistic view of the subject, more than one senior level manager, involved in the firms’ projects at the BOP, was interviewed from each company. These are summarized in the following table. Multiple informants mitigate subjective bias (Golden-Biddle & Locke, 2007) and result in a richer and more elaborate model (Carson, Gilmore, Perry, & Gronhaug, 2001, Perry, 2001). The positions of the interviewees included a corporate sustainability manager, brand manager, design manager, sales and marketing manager, head of foundation, project manager, rural manager and corporate communication manager in both global and regional headquarters of the companies. When selecting interviewees, the researcher attempted to cover different fields of expertise, in order to obtain a more comprehensive view of the research topic (Eisenhardt & Graebner, 2007). Several strategies were pursued to gain access to these interviewees. After one person in a firm had agreed to participate in the research, he/she was then asked to identify another key respondent involved in CSE activities. This process continued until theoretical saturation had been reached in each case. This means that the process of interviewing more respondents in each company continued until the story heard from the interviewees covered all aspects and no new information was revealed in the interviews. This method of data collection within each case is compliant with snowball sampling (Kuzel, 1992, Patton, 1990). Snowball sampling is a form of convenience sampling where the researcher makes initial contact with a small group of people who are relevant to the research topic, then uses this group to establish contacts with others (Bryman, 2004).
<table>
<thead>
<tr>
<th>Company</th>
<th>Headquarter/Subsidiary (H/S)</th>
<th>Interviewee’s position</th>
<th>Number of interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>MNC #1</td>
<td>H</td>
<td>Head of Micro-Insurance Project</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>S</td>
<td>Associate Vice President, Business</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>S</td>
<td>Senior Vice President, Head of Business</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>S</td>
<td>Head of General Insurance for the Company's Rural Business</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>S</td>
<td>Head of Corporate Communications</td>
<td>1</td>
</tr>
<tr>
<td>MNC #2</td>
<td>S</td>
<td>Vice President, Head of Foundation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>S</td>
<td>Programme Director</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>S</td>
<td>Senior Project Manager (of technical assistant)</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>S</td>
<td>Senior Project Manager (of livelihood programme)</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>S</td>
<td>Vice President, GBM Credit Risk</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>H</td>
<td>Head of Community Programmes</td>
<td>1</td>
</tr>
<tr>
<td>MNC #3</td>
<td>S</td>
<td>Corporate Sustainability Manager</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>S</td>
<td>Regional Brand Manager, South Asia</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>S</td>
<td>Senior Brand Manager</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>S</td>
<td>Brand Manager</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>S</td>
<td>Head of Corporate Social Investment</td>
<td>1</td>
</tr>
<tr>
<td>MNC #4</td>
<td>S</td>
<td>India’s Environmental Manager</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>S</td>
<td>Theme and Programme Head</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>H</td>
<td>Head of Corporate Social Investment</td>
<td>1</td>
</tr>
<tr>
<td>MNC #5</td>
<td>H</td>
<td>Vice President</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>H</td>
<td>Consultant, CSR</td>
<td>1</td>
</tr>
<tr>
<td>MNC #6</td>
<td>H</td>
<td>Head of Foundation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>H</td>
<td>Head of Green Field Projects</td>
<td>1</td>
</tr>
<tr>
<td>MNC #7</td>
<td>S</td>
<td>Director, Design</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>S</td>
<td>Marketing Communication Manager</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>H</td>
<td>Director, Design</td>
<td>1</td>
</tr>
<tr>
<td>MNC #8</td>
<td>S</td>
<td>Head of Public Relations</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>S</td>
<td>Vice President of Consumer Insight and Communication</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>S</td>
<td>Sales and Marketing - Vice President</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>S</td>
<td>Manager - Corporate Responsibility</td>
<td>1</td>
</tr>
<tr>
<td>SSO A - partner of MNC#1</td>
<td>Chief Operating Officer</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Manager (livelihood)</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sr. Technical Specialist (Education)</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Programme Director</td>
<td>1</td>
</tr>
<tr>
<td>SSO B - partner of MNC#2</td>
<td>Co-Founder</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>SSO C - partner of MNC#2</td>
<td>Founder</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>SSO D - partner of MNC#4 and MNC#8</td>
<td>Head</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>SSO E - partner of MNC#5</td>
<td>Head</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td><strong>Total number of interviews</strong></td>
<td></td>
<td></td>
<td><strong>41</strong></td>
</tr>
</tbody>
</table>
4.8.1.3 Number of interviews

There is no consensus on the optimal number of interviews in qualitative research. Some scholars argue that qualitative researchers should not focus on the number of interviews as this will partly be determined by the time and money that is available for data collection, transcription, and analysis (Patton, 2002, Strauss & Corbin, 1998, Travers, 2001). Gerson and Horowitz (2002, p.223) believe that “fewer than 60 interviews cannot support convincing conclusions and more than 150 produce too much material to analyse effectively and expeditiously”. Warren (2002) argues that the minimum number of interviews should be between 20 and 30. Similarly, other scholars acknowledge that a number between 30 and 50 can provide a credible picture of a phenomenon (Carson, Gilmore, Perry, & Gronhaug, 2001, Perry, 2001, Perry, 1998). Bryman (2004) explains that the sample size may vary from situation to situation but what is important is to justify rigorously the chosen sample size. In this research, 41 interviews were conducted with regional and global headquarters and some of their SSO partners (see the previous table). The number of interviews in this research was determined by reaching theoretical saturation within each case.

4.8.1.4 Interview process

Dilley (2000) suggests that the researcher should obtain background information about the research participants and about the context in which the interviews are taking place. In this research, attempts were made to follow this advice since it is helpful in creating a bridge between interviewer and respondent and between content and personal experience (Dilley, 2000).

Dilley (2000, p.134) also suggests listening to “multiple voices” as part of a “self-reflexive interviewing” process. These voices include the following:

- Listening to what the respondent is saying and observing how he or she is saying it.
- Comparing what the respondent says to what is known from previous interviews or background studies.
- Comparing what the person says to the questions on the rest of the protocol.
- Being aware of time when making judgements on whether to stray from the protocol.
- Offering information to prompt reflection, clarification or further explication.

Overall, the interviews were carried out in a friendly atmosphere, the respondents were relaxed and no mistrust was detected. To motivate the informants further to provide accurate data, as mentioned earlier, the confidentiality of the interviewees and their organizations was promised at the beginning of each interview (Taylor & Bogdan, 1998).

The interviews took place of a period of ten months. The interviews with firms in India were primarily conducted within a two-month period and further follow-up interviews were carried out over the phone. Most of the interviews took place at the interviewees’ offices in India. Due to time and money restrictions, the interviews with managers from western headquarters were conducted over the phone. By explaining and defining topics related to CSE, the interviewer ensured that there was a common understanding of firms’ socially entrepreneurial behaviour at the BOP. Interviewees were also given the opportunity to talk about other aspects not covered in the interview guide. The interviews were digitally recorded and then transcribed and sent to the interviewees for their review and confirmation. The information obtained from the interviews was supplemented with archival information from corporate websites and the business press, as explained in the next section.

4.8.1.5 Interviewer bias

It was attempted to minimize interviewer bias in the interview process. Interviewer bias refers to the influence of the interviewer in “creating a situation that the respondent feels pressure to answer in the direction he believes will conform to the opinions or expectations of the interviewer” (Williams Jr, 1968, p.287). To mitigate interviewer bias, two strategies have been proposed by scholars (Williams Jr, 1968): first, it has been suggested that the interviewer build a good rapport with the respondents (Patton, 2002). This will ensure the respondents that the negative
consequences of their responses will be minimized and enhances the reliability and validity of the data (Saunders, Lewis, & Thornhill, 2009). Second, the interviewer should not allow the respondent to perceive the interviewer’s opinion on a subject matter. The interviewer’s ability to avoid giving any clues to the interviewee has been referred to as objectivity (Williams Jr, 1968, p.288).

To build rapport with the respondents and obtain their trust, before conducting interviews a letter on the Manchester Business School letterhead was sent to the participants. It was signed by my supervisor and explained the importance of the research topic and confirmed the anonymity of the respondents and their company. This letter enhanced my credibility in the eyes of the respondents and made them more relaxed in the interview process. Moreover, the name of respondents was not revealed to other company cases to illustrate commitment to confidentiality (Saunders, Lewis, & Thornhill, 2009). In order to establish further rapport with the respondents and gain their trust, at the beginning of each interview the nature of the research was explained and interviewees’ permission was obtained for recording their voices to prevent any misinterpretation. The interview process also started by asking non-controversial questions regarding respondent’s position in the company and demonstrating the researcher’s interest in the interviewee’ personally (Ghauri & Gronhaug, 2005). It was also attempted to develop a relaxed interview environment and pave the way for the participant to respond to the questions without feeling any pressure from the interviewer (Klenke, 2008). Face-to-face interviews took place in the participant’s office to help them feel more comfortable (King & Horrocks, 2010).

To reduce the interviewer bias further, a short description of the project and key research questions were sent to the interviewees before the interview to acquaint them with the main objectives of the research and give them sufficient time to think about the answer to questions without being influenced by the interviewer’s opinion. This also promoted validity and reliability by allowing the respondent to think about the research topic and the information being requested (Bryman & Bell, 2007, Saunders, Lewis, & Thornhill, 2009). To maintain objectivity (Williams Jr, 1968), it was also tried to use a neutral tone of voice and to phrase questions clearly, so that the respondent could understand what was said (Saunders, Lewis, & Thornhill, 2007). Moreover, where possible, open questions starting with 'what', 'how', or 'why', were used, to allow the respondents to explain their answers as they
wished, and to express their own opinions and experiences (Rubin & Rubin, 1995). These kinds of open questions do not suggest possible answers to respondents (Perry, 2001) and prevent their being influenced by the interviewer’s opinion.

4.8.2 Secondary data

In addition to primary data, secondary data was used for identification and corroboration purposes. The major sources of secondary data included company websites, company reports, articles from newspapers and magazines, videos of presentations by executives, (e.g. press conferences, speeches) as well as other related online sources.

Malhotra (1999, p.113) indicates the role of secondary data as follows:

1. Identify the problem
2. Better define the problem
3. Develop an approach to the problem
4. Formulate an appropriate research design (for example, by identifying the key variables)
5. Answer certain research questions and test some hypotheses
6. Interpret primary data more insightfully

In this research, the secondary data was not only useful as a data source in itself, but was also helpful in providing reference and background information throughout the entire research process. Specifically, secondary data such as articles, web pages and reports were critical in illuminating the concept of CSE and formulating the research questions. Identification of companies engaged in socially entrepreneurial behaviour around the world, and specifically in India, was also facilitated by using secondary data. In addition, secondary sources were used to identify some of the respondents in company cases, for example by studying their interviews in the media and, the reports they had written on the topic or their interviews. These were published on the company’s website or other related websites, and the researcher could learn about the key people involved in the project and the activities of the firms. The
contribution of secondary data in this research was not limited to these stages. In fact, the most important role of secondary data can be recognized in the process of data analysis. Specifically, the concept of CSE was better understood by reading extensive related documents and reports and analysis on socially entrepreneurial projects of MNCs. This helped the researcher to shed light on some aspects that were not pointed out by respondents and provided the ingredients for further exploration in following interviews.

Secondary data also facilitated the process of triangulation (Eisenhardt, 1989). Triangulation, which refers to the process of collecting data through different methods, enabled the researcher to check and validate data received from various sources (Ghauri & Firth, 2009, Jick, 1979, Perry, 2001). Jick (1979) adds that triangulation through the use of both interview and archival sources creates a richer, more reliable account. Ghauri & Gronhaug (2005) describe the advantages of secondary data as follows: it can result in time and cost savings, it is high quality and highly reliable, it facilitates international research, and it provides a means to understand and interpret primary data.

### 4.9 Data analysis

#### 4.9.1 Preparation of data

Before starting the process of analysis, the data has to be prepared. In this case, the audio-recorded interviews were transcribed and a process of data cleaning was conducted (Saunders, Lewis, & Thornhill, 2007). Transcription refers to the reproduction of audio-recorded interviews in a written, word-processing format (Saunders, Lewis, & Thornhill, 2007). Heritage (1984, p.238) describes the advantages of transcribing interviews as follows:

- It helps to correct the natural limitations of our memories and of the intuitive glosses that we might place on what people say in interviews.
- It allows a more thorough examination of what people say.
- It permits repeated examination of the interviewees’ answers.
- It opens up the data to public scrutiny by other researchers, who can evaluate the analysis carried out by the original researchers.
- It therefore helps to counter accusations that the analysis might have been influenced by a researcher’s values or biases.
- It allows the data to be reused in ways other than those intended by the original researcher.

I transcribed some of the interviews myself but, because of the large number involved, most were outsourced. Although this did save an enormous amount of time, I then had to undertake ‘data cleaning’ (Saunders, Lewis, & Thornhill, 2007, p.476), by listening to the audios to confirm the accuracy of the transcripts and correct any errors. This also meant that, despite not spending a considerable amount of time transcribing the interviews myself, I was still able to familiarize myself with the data. Listening to the interviews again also facilitated the process of analysis (Denscombe, 1998, King & Horrocks, 2010, Maxwell, 2005). As mentioned earlier, the transcribed interviews were then sent to the interviewees to confirm the accuracy of the data further (Saunders, Lewis, & Thornhill, 2007). It should be mentioned that a few of the participants refused permission for the interviews to be taped, in which case notes were taken during the interview.

### 4.9.2 Within-case and cross-case analysis

One of the most difficult stages of qualitative research, particularly when using the case study approach, is data analysis, because of the lack of widely-accepted and well-formulated methods (Ghauri & Firth, 2009, Maclaran & Catterall, 2002, Tesch, 1990). In this research, the data was analysed through cross-case synthesis as this suited the inductive, exploratory research undertaken (Saunders, Lewis, & Thornhill, 2007). In addition, it enhanced the generalizability of the findings and deepened my understanding of the topic and the explanations I was able to derive (Miles & Huberman, 1994). Data analysis was carried out in two phases: within-case and cross-case. First, each case was analysed, and then cross-case analysis was carried out, which included a search for any cross-case patterns (Miles & Huberman, 1994). The process of analysis of the semi-structured interviews was inspired by the techniques suggested by Glaser and Strauss (1967) and those of Ghauri and Gronhaug (2005). One of the strategies that Glaser and Strauss (1967) suggest for
generating propositions is based on the constant comparative method. According to them, this method has four stages: (1) comparing incidents applicable to each category, (2) integrating categories and their properties, (3) delimiting the theory and (4) writing the theory. Ghauri and Gronhaug (2005) split the stages further, referring to (1) categorization, (2) abstraction, (3) comparison, (4) dimensionalization, (5) integration, (6) iteration and (7) refutation.

This research adopted Ghauri and Gronhaug’s approach. Categorization started with intensive and repeated reading of the transcribed interviews. The aim was to identify “a chunk or unit of data as belonging to, representing or being an example of some more general phenomenon” (Ghauri & Gronhaug, 2005, P.207). NVivo was used to code and analyse the data. The use of computer-assisted qualitative data analysis software (CAQDAS), such as NVivo (Easterby-Smith, Mark, & Jackson, 2008), can facilitate and enhance the process of qualitative data analysis (Sinkovics & Alfoldi, 2011). Using CAQDAS can make non-linear qualitative data analysis more systematic, flexible and rigorous (Sinkovics, Penz, & Ghauri, 2008). All of the analysis for this research was carried out using NVivo 8 because of its advanced features for analysing data. The software is like a modern form of template analysis and enables thematic analysis (King, 2004). In addition to the text data, it handles graphics, audio and video, and incorporates tools for content searching, linking, coding, querying, writing and annotation, mapping and networking (Lewins & Silver, 2007). NVivo enables the researcher to categorize the textual data by creating a list of nodes or codes (Sinkovics & Alfoldi, 2011).

Coding is a process during which one word (or two at most) are selected as representative of the meaning of a section of text (Faherty, 2010). Easterby-Smith et al. (2008, p.255) define coding as “relating particular passages in the text of an interview to one category, in the version that best fits these textual categories”. Coding the data allows the researcher to simplify the data and focus on meaningful characteristics (Hair, Moeny, Samouel, & Page, 2007, p.292). It also introduces a sense of order and categorization into a narrative text, according to various concepts and themes (identified as codes) (Faherty, 2010, Ghauri, 2004, Miles & Huberman, 1994). The process of coding is not a straightforward one and scholars agree that it is
subjective, with no universally-accepted set of guidelines (Bryman & Bell, 2007, Faherty, 2010). Open coding refers to “the process of breaking down, examining, comparing, conceptualizing and categorizing data” (Strauss & Corbin, 1998, p.61). In this research, the process of coding and categorization continued until no new themes emerged from the data.

There are two coding strategies: a priori and a posteriori categorisation of data. A priori coding refers to the use of theory and literature to develop categories. A posteriori coding involves developing categories based on the data obtained (Sinkovics, Elfriede, & Pervez, 2005). Both of these strategies were employed in this research. The antecedents and outcomes of CE, SE and CSR pointed out in the literature review chapter were considered as priori categories. These categories were developed as codes in the NVivo before conducting interviews. However, because of the paucity of the specific literature of CSE, after conducting interviews, I was open to rejecting and/or modifying the previously identified antecedents and outcomes in CSR, CE and SE and was open to new categories that emerged from the analysis of data. This meant that I started categorization of interviews based on the priori categories. However, there were some codes (antecedents and outcomes in the literature) that were not mentioned and confirmed by the interviewees which were deleted. Then, a posterior coding was employed. I started coding each interview based on what was emphasized in that particular interview as antecedents and outcomes. It should be noted that, in semi-structured interviews, the researcher seeks answers to a question that go beyond the immediate context of the question asked (Easterby-Smith, Mark, & Jackson, 2008). Glaser and Strauss (1967) refer to this as two different types of code: those mentioned by the respondents and those constructed by the researcher based on his/her understanding of the phenomenon. Identified codes were then further refined and completed by reading the answers of other respondents in a company case. This process resulted in the emergence of new codes which were not considered and reviewed as the antecedents and outcomes in the related literature. Therefore, I went back to the previous studies to see whether emergent codes had been supported by other researchers. This necessitated a more comprehensive literature review and incorporation of some antecedents and outcomes in the related literatures that I had missed out during the preliminary
literature review process. It should be mentioned that after carrying out a comprehensive literature review, I did not find any new concepts which were mentioned by interviewees and were not supported by previous studies.

After the categorization and coding of the data, abstraction was carried out. In this process, previously identified categories were grouped into more general conceptual classes (Spiggle, 1994). This was facilitated by NVivo as it allowed open codes to be grouped into tree codes. In the comparison stage, labelled “constant comparison” by Glaser and Strauss (1967), I compared segments of the data with other segments that seemed to belong to the same category. The process of comparison was highly iterative and enabled me to refine the codes and concepts and identify their properties, based on occurrences in more than one case (Easterby-Smith, Mark, & Jackson, 2008, Taylor & Bogdan, 1998). This process was repeated until theoretical saturation was reached. It should be noted that, according to Glaser and Strauss (1967, p.103), “the constant comparative method is not designed (as methods of quantitative analysis are) to guarantee that two analysts working independently with the same data will achieve the same results; it is designed to allow, with discipline, for some of the vagueness and flexibility that aid the creative generation of theory”.

Dimensionalization refers to “identifying properties of categories and constructs. The properties represent conceptual dimensions that vary empirically in the data across the incidents depicting the construct” (Ghauri & Gronhaug, 2005, p.210). The following table outlines the identified constructs and the related concepts that were found, based on the interview data and guided by prior literature. Thus, the process of identifying the properties was also iterative, between the literature and related concepts mentioned in the interviews. The fifth stage of data analysis was integration. Here, the focus was on identifying certain conditions, contexts, strategies and outcomes that could be clustered together. At the iteration stage, I conducted further interviews to enhance the findings of the research. Finally, refutation occurred, when I tried to find situations in which the identified antecedents and outcomes of CSE may not be applicable. Here, the aim was to reduce confirmation bias (Bazerman, 1998).
<table>
<thead>
<tr>
<th>Concept</th>
<th>Definition in this research</th>
<th>Related reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand conditions</td>
<td>Size of under-served market which cannot be served by the existing products/services of the firm.</td>
<td>(Shane, 2003)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Zahra, 1993)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Antoncic &amp; Hisrich, 2000)</td>
</tr>
<tr>
<td>Stakeholder expectation</td>
<td>Stakeholder expectation refers to the written or unwritten demands of stakeholders (governments, SSOs, customers, employees, suppliers) of the firm regarding a specific action by the firm.</td>
<td>(Freeman, 1984)</td>
</tr>
<tr>
<td>Management support</td>
<td>The willingness of senior management to facilitate and promote socially entrepreneurial activity in the organization, which can take the form of championing innovative ideas, management involvement, top management commitment, leadership and allocating staff to relevant projects.</td>
<td>(Hornsby, Kuratko, &amp; Zahra, 2002)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Merrifield, 1993)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(MacMillan, Block, &amp; Narashima, 1986)</td>
</tr>
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<td></td>
<td></td>
<td>(Hitt, Nixon, Hoskisson, &amp; Kochhar, 1999)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(1986)</td>
</tr>
<tr>
<td>Network orientation</td>
<td>Cultural characteristics of the organization.</td>
<td>(2005)</td>
</tr>
<tr>
<td>toward SSOs</td>
<td>The extent to which the firm obtains resources from the indigenous environment, through collaboration with SSOs and social embeddedness, to use in its CSE activities.</td>
<td></td>
</tr>
<tr>
<td>Availability of financial</td>
<td>The existence of financial capital that enables organizations to invest in</td>
<td>(Kuratko, Hornsby, Naffziger, &amp; Montagno,</td>
</tr>
<tr>
<td>resources</td>
<td>advance and tolerate a long-term return on investment.</td>
<td>1993) (Kanter, 1985, p.49)</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>--------------------------------------------------------</td>
<td>----------------------------</td>
</tr>
<tr>
<td>Social value creation</td>
<td>Represented by social added value, social change, social innovation and empowerment.</td>
<td>(Young, 2008)</td>
</tr>
<tr>
<td>Long-term profitability</td>
<td>Profitability can be understood as absolute and relative. Predicted absolute profitability refers to average annual return on sales (ROS), average return on assets (ROA), and average annual return on equity (ROE). Subjective profitability is assessed relative to competitors: the company’s profitability in comparison to all competitors and the company’s profitability in relation to competitors that are at about the same age and stage of development.</td>
<td>(Chandler &amp; Hanks, 1993) (Antoncic, 2007, Antoncic &amp; Hisrich, 2000, Covin &amp; Slevin, 1991, Zahra, 1995, Zahra, 1993, Zahra, 1991)</td>
</tr>
<tr>
<td>Legitimacy</td>
<td>A generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially-constructed system of norms, values, beliefs, and definitions. Represented by support from stakeholders.</td>
<td>(Suchman, 1995, p.574) (Chen &amp; Roberts, 2010) (Freeman, 1984) (Donaldson &amp; Preston, 1995)</td>
</tr>
</tbody>
</table>

1. It should be noted that the absolute profitability and the duration of obtaining that profit are not directly comparable in company cases of this research as they are working in different industries. However, for the aim of this qualitative research, as long as the respondents referred to the increase of any measurements of profitability (as indicated in the above table) in long-term (in comparison with their existing projects), it was understood as long term profitability. “Long-term” may also vary across different industries and be based on the nature of different CSE projects.
It should be also mentioned that interviewing SSOs facilitated triangulation which can be obtained through the process of collecting data through different sources (Ghauri & Firth, 2009). Analysis of those interviews in relation to the research questions enhanced the confidence in the accuracy of findings, reduced the chance of misinterpretation and enabled the researcher to check and validate data obtained from various sources to provide better understanding and explain the phenomenon (Ghauri & Firth, 2009, Jick, 1979, Perry, 2001). Interviews with SSOs were particularly helpful in understanding stakeholder expectation, networking of MNCs with SSOs, social value creation and legitimacy. These aspects which were asked from MNCs were asked from SSOs to see whether they confirmed these identified antecedents and outcomes of CSE from interviews with MNCs.

4.9.3 Triangulation

Triangulation, as mentioned in other sections, was carried out in this dissertation to cross-check the information and gained multiple perspectives. Three methods of triangulation were used: methodological triangulation, data source triangulation and theory triangulation (Denzin, 1989). First, methodological triangulation was addressed by collecting and analysing data through various methods, such as interviewing, employing secondary data, including company reports, websites and other documents. Second, data source triangulation was satisfied by studying the same phenomenon in different times or spaces, or through multiple respondents. As explained in the previous sections, interviews in this research were carried out by subsidiaries of MNCs in India and their headquarters. In addition, in each company case, interviews were targeted at multiple respondents to have different perspectives on the same phenomenon. Finally, interviews with SSO partners of MNCs helped to confirm some of the antecedents and outcomes that were claimed by corporate respondents.

Theory triangulation involves continually checking the data against the relevant literature (e.g., Gummesson, 2003, McGaughey, 2007). As noted in the data collection and data analysis procedure, iterative analysis between data and literature was performed in this research. The primarily data collection and analysis provided a better understanding of what was pinpointed in the previous literature, and the
comparison of interview findings and the available literature, strongly influenced the subsequent phases of data collection. In addition, member checking (Stake, 1995) was carried out with the respondents after the data collection. Member checking means that after transcription of interviews, they were sent for interviewees to confirm their responses and to prevent any misinterpretation by the researcher.

4.9.4 Credibility, transferability, dependability, confirmability

While quantitative researchers use the concepts of reliability and validity to evaluate rigour in research, qualitative scholars argue that it is not applicable to their research as it is based on a different paradigmatic view (Armstrong, Gosling, Weinman, & Marteau, 1997). Instead, scholars suggest the concepts of credibility, transferability, dependability, and confirmability.

Credibility is a criterion which is considered equivalent to internal validity in quantitative research. It focuses on the consistency between the realities of the respondents and what the researcher reports (Guba & Lincoln, 1989). Transferability is defined by Crawford et al. (2000) as being parallel to external validity or generalizability in quantitative research. Dependability is considered equivalent to reliability and explains the stability of the results over time. Finally, confirmability is similar to objectivity in quantitative research. It addresses whether the interpretation drawn from the data is coherent and logical and not simply drawn from the researcher’s own imagination (Ghauri, 2004). Credibility, transferability, dependability and confirmability of this research are explained in the following table:

| Table 9- Credibility, transferability, dependability, confirmability (based on Sinkovics et al. (2008, pp.696-698)) |
|---|---|---|---|---|
| Stage of project | Credibility/validity | Dependability/reliability | Transferability/generalizability | Confirmability/objectivity |
| Prevention of construct bias | Defining the project | Built upon previous literature, use of pre-established dimensions | Not applicable at this stage | Defining the concept of CSE and its elements | Alertness to related literature (theory, construct) and definitions |

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<tr>
<th>Prevention of method bias</th>
<th>Research Design</th>
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<td>- Built on existing literature</td>
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<td>- Construct validity; use of multiple sources of data, including interviews, interviewees’ comments, secondary data</td>
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<td>- Built on proven research designs (use of case study, data collection and analysis based on Ghauri and Gronhaug (2005, P.207))</td>
<td>- Structured method of sampling</td>
<td>- Established chain of evidence; documentation, archival records, interviews</td>
<td>- Systematic data analysis based on Ghauri and Gronhaug (2005, P.207)</td>
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4.10 Chapter summary

This chapter has been dedicated to explaining the research methodology selected for carrying out this study. Following interpretivism and constructivism, this research adopts qualitative multiple case study approach to explore “what” type of questions on antecedents and outcomes of CSE. It is indicated that interviews with eight MNCs in India and their SSO partners are conducted to answer the research questions. The data analysis has pursued the procedure suggested by Ghauri & Gronhaug (2005) and has been facilitated by using Nvivo (Sinkovics, Elfriede, & Pervez, 2005). The next two chapters present the findings of this research within and cross-cases.
5 Chapter 5- Findings: within-case analysis

5.1 Introduction
In chapter 4 the methodological issues considered in the research were explained. Company cases and interviewed informants were introduced and the method used to collect and analyse the data was explained. This chapter is dedicated to presenting the main findings of the study and is structured in a way to present the answers of research questions. As indicated in the previous chapter, after several iterations between the literature and interviews, the antecedents and outcomes of CSE were identified. The available definitions and dimensions of identified constructs as antecedents and outcomes were modified and more comprehensive constructs were developed to cover the responses of interviewees in company cases. This chapter discusses the CSE initiatives of each company case and explains the antecedents and outcomes of CSE in each case. Each case starts with a brief introduction to the background of the firm and continues with an explanation of the firm’s CSE initiatives and their antecedents and outcomes.

5.2 MNC#1

5.2.1 Background
MNC#1, headquartered in Europe, was founded in 1890. It is one of the largest financial service providers in the world and its main focus is on insurance. The company operates in a number of different countries and has a strong presence in Europe, North America and Pacific Asia. The company’s revenue and profit in 2010 were €96.17 billion and €5.053 billion, respectively. At the end of 2010, the number of employees worldwide was 151,340.

The company’s activities in India started in 2001, when the company joint ventured with a local firm to provide both life and non-life insurance solutions. Its most well-established micro-insurance market is also in India; it started providing protection around the time of the tsunami in 2005. Since then, the company has extended its
market to other countries, including Indonesia, Egypt, Cameroon, Senegal, and Colombia.

5.2.2 Corporate social entrepreneurship initiatives

MNC#1’s attention was attracted to the BOP market in 2005, when a devastating tsunami occurred in India. After the tsunami, the company was approached by a large NGO, referred to as SSO “A” in this thesis, and asked to develop micro-insurance for the poorest of the poor, who are the most vulnerable to natural catastrophes and other accidents. Faced with the request, the board of directors of MNC#1 assessed the preliminary feasibility of addressing the needs of this segment of the population. This helped the company to realize that, as an insurance company that helps people to mitigate future risks, it was actually missing out on a huge market that could benefit the most from its products. Further investigation revealed that the population at the bottom of the economic pyramid was generally unable to purchase insurance products as no products catered for them. This was indicated by the following comment made by a representative from SSO “A”:

“We work for the most vulnerable and the poorest of the poor community. So, for example, if a person has a boat of 2000 rupees, we wanted to insure him for 2000. So, that the premium is based on 2000 rupees asset whereas off the shelf products will give you [insurance for the] asset of 15,000. So, if you have 5000, 10,000 or 15,000, your premium will be calculated based on 15,000. What we wanted to do is we wanted to ask the MNC#1 to help us design these products in line with the affordability of the community.” (NGO “A”)

To enter this market and seize this social opportunity, the company decided to collaborate with SSO “A” and other SSOs to find new solutions. As a first step in changing the business model, it was important for the company to learn about the specific needs of the poor and their capacity to pay. For this, the company required detailed and exact information about the market. In their traditional business model used in developed countries, the insurance company usually used a dataset to calculate an exact premium for each person. However, very little detailed
information of this type was available for the poor, which forced the company to look for an alternative solution. As the head of the micro-insurance project explained:

“I remember one case where the birth date of the insured was not written down. So, we told NGOs that we do not want the exact date but at least the year so that we can calculate the age and make some assumptions. So, they went to the village elder and asked the village elder about the age of people, and he said she was born in the year of the big fire; he was born on the year of the big storm. So, we had some approximation to actually come up with the idea of birth date or at least birth years. This is to tell you how you have to work with these assumptions rather than facts and find innovative ways to verify these assumptions.”

To ensure the affordability and acceptability of the product, in collaboration with its partner NGOs, the company conducted a need assessment survey, through several focus groups in communities and villages, to learn about people’s insurance needs and the amount of money they could afford to allocate to insurance premiums. It should be mentioned that collaboration with trusted and reputable NGOs was very valuable for the MNC#1 in allowing it to obtain the trust of the heads of villages and consequently poor people in those villages. Based on these analyses, one of the product innovation strategies that the firm came up with to make the insurance affordable was issuing one master policy for a group of people. In their traditional business model, the company would usually issue one policy per person.

The collection of premiums was another challenge for the company as devoting human resources for the collection of very small amounts of money from a scattered population across India would be a very costly exercise for a large MNC. Thus, instead of developing its own premium collection channel, the company decided to ask its NGO partner SSO “A” to coordinate this task. Since SSO “A” works with thousands of other NGOs spread across many deprived areas, they were better equipped to perform this task.
In addition to physically reaching the poor, reaching them mentally was critical. The company realized that 90% of the people that it was going to serve had never heard about the concept of insurance. A lot of explanation and education was therefore required, much of this aimed at illiterate people. This was a highly challenging task given the nature of insurance, which is effectively a long-term investment. It is based on the regular payment of a given amount of money, and the customer only gets something back if a disaster happens. It is also important to understand that, because the poor had very little if any access to the media in their homes, the company had to rely on different types of education, marketing and advertising strategies. Again, the company tackled this in collaboration with SSO “A” and its other SSO partners. They created several awareness-raising campaigns that involved puppet theatre, Hollywood sketches, pictorial educational posters and songs, to make the benefits of insurance more tangible for the poor. One of the managers explained this as follows:

“It has to be in some form where they can understand. So, we devise a story for them and then through that illustration we try to make them understand about the product.”

In addition, the company had to change its traditional business procedures, which relied on a huge amount of documentation and complicated products and processes, because of illiteracy among the BOP population. As explained by one of the managers:

“The contract has to be kept as simple as possible; a one-page form is all it takes to sign up. The claims process is also kept very simple.”

Managing claims in the western business model typically involves a long process and requires customers to provide a lot of documentation. However, since customers in the BOP market were not able to satisfy such requirements, the company had to change its usual claim process.
Table 10- Summary of the CSE activities of MNC#1

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<tr>
<th>Social problem</th>
<th>Poverty; lack of access to insurance for mitigating risks</th>
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<tr>
<td>Social opportunity identification</td>
<td>Based on the request of SSO “A” and confirmed by the firm’s own market analysis</td>
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<tr>
<td>Social opportunity exploitation</td>
<td>In collaboration with SSO “A” and other SSO partners, the company changed its business model and developed an appropriate micro-insurance product</td>
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<td>Type of innovation</td>
<td>Innovation of process (marketing, sales, distribution) Innovation of product (offering a simple, affordable product)</td>
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5.2.3 Corporate social entrepreneurship: Antecedents and outcomes

5.2.3.1 Antecedents of corporate social entrepreneurship

5.2.3.1.1 Environmental factors

5.2.3.1.1.1 Stakeholder expectations

As explained in the literature review chapter, stakeholder expectation can be a driver for corporations to engage in socially responsible behaviour. The stakeholders of MNC#1 that played a role in its initiating CSE activities were primarily NGOs followed by the government. As explained in the previous section, one of the reasons that MNC#1 started offering micro-insurance to the very poor was the request of SSO “A”. Another factor is that the government of India insists that any insurance companies operating in the country must conduct a certain amount of their business in rural areas or with marginalized groups. However, fulfilling government regulations does not always inspire entrepreneurial activities: prior studies have demonstrated that many insurance companies fulfil most of the government’s “quota” by providing insurance to wealthy rural customers or by operating at a loss in order to be legally compliant; once they have achieved their quota, they stop selling to these groups. As emphasized by one of the respondents from MNC#1,
satisfying the government’s rules and regulations was almost possible through its traditional business model but this was still one of the triggers behind the firm embracing CSE. As recounted by one of the managers from the firm’s headquarters:

“The first driver is the regulatory framework. In 2004, the Indian Regulatory Authority for insurance decided to require insurance companies to invest a percentage of their turnover on rural areas and provide products for this market. This was one trigger. It was a regulatory stipulation that was not particularly difficult to fulfil because our Indian subsidiary had quite a strong market presence in the rural areas. Nevertheless, it is an important triggering point to note.”

5.2.3.1.2 Demand conditions

Demand conditions were found to be another important antecedent of CSE in this case. This refers to the size of the under-served market, which is not being served and cannot be served by the existing products/services/processes of the firm. Despite the fact that 70 percent of India’s 1.2 billion people live in rural areas, the company realized that 90 percent of its business was concentrated in the urban areas of India before 2005. After the tsunami in December 2004 in the country, the company noticed that it was not serving a huge potential market: the low-income population. The company’s analysis demonstrated that, if it could enter this market, there was huge room for growth. In the words of one of the managers from the company’s headquarters:

“I think it is important to realize that people who live on a very low income are not being perceived as just recipients of grants or government aid, but they are actually perceived as clients.... we clearly perceive people at the bottom of the pyramid as clients. If you do that, then the market is huge, so the potential market is 1.5 billion people globally.”
5.2.3.1.2 Organizational characteristics

5.2.3.1.2.1 Management support

Management support was found to be one of the organizational characteristics that determined the CSE carried out by this firm. As explained by one of the managers, the insurance industry in general and especially this company have earned quite good profits through their traditional business models and their existing markets. As a result, the industry is not very innovative in offering new solutions and organizations rarely foster an entrepreneurial culture. Thus, targeting BOP markets, with so many embedded challenges, requires huge support from top management, to encourage a change in the traditional business models. First of all, a company needs to accept that it will need to change its strategy in order to enter these markets. Second, because of the lack of experience in serving this market segment, senior managers need to welcome novel ideas and be open to making mistakes. This is reflected in the response of one of MNC#1’s top managers:

“….well, it is obviously out-of-the-box thinking. So, you need to make sure that management is open to new ideas which are not necessarily something that a large company is very good at. … Internal culture is another important factor as it needs additional cultural efforts to look into a different market segment. Because, normally, the insurance company is doing quite well to just serve the market that they have been serving for decades.”

5.2.3.1.2.2 Networking with social-sector organizations

The findings of this research illustrate that one of the vital characteristics that corporations need to foster is networking with SSOs. It is important that companies accept and start working with non-traditional partners. As explained in this case, the SSOs were aware of the needs of the poor and the market gap. Collaboration with them enabled MNC#1 to better identify this social opportunity. SSOs helped the company to gain a better understanding of these customers’ needs and their paying capacity. They were also critical in implementing the CSE project. They facilitated the affordability, availability and acceptability of micro-insurance. For example, through the SSOs’ networks, the company was able to educate potential customers
about the benefits of insurance and sell and distribute it to a scattered rural population.

5.2.3.1.2.3 Availability of financial resources

The availability of financial resources was also found to be an antecedent in this case. It is defined as the existence of financial capital that enables organizations to invest in advance and be able to tolerate a long-term return on their investment. The availability of financial resources was especially emphasized by the respondents from this company, as the costs of penetrating the rural market are very high. These costs are related to the conditions in which the poor live, namely, living in remote rural areas, low incomes, illiteracy, and others. According to one of the managers from this firm, the reason why very few companies are selling micro-insurance is because of the very high costs involved. To enter these markets, commercial firms have to invest in advance and many are not actually prepared to invest money in developing and expanding markets:

“It is very difficult because the distribution cost is very high, connectivity, infrastructure, and lots of things are there, and so if any of the companies want to go into micro-insurance, initially they have to invest some money.”

Another aspect that requires considerable investment is identifying NGOs and developing their capacities. For example, in this case, MNC#1 had to educate NGOs about the concept of insurance, marketing and selling strategies, claims management, premium collection, and other aspects of their business.

5.2.3.2 Outcomes of corporate social entrepreneurship

5.2.3.2.1 Social value creation

Similarly to the SE studies reviewed, this research shows that the outcomes of CSE initiatives go beyond the benefits to the corporations. Value creation for society was also found to be one of the most important outcomes of CSE. In the case of MNC#1, the company is offering a micro-insurance product that provides for lost wages,
hospital expenses, accidents, life and property insurance, and funeral expenses, at a cost of around €2.5 per year. Micro-insurance creates value for the poor by enabling them to benefit from the advantages of insurance, and this creates social added value by addressing the unmet needs of the poor. The company is also offering social change, by educating people about insurance and its long-term benefits. In addition, micro-insurance offers social innovation in the lives of the poor as it helps them to reduce the cost of their health care in the long-term. Studies indicate that, as a result of the poverty trap, poor people usually pay a higher percentage of their income on health care. Social innovation through access to micro-insurance can be better understood through the following explanation by one of the managers at MNC#1:

“India is one of the world’s poor countries. The majority of its population work informally, pay no taxes, and enjoy no social protection. More than 850 million Indians earn less than 2 dollars a day, which precludes them from buying traditional mainstream insurance coverage. A study conducted by Strengthening Micro Health Care Units for the Poor in India illustrates that more than half of India’s poorest households spend about 2,400 Rupees (€54) or more per year on health care. If the poor invest a low percentage of this amount on micro-insurance, they will benefit from a better and cheaper health care.”

Property insurance has also brought social innovation and paid off for those people affected by the tsunami in 2005 as another tsunami occurred and people lost their houses once again. However, as a result of insurance coverage, this time the poor benefited from compensation provided by MNC#1, enabling them to reconstruct their homes. The following opinion of a villager whose home was destroyed by the tsunami was obtained from the company’s website:

“Now our village has been hit by flooding. Many people’s homes and belongings have been damaged and those who have joined the insurance scheme are able to get financial assistance to repair their homes.”
5.2.3.2.2 Long-term profitability

The key expected consequence of engagement in CSE activities for MNC#1 was achieving long-term profitability. This can be explained by the following argument, extracted from interviewee responses.

1. India’s rural market makes up 70% of the country’s population. By learning about this market and creating a successful business model, MNC#1 will be able to expand its market and make a profit.

2. The BOP population will not remain poor forever. Through the increased attention of corporations as well as NGOs and governments, the lives of poor people will gradually improve and they will join the mainstream market, which could be much more profitable for the firm. In addition, MNC#1 is offering micro-insurance to poor people whose needs have been neglected by other firms. It is hoped that these people will be satisfied with its products, and will continue purchasing from the firm. By addressing the needs of the low-income population when they need help, it is hoped that they will remember the brand and stay loyal to it when they become richer.

3. In addition to the poor adult population, their children could make up an important market segment for the firm in the future. The children of poor families are increasingly attending school and gaining an education. Thus, today’s customers may come out of the poverty trap and become tomorrow’s middle class. There is thus the hope that these children will remember a company that came forward in times of catastrophe or accident, provided compensation, and helped the community.

4. Conducting business at the BOP will also bring learning advantages for the firm which can be applied to other markets. The strategies that it is developing to organize efficient operations in India and collaborations with non-traditional partners can all be applied to the firm’s mainstream market as well.

5.2.3.2.3 Legitimacy

Engagement in CSE has brought an advantage for the MNC#1 in terms of legitimacy. This refers to a “generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed
system of norms, values, beliefs, and definitions” (Suchman, 1995, p.574). By responding positively to the demands of SSO “A” and consequently satisfying the needs of a low-income population, the company is better accepted in society. As pointed out in the methodology section, legitimacy can be thought of as receiving the support of stakeholders. After developing micro-insurance according to the needs of the poor and serving the needs of a tsunami-affected population, the company is now benefiting from the support and cooperation of other SSOs helping it to expand and implement similar schemes in other regions.

5.3 MNC#2

5.3.1 Background

MNC#2 is head-quartered in a European country and was founded in 1727 as a retail bank. With nearly 300 years of experience, 141,000 employees and 700 branches around the world, it is one of the largest financial services groups. Its revenue in 2010 was €36.5 billion and its net income was €1.18 billion.

The company expanded its business in 2007 by acquiring banks in other countries, such as India. The bank acquired in India also had a foundation (see next section for details), which was also bought in 2007. The company offers a microfinance programme, which is the largest offered by any of the foreign banks in India. The programme offers credit to impoverished rural people, through intermediaries called microfinance institutions.

5.3.2 Corporate social entrepreneurship initiatives

MNC#2 has a non-profit foundation which deals with the firm’s community investments. The company allocates a considerable amount of money to this foundation each year, because of the situation in India. According to one of the managers, a large section of the Indian population are still poor; around 350-500 million people are still estimated to live on less than $1 per day, showing that the
growth that has occurred recently in India is not equally shared and that a large section of the people are still outside of the mainstream economic activity. As a commercial firm, this means that MNC#2 is missing out on a huge market. In addition, the government of India and the Reserve Bank of India (India’s central bank) are both encouraging corporations to invest in rural areas and address the needs of the financially excluded population. These two factors have motivated the company to invest in bringing these people into the mainstream economy. The foundation is employing its core strengths in addressing financial matters, dealing with money, making money grow and helping people to setup small enterprises to gain more income. In the words of one of the respondents:

“Using this core strength, we have responded to India’s environment.”

The penetration of banking services into the Indian market is very limited. More than half the country’s population do not have access to them. In response to this social problem, the foundation is predominantly undertaking two sets of activities, which deal with poor people and their ability to connect with the mainstream economy. The first is assisting financial inclusion or access to financial services. Banks in India have a mandate from the Reserve Bank of India to lend to the poor who do not yet have access. This has mainly led to banks lending to self-help groups. As a result, non-banking companies such as micro-finance institutions (MFIs) have emerged to respond to the gap in the market. MFIs are usually NGOs and/or social entrepreneurs but can be either non-profit or for-profit. They usually borrow a huge amount of money from the banks and then lend small amounts to the self-help groups. It is then the responsibility of the whole group to repay the loan at the specified time. In 2006, most of the activities of MFIs were concentrated in the southern states of the country and a large part of the country, including some of its poorest regions, were still deprived of financial services. One of the respondents echoed this fact:

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2. Self-help group refers to a nonprofessional organization formed by people with a common problem or situation, in order to pool resources, gather information, and offer mutual support, services, or care. Examples of self-help groups concerned with a shared situation are those for the elderly, single parents, homosexuals, poor families etc.
“I think at that point of time it was about 80% of the overall country’s portfolio in the southern part of India and the rest of that was almost nothing. Ironically it is the rest of the part which is the north, north eastern, western belt, partly central which is the poorest but also that means a high risk. So basically nobody wants to operate in those areas.”

This also reflects the fact that most of the NGOs active in these poorer regions did not have the required skills and systems to develop into professional MFIs and were thus not able to borrow money from banks to lend to the poor. As a result, most of the activities of these NGOs were limited to the use of grants from international agencies and donors. The following remark highlights this aspect of the situation:

“There is a certain level of creditworthiness, certain basic amount of systems, certain financial practices that MFIs need to have to satisfy banks and ensure that they can return the money.”

This represented a social opportunity for MNC#2’s foundation to play a fundamental role in assisting these NGOs. The foundation started offering technical assistance to start-up MFIs in the north and northeast of India. Since MNC#2 did not have prior experience in micro-finance, it decided to collaborate with an international micro-finance consultancy, an NGO, in order to provide world-class capacity-building training to MFIs. The importance of this social opportunity, identified and targeted by MNC#2, was asserted by one of the interviewees from its NGO partner:

“With the abundance of capital available to MFIs in India, training and capacity development is the single biggest challenge facing the sector. In many Indian MFIs, middle management remains alarmingly weak. This is an investment and programme of which MNC#2 can be immensely proud. It is providing access to financial services to hundreds of thousands of poor Indians who would otherwise be financially excluded.”

While the foundation appreciated that access to credit is a critical aspect of reducing poverty, it is not sufficient on its own to change poor people’s lives. Despite gaining
access to funds by borrowing money from the MFIs, they still did not have the knowledge, skills and capabilities required to enable them to spend the money on suitable income-generating activities. Therefore, the foundation decided to develop a livelihood programme to help disadvantaged groups to develop micro-enterprises. It targeted vulnerable communities located in or around critical forest ecosystems. The lives of these communities are usually dependent on forest resources for earning money and meeting their daily needs:

“At the moment, they do not know what to do with money except eating. So, we worked with these people and the population of these groups of people are between 300 million to 500 million, it is a very large number.”

These people usually live within the forests, cut down trees, and send their cattle into forest areas. The foundation noticed that these forest communities were so disadvantaged that even the government and most of the NGOs had ignored them. Deciding that this was a social opportunity, the foundation chose to work with these people to improve their lives. It is currently working with several NGOs to create new livelihood opportunities, developing their skills and helping them to earn more money through, for example, soil testing, nutrient budgeting, integrated pest management and the improvement of market linkages. Working with the capabilities of the people and the location in which they are living, they have helped them to develop micro-enterprises based on dairies, handicrafts, agriculture and tourism. In summary, they are promoting micro-enterprises and social intermediation, and contributing to better incomes, health care and education for this segment of the population.
5.3.3 Corporate social entrepreneurship: Antecedents and outcomes

5.3.3.1 Antecedents of corporate social entrepreneurship

5.3.3.1.1 Environmental factors

5.3.3.1.1.1 Demand conditions

A large segment of India’s population remains excluded from formal payment systems and financial markets. This is inspiring more socially-responsible banks to find a solution and create the necessary conditions to serve these markets. This was emphasized by one of the top managers of MNC#2:

“A large section of the people are still poor, may be within 350-500 million people still live on less than $1 a day, which means two things: that the growth is not equitable and so it is dangerous. Two, a large section of the people are still out of the mainstream economic activity, which means we are missing a lot of the market. It makes sense to help these people come in to the mainstream of the economy.”

Table 11- Summary of the CSE activities of MNC#2

<table>
<thead>
<tr>
<th>Social problem</th>
<th>Poverty; lack of access to micro-finance; lack of skills needed to start a micro-enterprise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social problem identification</td>
<td>Large size of the subsistence market</td>
</tr>
<tr>
<td>Government expectations</td>
<td></td>
</tr>
<tr>
<td>Social problem exploitation</td>
<td>In collaboration with an international NGO, offering capacity building training to MFIs and, through these MFIs, offering micro-finance to the poor</td>
</tr>
<tr>
<td>In collaboration with local NGOs, developing micro-enterprises that suit the living conditions of disadvantaged groups</td>
<td></td>
</tr>
<tr>
<td>Type of innovation</td>
<td>Innovation of business model (new strategies for reaching financially-excluded people)</td>
</tr>
</tbody>
</table>
5.3.3.1.2 Stakeholder expectations

The government of India has explicitly expressed its desire to include disadvantaged groups in the financial system and this has also been supported and emphasized by the Reserve Bank of India (Mohan, 2006). This is especially expected from the wealthier and more successful corporations in the banking industry, who are being asked to develop effective strategies for dealing with the problem. There is not a specific regulation stipulating that banks should offer micro-finance to the poor but they are expected to play a role in facilitating financial inclusion and the Reserve Bank of India has introduced several measures to encourage greater financial coverage in the country, as was noted by one of the top managers of MNC#2’s foundation:

“There is not any specific regulation saying that all financial institutions should provide micro-finance or they should be involved in micro-finance lending. However, the regulator has set a very clear mandate or guidelines to all financial institutions. They are expected to work towards financial inclusion, which means basically covering more and more financially excluded population under the ambit of financial services.”

5.3.3.1.2 Organizational characteristics

5.3.3.1.2.1 Management support

Respondents from MNC#2’s foundation remarked on the necessity of management support at several stages in the CSE process. First, they highlighted the importance of the fact that managers at the organization’s headquarters understand the situation in India and support the activities being undertaken. This is reflected, for example, in the fact that the foundation in India has been allocated the highest amount of money across all of the organization’s foundations. In addition, the governance system and the structure that has been devised for the foundation is such that the head of the
foundation reports to the head of the bank. This means that the top managers in the organization have a better understanding of the foundation’s activities, ensuring it gains better support both from managers and employees. The support of the top management also facilitates the mobilization of other employees to support socially entrepreneurial initiatives. One of the operational managers commented as follows:

“When the top management is behind a project, it shows its importance for the firm. So, a lot of big people get involved, lots of people start looking at it, following it....”

### 5.3.3.1.2.2 Networking with social sector organizations

Although the foundation is financially supported by MNC#2, the number of employees is very small. As a result, in order to spread its initiatives across the country, it is working with a number of SSOs. In terms of its micro-finance initiative, the company is working with an international NGO to bring its expertise and knowledge of micro-finance to local MFIs. In turn, these MFIs, also NGOs, work as intermediaries between the bank and the poor. Similarly, in its livelihood programme, the foundation is working with local NGOs to educate people and improve their skills and capabilities so that they can start micro-enterprises for themselves.

### 5.3.3.1.2.3 Availability of financial resources

Considering the seriousness of poverty in India, the headquarters of MNC#2 allocates 30% of its budget for its foundations based around the world to India. As explained above, the foundation is non-profit which gives it the freedom to target the poorest of the poor. Out of these poor people in India, the foundation has chosen to work with those who are more disadvantaged than others and often ignored by other companies. Aiming to bring these people into the mainstream economy requires a lot of effort and investment. The non-profit nature of these activities confirms the importance of the availability of financial resources to support CSE activities.
5.3.3.2 Outcomes of corporate social entrepreneurship

5.3.3.2.1 Social value creation

MNC#2 is creating social value by meeting the following criteria:

- targeting an unprivileged region where MFIs and, consequently, the poor do not have access to financial services, and
- building the capacity of MFIs so as to improve their chances of being able to borrow money from banks. This should in turn result in the financial inclusion of the poor.

Through its livelihood programme, MNC#2 is offering social change, which means changing people’s beliefs and behaviours. It is educating people to develop micro-businesses and earn money without relying on damaging forests and ecosystems. It is hoped that this will also result in the empowerment of the poor. Micro-finance initiatives also provide access to financial capital for starting new businesses and this can again increase the incomes of the poor. Finally, the company offers social innovation by reducing the costs related to accessing capital (lower interest rates).

5.3.3.2.2 Long-term profitability

As explained earlier, MNC#2 has established a non-profit foundation in India. This illustrates that improved profitability is not an immediate outcome for this firm. However, as reflected in the responses of the interviewees, the foundation aims to enhance the lives of poor people and bring them into the mainstream market, which should bring increased profits to the firm over a longer period of time. Through the technical assistance programme, the MFIs’ skills and capabilities will be developed allowing them to meet the criteria for borrowing money from banks such as MNC#2. In addition to this, the lives of these MFIs’ customers will improve gradually because of the potential advantages that access to credit and the banking system can bring to these people. This initiative is thus also expected to develop the potential market of MNC#2 in the long term.
5.3.3.2.3 Legitimacy

Being legitimate is necessary for the survival of a corporation and allows them to benefit from the support of stakeholders. Offering technical assistance to MFIs has helped MNC#2 to satisfy the expectations of the government and the Reserve Bank of India. This has given the firm the opportunity to be seen as a responsible business within the society. The following response reflects the legitimacy it has obtained through its engagement in micro-finance initiatives:

“For example in microfinance sector, we are very well respected as an institution because of the number of initiatives that we are implementing....Our initiatives are also in alignment with the mandate of ‘Financial Inclusion’ put forth by our regulator (The Reserve Bank of India)”.

Being more legitimate in the society is also commented on by one of the managers, who refers to working with the government and attending weekly meetings with them to share their experiences:

“Whatever we do goes down as goodwill for MNC#2. The technical assistance programme is the first of its kind in the country; there is no other bank that does it....We work very closely with the government even in livelihood. So, local government gets engaged to the livelihood programme and national government and regulator get engaged into the technical assistance programme. So, there is obviously a visibility and they know about it. The head of foundation has weekly meeting in RBI [Reserve Bank of India] making some presentation to some minister. It is an ongoing affair. So, it has brought a lot of goodwill.”

The benefits MNC#2 gains from legitimacy can also be inferred from the support it receives and the collaboration it has with many SSOs in the implementation and extension of its CSE initiatives to other regions.
5.4 MNC#3

5.4.1 Background

MNC#3 was founded in 1930 and is a conglomerate headquartered in Europe that offers a variety of consumer products including foods, beverages, cleaning agents, and personal care products. The company has around 80 years of experience and presence in more than 100 countries around the globe. In 2010, the number of employees was 163,000, the revenue from its global operations was €44,262 million and its profit was €4,598 million.

The Indian subsidiary was formed around 80 years ago in 1933. It is one of India’s largest producers of fast-moving consumer goods, with over 15,000 employees, and contributes to the indirect employment of over 52,000 people.

5.4.2 Corporate social entrepreneurship activities

To achieve the goal of Millennium Development, the company started at looking into different business areas where it could play a role. The company’s analysis demonstrated that serving the needs of the poor rural population could be a big step forward in this area. In addition, almost 76% of India’s population are living in rural areas, which represents a potential market opportunity for the firm. However, the existing business model did not have the capability to reach very small villages. Rural India is characterized by lack of access, poor logistics, underdeveloped commercial infrastructure, scanty reach by electronic media, and significantly low literacy levels. To overcome these challenges, the company had to revise the way it did business in urban areas and devise a new solution. Some of the innovative strategies that the company employed to seize the social opportunities in rural areas will be explained here.

Most of the poor are constrained in their level of consumption by having only small amounts of disposable money. The products therefore had to be affordable. In addition, MNC#3 realized that there are other factors that prevent the poor from consuming products. Firstly, subsistence markets are hesitant to spend money on a product that they are not aware of or familiar with. The second constraint is the lack
of liquidity. Their income is usually paid daily and, by the end of the day, they will have spent almost all their earnings on their immediate needs. Thus, in their consumption, they have to consider the cash in their possession at a given moment. This aspect of the lives of the poor explains why they may not spend/invest their income on a product designed to be used 30 or more times. Consumers who can afford to pay for only one or two portions at a time are excluded from experiencing many existing products. Recognizing the significance of redesigning the sizes of their products, MNC#3 started offering products in smaller single-serve sachets. Now, the company sells a number of products in small packs, including shampoo, soap, toothpaste, cream, and tea. It is noteworthy that sometimes the sachet idea has been criticized for leading to higher prices per unit of product. This is not always true, as the company has employed its technological capability to actually reduce the price at the BOP on a number of its products. These initiatives by the firm have brought affordability and allowed the poor to experience a better quality of product for the same prices they were paying before.

Conventional media such as TV, which is the main strategy used by corporations to advertise their products, is almost completely ineffective in rural areas, because many households do not have televisions and, for those that do, the reduced availability of electricity means they cannot watch it for more than an hour a day. To tackle this issue, the company’s marketing team go to the villages and find prominent walls on which to advertise. These messages also have to be very simple and pictorial because most of the rural population is illiterate. In addition, the company has a number of teams that visit each village to demonstrate, for example, the importance of hygiene, through a variety of interactive and engaging educational means. MNC#3 recognized that many consumers in rural India did not use soap because they believed that “visibly clean” hands were clean. Those who used soap did not distinguish between different qualities of soap. Some of the soaps available at the market were of poor quality and did not remove germs, despite costing the same. Low literacy levels at the BOP also mean that consumer education is paramount. To emphasize the importance of washing one’s hands with soap to remove germs, the company has developed a method to illustrate that visibly clean hands may not be truly clean. They use a glow-germ demonstration kit to show
people that washing hands with water alone is not adequate even though their hands may look clean. The company representatives rub powders onto people’s hands and wash their hands with water. Then, under UV light, they show people that, although they have washed their hands with water and they seem to be clean, there is still a residue from the powder on their hands. Then, these people are asked to wash their hands with soap and look at their hands under the UV light again, which illustrates that the powder residue has now been removed.

To serve widely-dispersed, remote villages in India, the company evaluated a variety of options. Inspired by the Grameen bank model of Bangladesh, which was built upon the concept of self-help groups (SHG), the company decided to pursue a similar strategy for the distribution of its products. Since more than three million SHGs had already been established in India, the company recognized that if it could utilize this SHG network and train them, they could probably sell the firms’ products directly to consumers. Therefore, the company started to collaborate with NGOs in order to benefit from the SHGs that they had developed. Now, through these SHG networks, the company relies on the residents of rural areas to distribute its products, rather than using conventional, organized distribution channels. It employs poor rural women from some of the small remote villages and trains them to manage small businesses.

<table>
<thead>
<tr>
<th>Table 12- Summary of the CSE activities of MNC#3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Social problem</strong></td>
</tr>
<tr>
<td>Poverty; lack of access to affordable good quality fast-moving consumer goods (FMCGs); lack of information about hygiene</td>
</tr>
<tr>
<td><strong>Social opportunity identification</strong></td>
</tr>
<tr>
<td>Inspired by the Millennium Development Goals and market size</td>
</tr>
<tr>
<td><strong>Social opportunity exploitation</strong></td>
</tr>
<tr>
<td>Through collaboration with NGOs and mobilizing women from SHGs; educating people about the importance of hygiene</td>
</tr>
<tr>
<td><strong>Type of innovation</strong></td>
</tr>
<tr>
<td>Product innovation: offering the same price per unit for single small sachets, changing packaging (sachets)</td>
</tr>
<tr>
<td>Process innovation: marketing, advertising, distribution</td>
</tr>
</tbody>
</table>
5.4.3 Corporate social entrepreneurship: Antecedents and outcomes

5.4.3.1 Antecedents of corporate social entrepreneurship

5.4.3.1.1 Environmental factors

5.4.3.1.1.1 Stakeholder expectations
One of the reasons that the subsidiary of MNC#3 decided to start serving the poor was in response to the Millennium Development Goals suggested by the United Nations (United Nations, 2005). As one of the managers recounted:

“It was a part of a project called Project Millennium at the beginning of the century. We started looking at different business areas we could get into…”

Given that the company produces foods, beverages, cleaning agents and personal care products, it can play a role in eradicating poverty as well as improving the health of the poor.

5.4.3.1.1.2 Demand conditions
As one of the managers of the subsidiary of MNC#3 indicated in one of the interviews, 76% of India’s population still live in rural areas and, of these, a large segment live in villages with populations of less than 5,000. This represents a huge consumer market to which the company can sell its products. Another manager recounted the following:

“We are already a very strong player in India and we knew that a huge market of consumers lies in rural India and we did not have a business model that could take our products to these consumers. When we found that model, we just jumped onto it.”
5.4.3.1.2 Organizational characteristics

5.4.3.1.2.1 Management support

The support of top management was indicated by the respondents as being crucial to the successful implementation of CSE activities. For example, they mentioned that employees who were expected to contribute to the implementation of this project were also involved in other tasks and, motivating them to put this project on their agendas and give it priority was a challenge. However, the involvement of senior managers and their leadership facilitated this process:

“…we have always had a fantastic leadership team right from the day that the project was started. We had some very good people who were at the helm of affairs and my fundamental belief is that one of the reasons that this project has been successful is because of the leadership qualities of such people.”

5.4.3.1.2.2 Networking with social sector organizations

MNC#3 respondents referred to the role of SSOs at different stages of CSE. First, those NGOs that focus on improving the awareness of poor communities about, for example, health matters, are indirectly helping the firm. Educating disadvantaged groups about the necessity of hygiene and using anti-bacterial soaps paves the way for MNC#3 to sell its products to these consumers. Second, NGOs played a remarkable role in the CSE initiatives of MNC#3 by helping the firm to gain access to poor women who then formed its distribution channel.

5.4.3.1.2.3 Availability of financial resources

The availability of financial resources was a determining factor in the CSE initiatives of MNC#3. For example, developing and managing the distribution channel required a huge amount of advance investment. The company works with 45,000 entrepreneurs who are distributing the firm’s products in rural areas. Around 1,200 employees are engaged in managing and monitoring these people. To guarantee the success of this innovative distribution channel, using poor women who were not
As explained by one of the respondents:

“...we invested a lot of time and money into building capabilities. So, we would have classrooms, training programmes, as well as on-the-job training programmes of all the women entrepreneurs that were involved in this project. That is something that you would always continue to do as a matter of regime, as a matter of routine it had to happen, and that I think has been one of the reasons why this programme has succeeded.”

Despite the costly distribution channel that the firm has developed, its financial resources have allowed it to look past this and consider the overall long-term profitability that it will offer the firm. This can also be inferred from the following comment:

“If a company would start tomorrow and say ‘I want to do this in rural India’, it will take a long time for it to be profitable and this is something exactly what we are witnessing right now.”

5.4.3.2 Outcomes of corporate social entrepreneurship

5.4.3.2.1 Social value creation

The company is creating social added value as it is offering accessible, good quality products in smaller sizes and at affordable prices for the poor. People in rural areas often have to purchase poor quality products at higher prices but, through its distribution channel, MNC#3 is improving the quality available to the poor. In addition, the company is empowering disadvantaged women in rural areas, by incorporating them into its supply chain and giving them job opportunities. By investing in the education of poor people about health and hygiene, for example the importance of washing their hands with soap, the company is offering social change, by changing the beliefs and behaviours of the poor. This can also be regarded as social innovation, since MNC#3 is educating people about the importance of hygiene and changing their behaviour, resulting in lower health expenses,
5.4.3.2.2 Long-term profitability

MNC#3 is a pioneering MNC, starting its CSE initiatives a few years ago. Although its CSE activities were not profitable in the early years, the respondents in this research confirmed that they are now profitable and constitute a considerable percentage of MNC#3’s profits. This is the result of the company’s investment in developing the capabilities of its distribution entrepreneurs. Also, educating rural consumers about the importance of hygiene, and other behavioural changes have proved beneficial over the years. A study conducted by the organization illustrates that there has been positive change in terms of the use of soap for hand-washing in those regions where they have implemented their educational programme. According to another report, over a period of five years, this programme has covered over 28,000 villages in eight states, reaching over 80 million people.

5.4.3.2.3 Legitimacy

MNC#3’s experience has proved the benefits that engaging in CSE activities can offer in the lives of the poor. The rural distribution channel of the firm has been particularly welcomed by the NGOs. One of the missions that many of the NGOs are pursuing is empowering poor people and thus, by offering job opportunities to SHG women, MNC#3 has obtained the support of both NGOs and governments.

5.5 MNC#4

5.5.1 Background

MNC#4 was founded in 1871 and is headquartered in a European country. The company is engaged in the manufacture of mobile devices and in the converging internet and communications industries, with over 132,000 employees in 120 countries. The company sells its products in more than 150 countries, bringing a global annual revenue of over €42 billion and net income of €1.850 billion, as of 2010.
MNC#4 started its operations in India in 1995 and has offices in New Delhi, Mumbai, Kolkata, Jaipur, Lucknow, Chennai, Bangalore, Pune and Ahmedabad. The Indian operations comprise the handsets business, R&D facilities, a manufacturing plant and a design studio. The company has played a pioneering role in the growth of cellular technology in India. Its presence in India has grown considerably over the years, increasing from 450 employees in 2004 to over 15,000 in March 2008. Today, India is the company’s second largest market globally.

5.5.2 Corporate social entrepreneurship activities

The penetration level of mobile phones in India’s rural market is still much lower than in its urban markets. While, in some of the big cities such as Delhi, mobile penetration is around 100%, it is still only 20% in rural areas, representing a significant opportunity. In addition to the firm’s own analysis as a means to identify business opportunities, some of its initiatives aimed at solving social problems started because NGOs, and to some extent the government, approached it and asked it to collaborate in developing solutions to eradicate poverty.

As the first step to satisfy the market need, MNC#4 is offering handsets that are affordable for the poor population. The company has employed its innovation capabilities to lower costs and offer cheap handsets. Today, the company is offering handsets that cost as little as 1,000 rupees (£13.5/$22). It has also started working with some micro-finance NGOs to offer loans to the poor to allow them to purchase mobile phones.

In addition to affordability, the company has had to take into account other product requirements for those living in rural areas. For example, many live in very harsh conditions. The main occupation is farming and, as a result, phones may get dirty or be dropped. Thus, the company has incorporated durability and a long battery life into its designs. It has created dustproof keypads to cope with the harsh living conditions and weather conditions. Further, because of the widespread illiteracy, it has had to develop handsets that are very easy to use and are adapted to local
languages. This has resulted in the company offering 12 local languages in addition to English on its mobile phones.

However, at the BOP, social value creation is necessary as well. Despite the entrepreneurial endeavours of the firm in developing a cheaper handset, poor people were still not purchasing the product. Low incomes made them more reluctant to spend their money on this type of product. To overcome this barrier, the company initiated collaborations with NGOs to educate people about the benefits mobile technology could offer them. In addition, MNC#4 was asked by some NGOs to develop mobile applications that could help solve social problems such as low incomes, health and education. Through partnerships with SSOs, the company conducted surveys to determine the specific needs of the poor in relation to mobile phones and based on this, developed a number of useful applications. For example, some applications allow subscribers to receive updates on chosen topics, such as market prices, news tips, weather forecasts, English lessons, exam preparation, or entertainment.

The information that is sent out to the phones, which is an SMS-based service, is targeted to the person based on his or her location. The primary services are agricultural and educational; entertainment is supplementary, providing users with ringtones and sports updates, among other services. The healthcare services offer pregnancy and childcare advice, and men’s and women’s health information. There is also a range of topics dealing with conditions such as respiratory, heart, diabetes, hepatitis and digestive health, which are specific to certain regions. Through the agriculture module, farmers have access to market prices. The prices of agricultural commodities change on an almost daily basis in different markets and this application enables farmers to check the prices before taking their products to a particular market. This helps them to obtain the best possible price without having to travel long distances to the nearest town to obtain the information, saving them time and money and enabling them to improve their quality of life. These mobile phone applications give the users direct access to information that can change how they do business. People have to pay a US$1 or $2 (depending on the region) monthly
subscription but the evidence shows that these applications have successfully enhanced the lives of the poor. As explained by one of the managers in the firm:

“For these people, whose income is about $100-$120 per month, parting with a dollar or two a month is a big deal. So what was a pleasant surprise was the willingness to carry on with this service month after month. It proved that the service had benefit to them, in that it brought information directly to them – they didn’t have to go out and search for the information, they didn’t have to spend a lot of time and money or go into the local town to get the information.”

To change people’s beliefs and behaviours about the use of mobile phones and the way that they could help them to conduct their business, MNC#4 worked closely with local SSOs, as it did not have the required capabilities and experience itself, as one of the managers explained:

“NGOs can help us in implementing a programme on the ground because we will never claim to be the best people to implement social programmes because that’s not where our expertise lies.”

MNC#4’s initiatives for BOP markets reach far beyond traditional service/product innovation. The company had to adapt its marketing, sales and distribution strategies in order to reach customers spread among the rural areas of India. To reach rural India, the company sends vans to country villages, advertising the firm’s brand, often on market or festival days. Then, the company’s representatives explain to the crowds that gather the basics of how the phones work and how they can buy them. It has also extended this concept to minivans, which can reach even more remote places. The company has also established care centres in some villages to educate people and deal with their enquiries on the use of handsets and applications. One of the managers pointed out the following:

“The rural market and its needs are very different. Along with specific handsets focusing on low-cost models, we are also setting up care centres and outlets to
interact with the population, educate them and provide them with a great experience.”

This helps the poor to overcome information constraints and empowers them to make informed decisions.

Table 13- Summary of the CSE activities of MNC#4

<table>
<thead>
<tr>
<th>Social problem</th>
<th>Poverty; lack of access to mobile phones, education, and health information</th>
</tr>
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<tbody>
<tr>
<td>Social opportunity identification</td>
<td>Market size</td>
</tr>
<tr>
<td></td>
<td>Demand from NGOs and/or governments</td>
</tr>
<tr>
<td>Social opportunity exploitation</td>
<td>Developing new products/services and implementing the programme in collaboration with SSOs</td>
</tr>
<tr>
<td>Type of innovation</td>
<td>Product innovation: product features, price, developing new mobile applications</td>
</tr>
<tr>
<td></td>
<td>Process innovation: marketing, sales, distribution</td>
</tr>
</tbody>
</table>

5.5.3 Corporate social entrepreneurship: Antecedents and outcomes

5.5.3.1 Antecedents of corporate social entrepreneurship

5.5.3.1.1 Environmental factors

5.5.3.1.1 Demand conditions

The huge size of the rural market in India was one of the key antecedents that inspired the company to develop new products/services for the low-income population. While the urban market is almost saturated, the rural population presents a huge untapped market for the firm. However, the rural consumers have specific needs which the company had to take into account when developing products and service for this market. The huge size of the market also illustrates that the firm’s investments are socially valuable as there is the potential to change the lives of a large number of people.
5.5.3.1.1.2 **Stakeholder expectations**

While the rural market represents a huge market for MNCs, some of the new mobile phone applications were developed by MNC#4 only because NGOs approached it and asked it to engage in addressing social problems such as health or education. In the words of one of the managers from MNC#4:

“We have also developed multiple applications that started purely because we have a demand for it and by demand I don’t mean a commercial demand, but as NGOs, government, multilateral agencies, come and say look there is a need for this in a poor or rural society. Can you develop something that can help us to tackle this issue in that society? So, we have applications to do with education in terms of delivering quality education to rural areas. We have applications on health.”

5.5.3.1.2 **Organizational characteristics**

5.5.3.1.2.1 **Management support**

Top management support was mentioned as one of the factors that plays a critical role in encouraging CSE activities at the firm. Management support was described as follows:

“The culture of our company is such that the top management endorse it. This is how we work. Our management look at how we can incorporate social issues. They endorse allocation of some time to do R&D on what applications can solve social issues in the world.”

5.5.3.1.2.2 **Networking with social sector organizations**

SSOs are fundamental in the implementation of the CSE activities of this firm. As mentioned by the managers, the capabilities of MNC#4 are concentrated in developing new products and services, such as new agricultural applications or education solutions. However, the project would not be successful if the poor had not been educated about the advantages of these applications and how they work. The
implementation of this social programme at the BOP was well facilitated through collaboration with NGOs on the ground. As one of the managers explained:

“NGOs can help us in implementing a programme on the ground because we will never claim to be the best people to implement social programmes because that’s not where our expertise lies. I think the biggest contribution is we can try to work and see how we can use mobile technology to really make a difference in social issues, then what we need is that we need people to bring this application, create a programme around it, implement it such that the application is not just an application but can bring the good that it is supposed to bring, to the society, right.”

In addition, MNC#4 has started working with NGOs that provide micro-finance, to help the low-income population to purchase handsets.

5.5.3.2.3 Availability of financial resources
The company had to invest in research to learn about the specific needs of the poor and develop handsets that could meet those needs. It was important that the mobile phone was affordable, simple and suited to the harsh conditions that some of the poor live in. In addition to its investment in product innovation, the company had to invest in learning about social problems, such as health and education, so that it could develop applications that would be useful for the poor. However, since the company also has to bear in mind the affordability of the product/service, the marginal profit that it is earning is very low. It hopes instead to receive a return on its investment over a longer period of time. One of the interviewees also pinpointed the necessity of investment to ensure the long-term success of the project:

“We actually spend a substantial amount of money to create a pilot and also to sustain that programme for a few years.”

5.5.3.2 Outcomes of corporate social entrepreneurship

5.5.3.2.1 Social value creation
MNC#4 is creating social added value by bringing the benefits of mobile technology to the poor and serving their unmet needs. The use of mobile technology is not common in rural areas and people still use traditional methods (e.g. to obtain information). Most commercial firms focus on urban areas as the prospects of serving the low-income population are not promising. MNC#4 is also offering social change by educating people about the benefits of mobile technology in terms of improving their lives and increasing their earnings.

Probably the key social value creation is related to social innovation. Mobile phones can change the way existing activities are undertaken, potentially leading to increased revenues, lower costs and improved quality of life. For example, the use of mobile phones can reduce the need to travel. People can use their phones to stay in touch with friends and relatives living far away and share their knowledge, thus improving relationships. Avoiding travel is especially significant in rural people’s lives as they often need to travel long distances to work, using poor roads and transport, thus phones help to save both time and money. Mobile phones give people access to health and emergency services – being able to get a medical diagnosis by phone can mean the difference between life and death, especially when the nearest doctor is far away. Mobiles can help poor people in remote areas to find job opportunities without travelling long distances and improve their earning by providing better access to business information. For example, the company is empowering farmers by offering them up-to-date information which can bring them higher incomes.

5.5.3.2.2 Long-term profitability

One of the determining factors behind the CSE strategy of MNC#4, as stated before, is the size of the market involved and the fact that the company is confident about the sustainability of its social project. This is reflected in the following quote from one of the managers:

“A lot of NGOs that we work with are multilateral agencies. So, they get funding from the World Bank, they get funding from UN agencies and they work on a big
scale project, right, and I think the reason why you look into this is because, if you have a big scale project, you are going to create an application.”

Considering the fact that the size of the market is huge and the mobile applications that the company has developed have been based on the NGOs’ requests to solve a persisting social problem, the company is hoping that these programmes will continue. However, because of the low incomes of the poor and the lower marginal profits as well as other challenges involved at the BOP, it may take more time before this operation can be scaled up and becomes very profitable for the firm.

5.5.3.2.3 Legitimacy

As explained earlier, one of the drivers behind the firm’s engagement in CSE activities is the demand from stakeholders such as the government, NGOs and multilateral agencies who asked them to develop a product/service aimed at the poor population. By meeting these expectations, the company has gained the support of these entities in implementing its projects. In addition, many studies of the BOP confirm the benefits that mobile technology can offer in enhancing the lives of those in the subsistence market. Therefore, by offering affordable and accessible mobile technology in rural areas, MNC#4 has been accepted as a more responsible company in India.

5.6 MNC#5

5.6.1 Background

MNC#5 was found in 1994 and is a major banking and financial services company based in India. It is one of the largest banks in India, with over 74,000 employees as at 2010, and a network of 2,529 branches across India and 19 other countries. The company offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and specialization subsidiaries and affiliates, in the areas of investment banking, life and non-life insurance, venture capital and asset management. The company’s revenue in 2010
was US$ 13.569 billion (€ 9.45 billion), with a profit of $1.134 billion (€ 0.789858 billion).

5.6.2 Corporate social entrepreneurship initiatives
As a result of India having one of the largest poor populations in the world, MNC#5 started embracing CSR activities in 2000 when CSR was in its infancy in India. Initially, it was carried out by a small group of individuals within the organization who had a commitment and passion for CSR. They started with a number of different causes and their initiatives slowly gained momentum and crystallized into a social initiative group within the organization, which focused on various social issues, primarily education and child health. After eight years of successful work, these activities were spun off into a foundation in 2008. During its eight years of prior experience, the foundation had learned that, without developing a comprehensive programme to address a range of social problems, the lives of people in India would not change. One of the managers made the following comments:

“What does it mean to provide better health, without economic improvement? What does it mean to provide better education, without teaching materials? What does it mean to provide access to financial services, so that people can make good financial decision? How does one prevent exploitation? How does environmental degradation affect everyday living standards?”

To choose areas on which to concentrate, the top management of MNC#5 was also involved. Managers from different departments were invited to brainstorm social problems that the firm should address. To prioritize these issues, the top managers felt it was important that they were linked to the business interests of the firm. In addition, the government of India has set out some policies, encouraging corporations to address the needs of the disadvantaged population. Taking into account these two factors, five areas were identified: child health, elementary education, comprehensive access to financial services, strengthening civil society and environmental sustainability.
In addition, it was clear to the foundation that no single institution working alone could fully address the complexities of the social problems that exist in India. Thus, the foundation decided to harness the power of three institutions, namely civil society, the government and the markets. This deep understanding of the different aspects of poverty and the necessity for collaboration with other entities enabled the foundation to come up with a new approach. Instead of focusing on addressing a social problem itself, the foundation decided to choose five strategic partners and collaborate with them. This approach resulted in them fostering independent, responsive organizations, each with extensive expertise in one of the five areas that the foundation had pinpointed. The foundation collaborates with each of these and provides them with active support and mentoring.

The partners, mainly NGOs and/or social enterprises, are thus building knowledge and specialization in their particular field and this should help to ensure a long-term impact. For example, one of the strategic partners is an organization which conducts research on child health and nutrition and builds templates for programmes to promote child health and maternal health. It works at the ground level, in terms of implementing these pilot programmes, testing them and then offering them to state governments as viable programmes.

Another organization with which the foundation is highly involved is focused on micro-finance and developing innovative solutions to bring the benefits of access to credit to the rural population. The firm’s analysis illustrated that, traditionally, the banking system has served the upper-income groups in India who are principally located in urban areas. While the majority of the Indian population lives in rural areas, the penetration of banks there is very low. Because of the high costs involved in establishing traditional bank branches in all villages, most banks only have branches in densely populated areas. However, the research of this social enterprise resulted in it finding a new technology with much lower transaction costs for the bank. It can replace traditional branches and can be set up profitably, even in small villages.
In another initiative which MNC#5 is directly involved (not the foundation), MNC#5 in collaboration with its SSO partners is offering micro-finance to the poor. Since lending money to poor people in rural areas involved high transaction costs for the firm, it decided to collaborate with MFIs (either for-profit or non-profit). While several models already existed for reaching the poor through MFIs, most of them were not successful in offering a scalable business model. This was mainly because the MFIs were not in a good enough position to borrow large enough amounts of money from the bank. Therefore, the company decided to develop a new business model to enable it to reach more disadvantaged groups. In this model, local NGOs develop SHGs which are groups of 15-20 women. The bank then lends money to the groups directly and the groups decide how to allocate the money to their members. This means that the amount of money that the bank can lend to the poor is no longer limited by the position of MFIs. However, MFIs are still part of this business model. They collect and supervise repayments, which further ensures the success of the model. The bank has also devised a system of punishments/incentives for the MFIs, to ensure their motivation in carrying out their role.

<table>
<thead>
<tr>
<th>Table 14- Summary of the CSE activities of MNC#5</th>
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<tbody>
<tr>
<td>Social problem</td>
</tr>
<tr>
<td>Social opportunity identification</td>
</tr>
<tr>
<td>Social opportunity exploitation</td>
</tr>
<tr>
<td>Type of innovation</td>
</tr>
</tbody>
</table>
5.6.2.1 Corporate social entrepreneurship: Antecedents and outcomes

5.6.2.1.1 Environmental factors

5.6.2.1.1.1 Demand conditions
Statistics illustrate that, while the majority of the population in India resides in rural areas, the penetration of the banking system in these areas is very low. This indicates that there is a large amount of unsatisfied demand. It is estimated that, of the 428 million deposit bank accounts in the country, 30% are in rural areas, which represent a penetration of around 18%. An analysis conducted by MNC#5 in 2006 also showed that annual credit demand by poor households was around US$10-30 billion, while the total supply of credit did not exceed US$1.5 billion in rural areas. This represented a huge gap between supply and demand at the BOP. One of the managers also pointed out that investment in developing micro-finance pays off as there are around 400 million people in India, living in 6 million villages, who are seeking small loans.

Another interesting point made by one of the respondents was that the growth of their business is dependent on the growth of demand. Thus, the company has to invest to bring the poor into the mainstream markets:

“We see it as partnering with the growth of India and if India grows, we will grow.”

5.6.2.1.1.2 Stakeholder expectations
The low supply of financial services in rural areas has come to the attention of the government of India. As a result, the Reserve Bank of India, through the Rural Planning and Credit Department and the National Bank of Agriculture and Rural Development, has developed policies to encourage rural banking. However, most of these policies have been thought of by banks as developmental strategies that will result in loss-making or breaking even at best. MNC#5 viewed these polices as opportunities, though, and was determined to go beyond the government’s
expectations. The company aimed to find innovative solutions to meet the needs of the poor in rural areas sustainably. As one of the managers pointed out:

“MNC#5 wants to lend in a sustainable way to rural India….let us see in what way we can actually make this initiative truly scalable.”

5.6.2.1.2 Organizational characteristics

5.6.2.1.2.1 Management support

The critical role of top management in the CSE activities of MNC#5 is illustrated by its support for the expansion and growth of the company’s CSR activities. As mentioned above, the passion and commitment of the original CSR group allowed it to obtain the support of top management and resulted in the establishment of a foundation.

Top management were also involved in deciding on which areas the foundation would concentrate and those areas were selected to be in line with the business interests of the bank. As the respondents pointed out, this guaranteed the support and commitment of senior management. This is reflected in the following response:

“When we brainstormed on what the bank should do, we arrived at five focused areas which are linked to the business interests and therefore because it is linked to the business interests, it has certain longevity.”

The foundation’s activities have been supported and have spread among the MNC#5’s group of firms. The employees are also encouraged to participate in the foundation’s CSE activities.

5.6.2.1.2.2 Networking with social sector organizations

The years of practical experience of MNC#5’s CSR group proved to them that changing the lives of the poor required a comprehensive plan which not only addressed a variety of social problems but also mobilized and leveraged the
capabilities of all active entities in the field. To change lives and eradicate poverty, MNC#5 is collaborating with SSOs and NGOs to improve the outcomes of its mission. Instead of employing its own limited resources, the company has established strategic partnerships with a number of SSOs that are experts in particular aspects of alleviating social problems. Employing its own financial capabilities and knowledge, these collaborations have resulted in more impactful outcomes.

“But how has MNC#5 been able to achieve such rapid growth in such a short time? This success is due to a series of innovative models and initiatives. We have opted not to go directly and work in the field by, let us say, starting up schools or putting up clinics but to set up organizations that will carry this work forward. So accordingly, we have looked at five focus areas, which are essentially child health, elementary education, financial inclusion, strengthening civil society and working at a sustainable environment. So, each one of these is taken forward by an independent organization, which has been set up in some ways by MNC#5.”

In particular, networking and collaborating with MFIs has been very helpful in enabling the firm to develop and scale up a new business model that serves the needs of the poor.

5.6.2.1.2.3 Availability of financial resources
The availability of financial resources has enabled MNC#5 to pursue non-profit activities. The company allocates a percentage of its total profits to the foundation’s activities. Then, the foundation invests this money in the activities of its strategic partners. Of course, it should be mentioned that, even though these activities are non-profitable at this point in time, the company is investing this money with the aim of building potential new markets in the future. This was emphasized by the respondents, who explained that it was important for the firm that the foundation concentrated on areas that are aligned with its business interests. The company is also offering micro-finance to the poor, from which it seeks a very small amount of profit. However, it hopes that by expanding its business to more of the BOP population it will obtain a return on its investment in the long term.
5.6.2.2 Outcomes of corporate social entrepreneurship

5.6.2.2.1 Social value creation

Social added value is clearly observable in the activities of MNC#5. By targeting the health and education of a disadvantaged group, its foundation and its partners are raising the quality of life among the poor. They have also facilitated the poor’s access to financial services. The BOP population are usually trapped in a dilemma of having neither money nor the means to borrow any and could benefit greatly from financial services. Accessing small loans and being able to build up savings can provide them with timely relief in the case of sudden income shocks or emergencies. Also, loans and investments can offer empowerment when low-income people invest this money in existing businesses, allowing them to increase revenues or start new micro-businesses. Providing access to financial services can also result in social innovation. In the absence of formal institutions, poor people often have to borrow money from the informal sector which can be monopolistic and charges high interest rates. According to one of the managers:

“In informal systems may be inefficient and even exploitative due to their monopoly power. Interest rates in the informal market vary from 10% on a monthly basis to 10% on a daily basis.”

Another manager pointed out the following:

“Generating additional streams of income necessitates an initial amount of capital. This is either not available at all (typically for the poorest of the poor), or not available in adequate amounts. A high-yielding buffalo typically costs US$200. However, the maximum loan available from local sources is usually US$160. The cost at which it is available (local moneylenders) undermines the viability of the enterprise.”

Wherever banks have entered this market, they have reduced the interest rate and provided lower transaction costs through their knowledge and experience. This
provides social innovation in the lives of poor as it helps them to improve their lives by saving the money that they had previously spent on high interest rates. Replacing high-cost with low-cost debt, and providing access to loans to purchase productive assets such as land, sewing machines and cattle, can empower the poor and change their lives.

### 5.6.2.2.2 Long-term profitability

The CSE activities of MNC#5 are aligned with its core mission and business activities. Therefore, by addressing certain social problems, the company is improving the lives of poor people and bringing them into the mainstream market so that they can use its financial products. Of course, the managers at MNC#5 appreciate the fact that the outcomes of their activities will only truly be observable in the long term. The following comments made by some of the interviewees illustrate the long-term profitability of these activities expected by the firm:

“When we brainstormed on what the bank should do, we arrived at focused areas which were linked to the business interests of the firm.”

“We are doing vocational training for a certain segment of the population, the underprivileged segment of the population, so that they will come into an employable category and start earning and start using my banking products.”

“We are offering micro-finance for poor people as we have recognized that the poor are bankable, and that micro-finance provides a new, profitable opportunity. The bank sees an opportunity to make profits in untouched markets, while improving the lives of poor people. Who would not appreciate the win-win of this situation?”

### 5.6.2.2.3 Legitimacy

The establishment of a foundation which invests in the society and solves social problems has improved MNC#5’s acceptability among various stakeholders. Through offering business models that create social value for the poor, the company has been able to obtain the support of NGOs for its activities. Offering a new
innovative business model for micro-finance has also proved to be much more effective in comparison with prior business models. This has led to the company being invited to work with the Reserve Bank of India in developing and expanding government regulations on providing financial services to the poor.

5.7 MNC#6

5.7.1 Background

MNC#6, headquartered in Europe, was founded in 1960. With 50 years of experience in human resource management and consultation, it is one of the world’s largest providers of human resource services. The range of services that the company offers includes regular temporary staffing and permanent in-house placements, professionals, search and selection, and human resource solutions. At the end of 2010, MNC#6 had approximately 27,500 employees working in nearly 4,200 branches, with subsidiaries in 43 countries around the world. It generated revenue of €14.2 billion and profits of €280.8 million in 2010.

Its Indian subsidiary started its operations in 1992 and was acquired by MNC#6 in 2008. Since its establishment, it has grown into a full-spectrum human resource services provider for clients worldwide. It has helped generate career opportunities for thousands of individuals in 36 countries, and has worked for over 250 Fortune 500 organizations. It offers search, selection, staffing, consulting, outsourcing, training and human resource automation.

5.7.2 Corporate social entrepreneurship activities

Before explaining the CSE initiatives of MNC#6, it is helpful to look more closely at the mainstream activities of the firm. As a human resource consultancy, the company provides a range of services for its customers. The company registers the information of applicants who are looking for new jobs. Through collaboration with corporations, MNC#6 also has a database of job opportunities and helps to match candidates to companies, helping candidates find the best job and employers identify the best talent for roles across various levels. The company also offers training to
corporations to improve their productivity and to job applicants to enhance their employability. The training programmes offered include leadership skills, negotiation and persuasive skills, interpersonal skills, change management and problem solving.

In view of the large-scale poverty in India, MNC#6 decided to establish a foundation in 2007 in order to use its core capabilities to help eradicate poverty. In addition, the CEO of MNC#6 (in India) came from a poor family and experienced extreme poverty when he was a child. He lost his father when he was young and had to work very hard to help his family. As a result, he was well aware of the necessity of helping communities to change their lives and the role that empowerment and entrepreneurship can play in this. This prior experience of the CEO has impacted and directed the values of the employees and how they perceive the role of their organization in society. Social problems are deemed as opportunities that MNC#6 can play a fundamental role in helping to solve, while employees are encouraged to come up with ways to eradicate poverty.

The foundation is determined to create sustainable change in the lives of children, women and youths from disadvantaged backgrounds. It focuses on several aspects of poverty but, for the purposes of this research, two will be discussed:

1. providing empowerment and employability for women;
2. building the capacities of NGOs that work at the grass roots level.

In order to offer sustainable change in the lives of the poor, the foundation decided to empower disadvantaged women to earn extra money for their families and become more independent and self-reliant. To achieve this goal, it works with NGOs that are active in this area. First, in collaboration with the NGOs, the foundation provides micro-finance to disadvantaged women. However, accessing money is not enough for the poor as they may not know how to invest it to generate a sustainable income. So, the second initiative is to offer entrepreneurial education to poor women. In collaboration with a training team from MNC#6 and local NGOs, the foundation provides simple training courses on starting a micro-business. Finally, building upon the database of available job opportunities and the needs of different industries,
MNC#6 is helping the foundation to offer training programmes to enhance disadvantaged groups’ employability and marketable skills. These programmes aim at improving the skills and knowledge of youths and women to enable them to work for companies.

The foundation also noticed that, in order to scale up its initiatives, it would need the support and collaboration of other socially-oriented organizations, such as NGOs. In addition, it realised that if it could obtain the collaboration of NGOs and corporations, the value that they could create together for the society would increase. It therefore started another initiative which served as a facilitative platform where NGOs, companies and individuals with common social concerns could come together for mutual learning, sharing and the collective espousal of social causes. The programmes are aimed at providing visibility, connectivity and capacity to the NGOs working at the grass roots level. Currently, it has a strong network of 256 NGOs, 300 individuals and 14 corporations. As the members of the network range from a small NGO to a fairly large NGO, the network recognizes the work done by every NGO and encourages them to scale up their interventions wherever the need arises. According to MNC#6, the main purpose of this programme is to provide member NGOs with the following:

1. Increased access to information, expertise, financial resources, etc.
2. Increased efficiency: by leveraging their numbers and allowing for some specialization based on comparative advantage, network members can reduce costs and limit the duplication of efforts. At the same time, the sharing of lessons learned and best practices can keep NGOs from having to reinvent the wheel every time they undertake new activities.
3. Solidarity and support.
4. Increased visibility of issues, good work and best practices, and the contributions of under-represented groups.
5. A multiplier effect: Network members can achieve greater things through the multiplier effect. Since the value of the network is greater than the sum of its parts, individual member NGOs can achieve greater reach and impact in terms of their own organizational goals.
Table 15- Summary of the CSE activities of MNC#6

<table>
<thead>
<tr>
<th>Social problem</th>
<th>Poverty; lack of skills needed to start a business or be employed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social opportunity identification</td>
<td>Large size of market (dominant poverty)</td>
</tr>
<tr>
<td>Social opportunity exploitation</td>
<td>Through close collaboration with communities and NGOs and by employing the core capabilities of the firm</td>
</tr>
<tr>
<td>Type of innovation</td>
<td>Business model innovation:</td>
</tr>
<tr>
<td></td>
<td>- employing the firm’s knowledge about job opportunities to educate and empower women in those areas, and</td>
</tr>
<tr>
<td></td>
<td>- establishing a foundation focused on bringing together corporations and NGOs, to expand their networks.</td>
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</tbody>
</table>

5.7.3 Corporate social entrepreneurship: Antecedents and outcomes

5.7.3.1 Antecedents of corporate social entrepreneurship

5.7.3.1.1 Environmental factors

5.7.3.1.1 Demand conditions

The necessity of eradicating the poverty that affects such a large number of people in India was indicated by the respondents. Considering the fact that almost 70% of India’s population are poor, businesses in the country can only improve if they bring the subsistence market into the mainstream society. For example, one of the respondents commented:

“The majority of the population in India are poor. How can a corporation grow when the society fails?”

In addition, as part of its CSE initiatives, MNC#6 employed its existing
expertise and capabilities and developed new training programmes to meet the needs of underprivileged women and increase their employability and entrepreneurial knowledge.

5.7.3.1.2 Stakeholder expectations
Because of the huge size of the low-income population in India and the prior experience of the CEO in this case, the respondents did not refer to the government or NGOs as the stakeholders expecting the firm to play a role in poverty reduction. Instead, the respondents said that it was the responsibility of every socially-aware firm to help disadvantaged groups and change their lives. Respondents from MNC#6 saw themselves as responsible for the poor communities in the country.

5.7.3.1.2 Organizational characteristics

5.7.3.1.2.1 Management support
As explained in the previous section, the CEO of this firm comes from among the poor population and his experience has given him the motivation to give back to society and improve the lives of the poor. This culture of social responsibility has been transferred among the employees as well. Employees are encouraged to spend a portion of their time working for the foundation and to employ their knowledge and expertise to offer more effective ways of helping the poor. There is also an internal newsletter which publicizes the initiatives of the foundation and the innovative solutions that employees have offered. The top managers themselves also spend a portion of their time among communities in order to learn more about their specific needs and guide the strategic direction of the foundation.

5.7.3.1.2.2 Networking with social sector organizations
The necessity of collaboration with SSOs was very well understood by the respondents from MNC#6. Although it is supported by its own employees, the foundation would not be successful if it did not network with SSOs. Offering holistic solutions to change the lives of the poor requires collaboration with NGOs that are specialized in different areas and are spread among disadvantaged communities. To
strengthen its networking opportunities, as discussed above, MNC#6 has also established a programme to bring NGOs and corporations together to learn about each other’s capabilities and develop sustainable solutions.

5.7.3.1.2.3 Availability of financial resources
None of these initiatives of MNC#6 would have been possible without the allocation of financial resources. From the time of the foundation’s establishment, the company has allocated a percentage of its profits to supporting its existing activities and future growth. All of the CSE initiatives of MNC#6 are non-profit-based. The company is investing in order to improve the lives of the poor and develop its market over a longer period of time.

5.7.3.2 Outcomes of corporate social entrepreneurship

5.7.3.2.1 Social value creation
MNC#6 is very active and determined to create social value for the very disadvantaged. First, the company creates social added value by targeting vulnerable poor communities. In addition, its second programme of capacity development and networking among NGOs helps smaller and less visible NGOs to improve their capabilities. Empowerment is probably the key social value creation that MNC#6 has targeted. Providing access to micro-finance enables poor unemployed women to start their own businesses. Vocational training also enhances the skills and expertise of these women and gives them the opportunity to be employed by corporations. As illustrated by one of the respondents from this firm:

“By empowering them, we have actually impacted their families and improved the quality of the lives they lead.”

5.7.3.2.2 Long-term profitability
Although social value creation is one of the key outcomes that MNC#6 is seeking through these initiatives, long-term profitability has also been considered as another
outcome. By empowering poor women, the foundation is giving them the opportunity to invest more money in the education of their children. The children of these families, who have benefited from working with MNC #6, will be future potential customers. In addition, both the empowerment of women and the capacity building of NGOs will lead to the reduction of poverty in the long term and will bring this excluded population into the mainstream market.

5.7.3.2.3 Legitimacy

MNC#6 is benefiting from legitimacy by engaging in non-profit initiatives that address the pressing needs of vulnerable communities. The company is using its own core capabilities in training, to enhance the employability of the poor in collaboration with NGOs. In addition, the company is offering a programme which targets the needs of a group of stakeholders. Building the capacity of NGOs and offering them the chance to collaborate with corporations will improve the satisfaction of these stakeholders and make MNC#6 more accepted and supported in the society.

5.8 MNC#7

5.8.1 Background

MNC#7 is based in Europe and was founded in 1891. It is one of the largest electronics companies in the world. In 2010, its sales were €25.42 billion and its profit was €1.44 billion. The company employs 119,000 people in more than 60 countries. Its product range includes consumer electronics, domestic appliances, personal care, lighting and healthcare.

The company began operating in India in 1930. Since then, it has expanded its operations and, as of 2008, its Indian subsidiary had approximately 4,000 employees.

5.8.2 Corporate social entrepreneurship activities

MNC#7’s market in developed countries is quite saturated, whereas the four billion
people at the BOP still do not have access to many of the firm’s products. Addressing the needs of this huge untapped market motivated MNC#7 to launch CSE projects. As indicated by some of the managers interviewed from MNC#7, this decision was strengthened by the growing expectation from civil societies that the company should support equitable socioeconomic development worldwide, in line with the Millennium Development Goals.

As one of the strategies it followed to achieve these goals, in 2003, the company started to consistently address the challenge of generating sustainability-driven business initiatives in new, promising markets around the world. In 2005, the company organized an event targeted at developing new ideas for a product/service to solve a social problem. The event was attended by approximately 275 people from MNC#7 worldwide, as well as some of the world’s foremost sustainability thinkers and practitioners (including representatives from leading NGOs). The intention was to promote fresh thinking in envisioning solutions which could improve quality of life in the most fragile environments in the world. Approximately 80 ideas emerged, which were then filtered by criteria such as compliance with MNC#7’s corporate strategy, social investment policy alignment, technological feasibility and their fit with the Millennium Development Goals. One of the social problems that was brought to the attention of MNC#7 was related to the health of poor people. The reduction of indoor pollution is critically important as respiratory illness affects the health of the huge number of people living in developing societies who still cook indoors with biomass fuels (e.g. wood or dung). Statistics show that more than 1.6 million people die annually because of smoke inhalation from indoor wood-burning stoves. India is particularly badly affected, accounting for 25% of such fatalities. Therefore, the firm believed that, if it could develop a smokeless stove, it could improve the quality of many peoples’ lives. As one of the company’s managers commented:

“This idea seemed to have the best chance of helping the socially disadvantaged through leveraging our expertise and capabilities without involving sophisticated and expensive technologies.”
The stove would be simple to use and maintain, relatively cheap, easily made, and would significantly reduce indoor pollution. In designing the product, the company had to ensure that it would be affordable for as many families as possible.

During the design process, extensive research in the field was necessary so as to collect all the information required to develop a truly effective, context-specific solution. To achieve this goal, the design team started collaborations with local NGOs that specialized in grass roots behaviour and social studies, in order to conduct research in villages. This allowed the company to collect information on local production and distribution channels, in addition to gaining insights into people’s culinary habits, their interaction with the devices currently available, and their purchasing power. The necessity of taking an entrepreneurial approach and incorporating innovation into designing the product was explained by one of the respondents as follows:

“We had to look beyond traditional strategies and develop new strategies to learn about customer needs, product design and innovation in these [BOP] markets. The significantly lower purchasing power of these populations required new innovative strategies.”

Since it was not financially viable for MNC#7 to design and produce this type of product itself, it decided to complement its own skills through collaboration with local entrepreneurs and NGOs. Thus, it developed a package of information that was distributed freely to NGOs so that they could produce the smokeless stove themselves or train local entrepreneurs to do so. The package included details and training on producing, installing and maintaining the stoves, and also helped to create awareness about indoor pollution and healthy cooking. Built upon its core competency of designing products, and through its close collaboration with NGOs and communities, the company has been successful in developing an affordable, acceptable and accessible product for poor people in India.
Table 16- Summary of the CSE activities of MNC#7

<table>
<thead>
<tr>
<th>Social problem</th>
<th>Poverty; respiratory health</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social opportunity identification</td>
<td>Huge untapped market; stakeholders’ expectations (Millennium Development Goals)</td>
</tr>
<tr>
<td>Social opportunity exploitation</td>
<td>Through close collaboration with communities, NGOs and local entrepreneurs</td>
</tr>
<tr>
<td>Type of innovation</td>
<td>Business model innovation: designing the product and then delegating production and distribution of the product to its partners. Product innovation: developing new products to the market</td>
</tr>
</tbody>
</table>

5.8.3 Corporate social entrepreneurship: Antecedents and outcomes

5.8.3.1 Antecedents of corporate social entrepreneurship

5.8.3.1.1 Environmental factors

5.8.3.1.1.1 Demand conditions

The four billion people living at the BOP represent a huge market opportunity for the firm. While its existing markets are almost saturated, the low-income population still do not have access to many of the products that MNC#7 is offering. In addition, it was important for the firm to engage in developing a product/service that addresses the needs of a large number of disadvantaged people. The smokeless stove satisfied this criterion: as mentioned earlier, around 1.6 million people around the world suffer from smoke inhalation from indoor wood-burning stoves annually. The company also estimates that 50% of the 700–800 million people living in rural areas, who currently cook using biomass fuels, could afford to purchase smokeless stoves. The following statement also confirms the importance of market size:
“With more than 1.6 million people dying annually due to smoke inhalation from indoor wood-burning stoves, [the company] came up with an idea to effectively tackle the problem.”

Engagement in CSE was not only inspired by market size. Since the poor could not afford to purchase the traditional products of the firm, it started to develop new products and a new business model to serve the needs of this market.

5.8.3.1.2 Stakeholder expectations

One of the drivers behind MNC#7 embracing innovative strategies to address social problems, as explained by the respondents, was achieving the Millennium Development Goals by 2015. The managers also indicated that the company is under growing pressure from society and various stakeholders to support social goals. To satisfy these expectations, as explained in the previous section, MNC#7 is working with NGOs and other SSOs to identify social opportunities that are consistent with its core capabilities.

5.8.3.1.2 Organizational characteristics

5.8.3.1.2.1 Management support

MNC#7 began to develop sustainability-driven business initiatives in 2003 and these projects gained momentum because of support from top management. Firstly, senior management highlighted the key selection criteria for CSE projects. It is important for the firm that CSE initiatives are aligned with its core competencies and strategic goals. Also, the board invited all five of the firm’s divisions, namely, consumer electronics, domestic appliances, medical systems, lighting and semiconductors, to encourage innovative business practices that foster new business models and create appropriate solutions for poor people’s unmet needs. The commitment of senior management to the generation of new ideas to address social problems was emphasized by the interviewees at both subsidiary and headquarters levels.
5.8.3.1.2.2 Networking with social sector organizations

By networking with SSOs, MNC#7 could identify the best social opportunities. In addition, SSOs were helpful in obtaining community support when collecting information on their specific needs, living conditions and cooking habits. Thus, SSOs were critical in helping to produce the project. Also, through close collaboration with local entrepreneurs, SSOs helped MNC#7 to bring the smokeless stove that it had designed to consumers.

5.8.3.1.2.3 Availability of financial resources

As a leading MNC in its industry, MNC#7 has been able to devote a considerable amount of money to the development of a product which solves a particular social problem. The company is now developing quite a few new products based on the culinary habits and needs of India’s rural community. In addition, to the investment in R&D and the design of the products, the company is investing in learning about these communities, identifying related NGOs and local entrepreneurs, and developing their capabilities so that they can produce the product themselves. The availability of financial resources has also enabled the firm to make no profit on the design of the smokeless stove.

5.8.3.2 Outcomes of corporate social entrepreneurship

5.8.3.2.1 Social value creation

MNC#7 is creating social added value, empowerment and social innovation. They are creating the first of these by addressing a social problem that has been ignored by others and has remained an unmet need for some time. As explained, more than 1.6 million people die annually because of smoke inhalation from indoor wood-burning stoves. At the BOP, people suffer from respiratory illnesses because they cook indoors with biomass fuels and do not have any better alternatives. Developing an affordable and accessible smokeless stove can thus improve the health of these people in the subsistence market and creates social value.
MNC#7’s CSE initiatives also offer social innovation to the lives of poor people as respiratory diseases influence their economic situation. It is estimated that the cost of healthcare constitutes 80% of a rural household’s income in India, part of which can now be saved or spent on feeding the family as a result of these stoves. In addition, when using the traditional method of cooking, which relies on wood burning, children often have to walk long distances every day and carry heavy firewood. This means that they have less time for education and are discouraged from going to school. Finally, using the new stove can save up to two hours of women’s time usually spent on cooking, which will enable them to spend more time on money-earning activities such as working on farms.

Finally, the proposed business model for the smokeless stove empowers local entrepreneurs who can help to produce and distribute the product.

5.8.3.2.2 Long-term profitability

Although the company is not seeking profits from designing this product, it is hoping for increased long-term profitability as a result of the experience. Offering an accepted, affordable and accessible smokeless stove required the firm to engage closely with the local community to learn about the subsistence market’s needs, their cultural beliefs and their traditional behaviour, as well as their purchasing power. In addition, the company had to learn about working with non-traditional partners. This means that the company is building up knowledge on future customers and markets, while creating a network of potential local suppliers (from NGOs and universities to independent entrepreneurs). This is indicated in the following comments from the respondents:

“We will also benefit. …We explore new ways of working, better understand the potential of new technologies or the use of existing ones in an innovative way and gain valuable insights from areas we would otherwise probably not be active in. It becomes possible for us to create a portfolio of sustainable solutions which are not constrained by traditional business considerations.”
“It is also very beneficial for us…it develops brand equity and trust…. It also shows new ways of co-creating value through cooperation with ‘unconventional’ partners such as NGOs, local entrepreneurs and self-help groups for women.”

5.8.3.2.3 Legitimacy

Embracing social opportunities has improved MNC#7’s legitimacy in the eyes of NGOs and civil society organizations. Engaging NGOs to identify social problems and collaborating with them to conduct market research strengthens NGO support for the project. Also, the firm benefited from legitimacy at the production stage, as this process was facilitated by NGOs who mobilized local entrepreneurs to manufacture the product. The company also improved its legitimacy by carrying out a sustainability impact study in collaboration with a local NGO, to highlight the changes that had resulted from the use of the stoves.

5.9 MNC#8

5.9.1 Background

MNC#8 is a global telecommunications company headquartered in Europe and launched in 1985. It is one of the world’s largest mobile telecommunications companies in terms of revenue and numbers of subscribers. It operates in over 30 countries and has partner networks in more than 40 others. The company’s revenue was €51 billion and its profit was €9.9 billion in 2010. The total number of employees worldwide is around 85,000.

The activities of MNC#8 in India are the result of a joint venture with a local company. The shareholders of MNC#8 acquired an indirect controlling interest in this joint venture in 2007/08. The local company was founded in 1994 and had 10,000 employees in India as of 2009.
5.9.2 Corporate social entrepreneurship activities

As a mobile network provider, the CSE initiatives of MNC#8 are related to investment in disadvantaged areas and developing new affordable handsets. The company decided to invest in remote and dispersed rural areas because almost 75% of India’s population live in such areas. Another factor that motivated the firm to address the needs of rural people is related to the demand from existing urban consumers to be able to get in touch with people in rural areas.

The company also offers a variety of schemes which make phone conversations fairly affordable. However, the company noticed that, despite the low call rates, poor people were still unable to use mobile technology because they could not afford to purchase even the most simple handsets. Therefore, the company decided to address this barrier by introducing a new affordable handset in November 2007. To back up this initiative, the company also set up a very robust replacement network through its distribution channel. The company’s brand, in combination with the replacement warranty and service delivery through its distribution channel, resulted in record sales of the handset within months of its launch. MNC#8 is also working with other handset providers to provide cheap, easy to use, and accessible handsets. It has also produced a solar energy-based handset for as little as US$10 aimed at rural areas where there is a shortage of power. Finally, the company has established partnerships with micro-finance NGOs to provide loans to enable people to purchase handsets.

Another challenge which led to strategic innovation came from the lack of infrastructure and widespread illiteracy of people in rural areas. Because of the lack of infrastructure, the reach of media such as cable TV and satellite is very low. Therefore, the company could not advertise its product/service by the usual methods it used in urban areas, which mainly relied on TV advertisements. Illiteracy also discouraged the use of flyers or newspapers. Therefore, communication had to be mostly verbal or visual which required extensive physical reach into rural areas. Therefore, the company developed several short audio-visual films showing a villager becoming an entrepreneur and creating a small company through his access to mobile communication methods. These films were shown at village gatherings and helped the company build great awareness of its services and the benefits they
could bring to the lives of the villagers. In the words of a marketing manager from the firm:

“We have vans, for example, which carry messages in very local languages and dialects. We have people, who go and verbally announce things on megaphones. We have events, which get the men together in a group and we get the headman of the village to come and make announcement that now we have telephony. So, there is a lot of local activity and activation that goes on, which is not necessarily large media related, but tries and simplifies the whole message, which we normally would do on TV down to the local guy and try and tell him in a very simple way in his own language what the service is and why he should use it.”

Another challenge was the distribution of mobile phones and a system for adding credit to their phones. The company had to develop a widespread distribution network across the country. It developed an effective rural distribution method based on exclusive distributors who each managed a number of other distributors (called a hub of distributors). These distributors were then trained by the company about commercial operations and brand standardization. This strategy has led to the opening of 8,000 mini-stores providing mobile services in a number of widely dispersed areas. Developing this kind of distribution channel has been very costly for the firm and it hopes to receive a return on its investment in the near future.

To extend its distribution channel, the company is also working with NGOs and SHGs. In collaboration with NGOs, the firm is training poor rural women to work as its representatives and sell mobile services in their villages.

The company has also used an intensive distribution of SIMs and paper recharging through its distribution channel, to ensure the availability of coupons even in the most remote areas. However, since rural consumers cannot always access retailers 24 hours a day, seven days a week, the company decided to introduce a recharge “credit” that enables customers to send a text message to a number in order to get an electronic credit of up to 11 rupees that they then pay for on their next recharge.
MNC#8 also understood that offering affordable and available mobile technology is not enough at the BOP, as people are constrained by their low incomes. Therefore, it started collaborations with NGOs and SHGs to educate people about developing micro-enterprises based on mobile communication. In partnership with its distributors, the company is also taking vans into rural villages, and educating rural consumers on how mobile technology can enhance the economic lives of the poor.

<table>
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<tr>
<th>Table 17- Summary of the CSE activities of MNC#8</th>
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<tbody>
<tr>
<td>Social problem</td>
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<tr>
<td>Social opportunity identification</td>
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<tr>
<td>Social opportunity exploitation</td>
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<tr>
<td>Type of innovation</td>
</tr>
</tbody>
</table>

5.9.3 Corporate social entrepreneurship: Antecedents and outcomes

5.9.3.1 Antecedents of corporate social entrepreneurship

5.9.3.1.1 Environmental factors

5.9.3.1.1 Demand conditions

The CSE initiatives of MNC#8 were primarily inspired by the huge market at the BOP in India. The company saw that its future success lay in serving the needs of the low-income population, who usually reside in rural areas. As the marketing manager of the firm remarked:

“I think we realize that there is no choice. 75% of the country is rural and if you decide to only be urban, you will not succeed.”
5.9.3.1.1.2 Stakeholder expectations

One of the reasons that MNC#8 was further motivated to engage in CSE was related to stakeholders’ expectations. Interestingly, in this firm, these stakeholders were the firm’s existing urban customers. Because these customers wanted to communicate with their families and friends living all over the country, including rural areas and remote villages, the company was more determined to expand its investment into these areas.

“It is satisfying the needs of urban consumers, who can get in touch with the rural consumers – that is definitely the reason for why we would do it. That's the benefit we get, that we get greater connectivity.”

Another reason that the expectations of its existing customers have played a role in the rural investment by the firm pertains to the mobility of its urban customers. Since wealthier people may travel to rural and/or remote villages in India, if the company does not offer network coverage in those areas, it may lose its existing customers:

“Ideally, we are trying to serve our consumers wherever they are and if we have started here their needs also lie in the rural areas around. So, it is to serve our needs that we get there, but of course we do it with the consumer there in mind because finally telephony is a very ubiquitous need, which everybody has.”

5.9.3.1.2 Organizational characteristics

5.9.3.1.2.1 Networking with social sector organizations

As explained above, the company has decided to work with NGOs to create further value for poor customers. It works with NGOs that provide micro-finance to enable the purchase of MNC#8’s handsets. As one of the managers explained:

“We are working with micro-finance organizations that are also NGOs. They give people financing or rural consumer financing for very small purchases as Rupees
300, Rupees 500, they get Rupees 50 per month or Rupees 20 per month kind of pay back. So that kind of arrangement we do have in a few places where these groups exist, where we get them to fund the purchase of our handsets or our service and educate them through this.”

The company has also formed ties with a number of NGOs to improve the value that mobile phones can offer users. In collaboration with these NGOs, MNC#8 is providing relevant information, such as news, entertainment, information on crops and rural production, to enhance people’s lives and offer them some of the other advantages of mobile phones.

Finally, the company works with many NGOs who create business propositions for rural women; this allows them to take up telecom sales as a business opportunity, and actually make money by becoming a channel partner for MNC#8, selling mobile services, without the need to make a large investment.

5.9.3.1.2.2 Availability of financial resources

The financial capacity of the firm was emphasized as being an antecedent for its engagement in CSE activities. This was necessary for its investment in setting up the infrastructure in rural areas. Although this investment is quite a similar amount to that needed in urban areas, the return on the investment in rural areas is very long-term. In urban areas, the company’s investment pays off quickly because of the density of the population and consumer awareness and acceptance of the advantages that mobile phones can give them. In rural areas, however, in addition to the lower density of population, the acceptance of mobile phones and, as a result, their usage rate, is not very promising. Therefore, conducting business in rural areas requires that the company invests more time and money in the distribution of its product and in educating poor people about the positive changes mobile phones can bring. According to one of the managers in the firm, these rural initiatives are not yet profitable, but the financial capacity of the firm has enabled it to look past this in the short term.
5.9.3.2 Outcomes of corporate social entrepreneurship

5.9.3.2.1 Social value creation

Through investment in rural areas and remote villages, the company is extending the benefits of mobile communication to a previously excluded population which can be considered as social added value. The company is also offering social change by changing the beliefs and behaviours of the poor, educating them about how mobile phones can change their lives.

The use of mobile technology can also lead to social innovation, as it helps the poor save money, reducing the need to undertake long journeys to obtain information. As claimed by one of the managers, mobile telephone research has shown that, wherever mobile services have been introduced, the growth rate of the economy has increased by 20%. Social empowerment is another outcome of MNC#8’s CSE initiatives. First, in collaboration with NGOs, the company is educating people on how to launch micro-enterprises based on mobile technology. Second, it is offering job opportunities to rural women to work as sales representative for the firm. By working as a telecom salesperson, a woman can earn her own money and become independent. One of the interviewees explained the social value creation by the firm as follows:

“We go and show the rural people how mobile telephones can make their lives more comfortable, can help them grow in their business and help them be in touch with their loved ones who are living in towns, and that is something which will help them grow as individuals and in their financial lives.”

5.9.3.2.2 Long-term profitability

One of the key outcomes that the company is seeking is long-term profitability. For example, one of the top managers said:

“The reason we are going there is because there is a long-term plan to be profitable…..we want to be competitive in the long run, to be financially viable and continue to make money in the long run….”
Satisfying the needs of stakeholders can ensure their support. As explained in the previous sections, urban customers want to communicate with those who are living in rural areas and, thus, offering network connectivity in those areas makes MNC#8 appear to be a responsible firm, bringing the advantage of greater connectivity to its customers. This also differentiates the firm from its competitors. As noted by one of the managers from MNC#8:

“It is satisfying the needs of urban consumers, who can get in touch with the rural consumers, that is definitely the reason for why we would do it. That’s the benefit we get, that we get greater connectivity. The consumer sees us as a service provider who provides a service everywhere and that is the biggest differentiator in this market.”

Widespread connectivity and lower prices can give the firm a competitive advantage and thus better financial performance. However, as illustrated earlier in this section, the lower population density in rural areas, as well as the longer time it takes them to accept mobile technology, means that the return on investment will happen over a longer term than it typically does in urban areas.

It was also mentioned in the interviews that the firm’s CSE initiatives, making it a pioneer in its field, are helping it to reap the advantages of being a first-mover. For example, it has been successful in building its brand name among the rural population. As the customers become aware of the brand, they want to purchase that brand, which means increased profitability for the firm. In the words of one of the managers:

“Another benefit that we get is we are able to get to our future consumer early. I know that consumers will use the service at some point in time. So, I start building my brand with them early and finally the point is, the more consumers I have, the greater market share. When I have greater market share, the more profitable I will be in the long run.”
5.9.3.2.3 Legitimacy

Establishing sites and tower technologies in villages requires close collaboration with local governments and villagers. In addition to obtaining permission from governments, the company has to obtain approval from residents to purchase land, which may belong to farmers or sometimes the local mafia. Before they will cooperate, the local people have to accept the firm’s activities and feel confident that they are legitimate.

Furthermore, as stated in the previous sections, one of the reasons that the company started to invest in rural areas was to satisfy the needs of its urban customers. Engagement in CSE activities may make it more acceptable as a national player, in the eyes of its customers. One of the respondents made the following comments in relation to this idea:

“It is satisfying the needs of urban consumers, who can get in touch with the rural consumers. That’s the benefit we get, that we get greater connectivity. The consumer sees us as a service provider who provides service everywhere and that is the biggest differentiator in this market.”

In addition, obtaining the support and collaboration of NGOs to educate people about the benefits of mobile technology and how to start a micro-enterprise, as well as offering access to SHGs, all demonstrate how the CSE activities of this firm are benefiting the poor and are accepted by various stakeholders.

5.10 Chapter summary

The within case analysis of company cases illustrates the key antecedents and outcomes of CSE at the BOP in India. Following scholars’ (Ghauri & Gronhaug, 2005, Glaser & Strauss, 1967) suggestion for analysing data and developing generalizable propositions from qualitative study, the following antecedents and outcomes were identified as occurring factors in majority of company cases:

1. Antecedents of CSE:
   1.1. Environmental factors:
      1.1.1. Demand conditions
1.1.2. Stakeholder expectation

1.2. Organizational characteristics:
   1.2.1. Management support
   1.2.2. Network orientation toward social sector organizations
   1.2.3. Availability of financial resources

2. Outcomes of CSE
   2.1. Social value creation
   2.2. Long-term profitability
   2.3. Legitimacy

The objective in this chapter was to provide the detailed explanation of CSE initiatives of each company case as well as its antecedents and outcomes. The narrative was further supported by referring to the quotes from interviewees. Built upon the literature review in chapter 2 and 3 as well as the empirical findings in this chapter, the next chapter aims to link and support empirical findings with prior theories as well as antecedents and outcomes of CE, SE and CSR.

6 Chapter 6-Findings: Cross-case analysis and discussion

6.1 Introduction

The previous chapter has described and analysed the antecedents and outcomes of CSE in each case. This chapter now seeks to integrate individual cases to provide more generalizable propositions for the antecedents and outcomes of CSE. First, based on the empirical evidence of the research, applicable theoretical perspectives are stressed. Further explanation of these theories was provided in chapter 3 when reviewing the antecedents and outcomes of CSR, CE and SE. It is has also been explained how these theories can illuminate the answers of research questions and fit into this research. Then, grounded on these theories as well as empirical findings in the previous chapter, the rest of this chapter focuses on explaining, supporting and justifying the findings of the research with prior literatures on antecedents and outcomes of CSR, CE and SE. At the end of each section, the antecedents and outcomes of CSE are suggested as propositions.
6.2 Theoretical perspectives

6.2.1 Contingency theory and contingent resource-based view
Consistent with the CE literature and contingency theory (Antoncic & Hisrich, 2004, Antoncic & Hisrich, 2001, Zahra, 1993, Zahra, 1991), the research findings suggest that both environmental factors and organizational characteristics play a role in firm performance at the BOP in India. In fact, organizations need to develop a specific set of characteristics to respond to the environmental opportunities and threats (Scott, 1981). As suggested by Zahra (1991), the identification of environmental factors in this thesis was based on the research goals. When interviewing MNCs about the environmental factors driving their CSE in India, two factors - demand conditions and stakeholder expectations - were highlighted. Stakeholder expectations can be considered the environmental factors of the firm; some scholars assert that many of the dynamics in the organizational environment stem, not from technological or material imperatives, but rather from cultural norms, symbols, beliefs, and rituals (Powell & DiMaggio, 1991).

Studies indicate that the organizational characteristics that a firm develops in response to the environmental conditions can be classified along a continuum that ranges from reactive to proactive. While the reactive posture is a response to environmental regulations and stakeholder pressures, the proactive posture involves anticipating future regulations and social trends, and designing organizational characteristics to prevent negative environmental impacts (Aragón-Correa, 1998, Aragon-Correa & Sharma, 2003, Hart & Ahuja, 1994, Russo & Fouts, 1997, Sharma & Vredenburg, 1998). The findings of this research illustrate that, in the context of CSE in India, the development of organizational characteristics is more proactive in nature, and corporations seek to make changes in their business models that will be beneficial in the future. The key organizational factors revealed as determinants of CSE are management support, networking with SSOs and the availability of financial resources. According to contingency theory, these characteristics are developed by organizations so that they are better suited to deal with the environmental conditions they face (Miller, Catt, & Carlson, 1996) and the characteristics enable them to respond to opportunities and threats in the business environment (Aragon-Correa & Sharma, 2003).
In parallel with contingency theory, the theory of the contingent resource-based view (Aragon-Correa & Sharma, 2003, Barney, 2001) has been developed recently. The RBV of the firm attempts to explain the outcomes of holding a competitive advantage and, consequently, how firm performance is based on organizational resources (Barney, 1991, Wernerfelt, 1984). Examples of such resources are capital, information, technical know-how, management skills, and reputation (Eisenhardt & Schoonhoven, 1996), whether owned or controlled by a firm. These resources enable the firm to develop and implement strategies to improve its effectiveness and efficiency (Barney, 1991). A firm’s resources can lead to a sustainable competitive advantage, provided that they are valuable, rare, inimitable and non-substitutable (Barney, 1991). However, in this theoretical perspective, the consideration of exogenous factors has usually been absent. Recently, proponents of RBV have called for greater attention to be paid to the influence of environmental conditions and the inclusion of a contingency perspective in the assessment of competitive advantage and firm performance (Aragon-Correa & Sharma, 2003, Barney, 2001, Priem & Butler, 2001, Priem & Butler, 2001). Brush and Artz (1999) coined the term ‘contingent resource-based theory’ and suggested that RBV should be integrated with other theories that incorporate an environmental context. According to them, this will enable researchers better to understand and explain the context of resources (Brush & Artz, 1999). Thus, this research has combined RBV with contingency and stakeholder theory, which will be explained in the next section.

### 6.2.2 Stakeholder theory

Stakeholder theory is also helpful in explaining the antecedents and outcomes of CSE. First, as explained in the literature review, stakeholder theory posits that organizations should not only respond to the profitability demands of their shareholders but should also identify other key stakeholders and incorporate their expectations (Freeman, 1984, Mitchell, Agle, & Wood, 1997). Second, built upon this theoretical perspective, corporations have to compromise and find a balance between conflicting stakeholder expectations (Chen & Roberts, 2010, Freeman, 1984, O'Donovan, 2000). According to the research findings, developing CSE initiatives involves coming up with innovative solutions whereby the MNCs balance
the profitability demands of their shareholders with requests from NGOs and governments that they address social problems. Previous studies have stressed that NGOs and governments are among the most powerful stakeholders of a firm. For example, several studies in international business highlight the influence of NGOs on MNCs’ behaviour, especially in developing countries (Dahan, Doh, Oetzel, & Yaziji, 2010, Kourula & Laasonen, 2010, Lambell, Ramia, Nyland, & Michelotti, 2008, Roberts, Jones, & Fröhling, 2005, Teegen, Doh, & Vachani, 2004, Vachania, Dohb, & Teegen, 2009), and identify them as some of the key stakeholders (Cullen, 2004, Doh & Teegen, 2003). Governments have also been found to be influential in terms of encouraging or punishing the CSR-related activities of firms (Keinert, 2008, Ruhnka & Boerstler, 1998).

Third, it should be noted that firms’ performance in contingency theory and contingent RBV has primarily been understood in terms of financial gain. However, stakeholder theory argues that, by responding positively to stakeholders’ expectations, in addition to seeking financial benefits, corporations can gain legitimacy (Chen & Roberts, 2010). Finally, stakeholder theory enables the researcher to explain the voluntary activities of corporations that solve social problems (Chen & Roberts, 2010). The CSE initiatives of many corporations, as discussed in the within-case findings, go beyond governmental rules and regulations. In fact, these organizations are ‘voluntarily’ collaborating with SSOs to solve social problems, which is consistent with the underlying assumption of stakeholder theory (Chen & Roberts, 2010). This has also been corroborated by Freeman (1984), who indicates that stakeholder theory provides an explanation for the socially-responsible activities of firms that go beyond common business practices. Moreover, since the socially entrepreneurial behaviour of MNCs is an emerging phenomenon, it cannot be explained by rival theories such as institutional theory, which suggests the isomorphism of firms, and is derived from the assumption of coercive, mimetic, and normative behaviour (DiMaggio & Powell, 1983).

After reviewing theories in section 6.2, the next section is dedicated to the analysis of identified factors based on these theories as antecedents and outcomes of CSE cross cases. Before this, a brief overview of company cases is provided.
6.3 Overview of company cases’ background

As discussed in the methodology chapter, a diverse group of MNCs was selected to enable theoretical diversity and allow for extrapolation and saturation both within and across cases. The industries that these companies operate ranges from financial services (MNC#2 and MNC#5), insurance (MNC#1), FMCG (MNC#3), telecommunication (MNC#4 and MNC#8), electronics (MNC#7) and human resource consultancy (MNC#6).

Most of the company cases have their headquarters in Europe, except MNC#5, which is an Indian MNC. The following tables provide an overview of the background and CSE initiatives of these companies.

<table>
<thead>
<tr>
<th>Company</th>
<th>Western/Local MNC (W/L)</th>
<th>Year founded</th>
<th>Field of activity</th>
<th>Revenue of MNC in 2010 (billion Euro)</th>
<th>Net income of MNC in 2010 (billion Euro)</th>
<th>Number of employees in 2010 (person)</th>
<th>Year of establishment of MNC's subsidiary in India</th>
</tr>
</thead>
<tbody>
<tr>
<td>MNC #1</td>
<td>W</td>
<td>1890</td>
<td>Finance and insurance</td>
<td>96.17</td>
<td>5.053</td>
<td>151,340</td>
<td>2001</td>
</tr>
<tr>
<td>MNC #2</td>
<td>W</td>
<td>1727</td>
<td>Financial services</td>
<td>36.5</td>
<td>1.18</td>
<td>141,000</td>
<td>2007</td>
</tr>
<tr>
<td>MNC #3</td>
<td>W</td>
<td>1930</td>
<td>Fast-moving consumer goods</td>
<td>44.262</td>
<td>4.598</td>
<td>163,000</td>
<td>1933</td>
</tr>
<tr>
<td>MNC #4</td>
<td>W</td>
<td>1871</td>
<td>Telecommunication, internet, computer software</td>
<td>42</td>
<td>1.850</td>
<td>132,000</td>
<td>1995</td>
</tr>
<tr>
<td>MNC #5</td>
<td>L</td>
<td>1994</td>
<td>Banking, financial services</td>
<td>9.45</td>
<td>0.79</td>
<td>74,000</td>
<td>1994</td>
</tr>
<tr>
<td>MNC #6</td>
<td>W</td>
<td>1960</td>
<td>Human resources consultancy</td>
<td>14.2</td>
<td>0.281</td>
<td>27,500</td>
<td>1992</td>
</tr>
<tr>
<td>MNC #7</td>
<td>W</td>
<td>1891</td>
<td>Electronics</td>
<td>25.42</td>
<td>1.44</td>
<td>119,000</td>
<td>1930</td>
</tr>
<tr>
<td>MNC #8</td>
<td>W</td>
<td>1985</td>
<td>Mobile telecommunications</td>
<td>51</td>
<td>9.9</td>
<td>85,000</td>
<td>2007</td>
</tr>
</tbody>
</table>
Table 19: Overview of company cases’ activities

<table>
<thead>
<tr>
<th>Company</th>
<th>CSE initiative</th>
</tr>
</thead>
<tbody>
<tr>
<td>MNC #1</td>
<td>This company offers insurance, banking, and asset management in India. It has started offering micro-insurance for the most vulnerable people in rural areas.</td>
</tr>
<tr>
<td>MNC #2</td>
<td>As a financial service provider in India, this company has established a foundation dedicated to enhancing the lives of the poor. They provide financial education to micro-finance institutions so that they can meet the financial needs of the low-income population. Another initiative offers livelihood programmes to empower poor people.</td>
</tr>
<tr>
<td>MNC #3</td>
<td>MNC#3 is one of the largest producers of fast-moving consumer goods in India, with products such as soaps, tea, detergents and shampoos. The CSE initiatives of the company are based on providing affordable and accessible products to rural areas to meet the needs of the poor.</td>
</tr>
<tr>
<td>MNC #4</td>
<td>MNC#4 is engaged in the manufacturing of mobile devices and in combining the internet and communications industries. To bring underprivileged people into the mainstream, the company has produced affordable handsets and provided applications for mobile phones with the aim of empowering the poor.</td>
</tr>
<tr>
<td>MNC #5</td>
<td>As one of the major banking and financial service providers in India, this company has established a foundation and provides a variety of programmes to enhance the lives of the poor, including banking services, health and education.</td>
</tr>
<tr>
<td>MNC #6</td>
<td>As a human resources consultancy, this firm finds job opportunities in the market and trains poor people to enhance their qualifications and chances of obtaining these jobs. It also provides entrepreneurial education for poor women, to encourage them to start their own micro-enterprises.</td>
</tr>
<tr>
<td>MNC #7</td>
<td>This company offers consumer electronics, domestic appliances, lighting, medical systems, and medical technology. Built upon its superior design capabilities, the company has designed a smokeless stove for the rural population.</td>
</tr>
<tr>
<td>MNC #8</td>
<td>MNC#8 offers mobile networks and telecom services in India. The company has invested in remote rural areas in order to provide network access for villagers. It has also developed very cheap handsets to bring the benefits of mobile phones to the low-income population.</td>
</tr>
</tbody>
</table>
6.4 Corporate social entrepreneurship in company cases

CSE is defined as the process of innovatively identifying and exploiting social opportunities. As noted in chapter 2 of this dissertation, four concepts should be considered in identifying CSE: social opportunity (social problem perceived as opportunity), opportunity identification, opportunity exploitation and innovation. Each of these factors was explained in the previous chapter, which focused on these within-case analyses. In this chapter the cross-case analysis is explained and the initiatives of companies in each of underlying concepts of CSE are integrated in a table to give a better understanding of the background of company cases.

First, the social problem that has been considered in this research is poverty. Poverty has been recognized as one of the social problems that requires urgent action from corporations (United Nations, 2005) and is defined based on purchasing power parities (The World Bank, 2008). According to the World Bank (2008), the poverty line is US$1.25 per day, which classes 1.37 billion people as poor. Adding in those people whose earnings are below US$2 per day (2.5 billion people) results in almost four billion people who live in relative poverty. These four billion are usually referred to as the BOP. It was argued in the previous chapters that poverty is not limited to having lower purchasing power. It can also manifest itself in lower life expectancy, higher infant mortality, inadequate food, water, sanitation, housing, and education, limited or no employment opportunities, a lack of access to capital, assets, productive resources, and social services, and a deprivation of basic capabilities (Sen, 1999, The World Bank, 2003). The following table depicts the manifestations of this social problem that each of the company cases in this research is addressing.

As explained in the literature review chapter, and supported by the within-case analysis, these companies, in starting to embrace CSE activities, did not view the dominant poverty in India as a social problem that could be ignored. Instead, they attempted to explore how they could use their individual business capabilities and resources to find a solution to overcome the disadvantaged conditions of the subsistence market.
<table>
<thead>
<tr>
<th>Firm</th>
<th>Field of activity</th>
<th>Manifestation of the social problem (poverty)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MNC#1</td>
<td>Finance and insurance</td>
<td>Lack of access to insurance to mitigate risks</td>
</tr>
<tr>
<td>MNC#2</td>
<td>Financial services</td>
<td>Lack of access to micro-finance; lack of skills for starting a micro-enterprise</td>
</tr>
<tr>
<td>MNC#3</td>
<td>FMCG</td>
<td>Lack of access to affordable good quality FMCG products; a lack of information about hygiene</td>
</tr>
<tr>
<td>MNC#4</td>
<td>Telecommunication, internet, computer software</td>
<td>Lack of access to mobile phones and their benefits, education, health</td>
</tr>
<tr>
<td>MNC#5</td>
<td>Banking, financial services</td>
<td>Lack of access to financial services</td>
</tr>
<tr>
<td>MNC#6</td>
<td>Human resources consultancy</td>
<td>Lack of skills for starting a business or being employed</td>
</tr>
<tr>
<td>MNC#7</td>
<td>Electronics</td>
<td>Respiratory health</td>
</tr>
<tr>
<td>MNC#8</td>
<td>Mobile telecommunications</td>
<td>Lack of mobile network infrastructure in the region and lack of access to mobile phones and their benefits</td>
</tr>
</tbody>
</table>

Part of the CSE process is opportunity identification, which refers to perceiving a previously unseen or unknown way to create a new means-end relationship (2003). As revealed in the case analysis, the social opportunity identification in India was affected by the large size of the BOP market. The social embeddedness of the corporations and their deep understanding of the country’s situation was an inspiration for most of them in attempting to play a role in poverty eradication. In fact, these proactive corporations saw that their long-term profitability and success depended on ameliorating poverty and serving the needs of the poor. Thus, opportunity identification in these cases, as will be further explained in the next section, is primarily influenced by the demand conditions in India (e.g. in the cases of MNC#2, MNC#3, MNC#5, MNC#6, MNC#7 and MNC#8). In some cases, the
social opportunity was primarily brought to the attention of the MNC by an NGO, or by other stakeholders attempting to solve social problems (e.g., MNC#1 and MNC#4). Of course, these two factors often went hand-in-hand with each other, and the corporations tended to consider both factors when initiating CSE activities (see the following table).

<table>
<thead>
<tr>
<th>Firm</th>
<th>Field of activity</th>
<th>Opportunity identification</th>
</tr>
</thead>
<tbody>
<tr>
<td>MNC#1</td>
<td>Finance and insurance</td>
<td>Based on NGO’s request and confirmed by the firm’s own market analysis</td>
</tr>
<tr>
<td>MNC#2</td>
<td>Financial services</td>
<td>Large size of the subsistence market</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Government expectations</td>
</tr>
<tr>
<td>MNC#3</td>
<td>FMCG</td>
<td>Inspired by the Millennium Development Goals and market size</td>
</tr>
<tr>
<td>MNC#4</td>
<td>Telecommunication, internet, computer</td>
<td>Market size</td>
</tr>
<tr>
<td></td>
<td>software</td>
<td>Demand from NGOs and/or governments</td>
</tr>
<tr>
<td>MNC#5</td>
<td>Banking, financial services</td>
<td>Huge untapped market</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Government expectations</td>
</tr>
<tr>
<td>MNC#6</td>
<td>Human resources consultancy</td>
<td>Large size of market (dominated by poverty)</td>
</tr>
<tr>
<td>MNC#7</td>
<td>Electronics</td>
<td>Huge untapped market</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Stakeholder expectations (Millennium Development Goals)</td>
</tr>
<tr>
<td>MNC#8</td>
<td>Mobile telecommunications</td>
<td>Inspired by the size of the market and urban customers’ expectations</td>
</tr>
</tbody>
</table>
Opportunity exploitation refers to acquiring, bundling and leveraging resources to create value (Sirmon, Hitt, & Ireland, 2007). The following table provides an overview of the opportunity exploitation in each of the company cases. The findings of this research illustrate that none of the companies could have seized these opportunities using their existing business models. In addition to their own resources and capabilities, they had to collaborate with SSOs to fill their resource gaps and seize social opportunities at the BOP. They had to work with non-traditional partners who were socially embedded and familiar with the nature of the social problems in question.

**Table 22- Opportunity exploitation in the company cases**

<table>
<thead>
<tr>
<th>Firm</th>
<th>Field of activity</th>
<th>Opportunity exploitation</th>
</tr>
</thead>
<tbody>
<tr>
<td>MNC#1</td>
<td>Finance and insurance</td>
<td>In collaboration with SSO 'A' and other SSO partners, the company was able to change its business model and develop an appropriate micro-insurance product.</td>
</tr>
<tr>
<td>MNC#2</td>
<td>Financial services</td>
<td>In collaboration with an international NGO, the company was able to offer capacity-building training to MFIs and, through these MFIs, offered micro-finance to the poor.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>In collaboration with local NGOs, it developed micro-enterprises to suit the living conditions of disadvantaged groups.</td>
</tr>
<tr>
<td>MNC#3</td>
<td>FMCG</td>
<td>Through collaboration with NGOs and by mobilizing women in SHGs, this company educated people about the importance of hygiene.</td>
</tr>
<tr>
<td>MNC#4</td>
<td>Telecommunication, internet, computer software</td>
<td>Developing new products/services, the company implemented its programme in collaboration with SSOs.</td>
</tr>
<tr>
<td>MNC#5</td>
<td>Banking, financial services</td>
<td>By establishing strategic partnerships with SSOs and collaborating with MFIs.</td>
</tr>
<tr>
<td>MNC#6</td>
<td>Human resources consultancy</td>
<td>Through close collaboration with communities and NGOs and by employing the core capabilities of the firm</td>
</tr>
<tr>
<td>-------</td>
<td>-----------------------------</td>
<td>--------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>MNC#7</td>
<td>Electronics</td>
<td>Through close collaboration with communities, NGOs and local entrepreneurs</td>
</tr>
<tr>
<td>MNC#8</td>
<td>Mobile telecommunications</td>
<td>Modifying marketing, sales and distribution strategies Offering cheap handsets Collaboration with NGOs to facilitate the process</td>
</tr>
</tbody>
</table>

In addition, the companies could not use their traditional processes/products at the BOP. This was mainly because of the low purchasing power of the poor, the widespread illiteracy and the lack of infrastructure in many of the areas they were targeting. The departure of corporations from what is currently available in their organization is thought of as innovation (2008). Although process/product innovation was necessary in this market, it did not take the form of radical innovation (see the following table). The findings of this research also illustrate that, in all of the company cases, both product and process innovation were involved. However, these innovations lie at the lower end of the continuum of innovation suggested by Morris and Kuratko (2002) (see figure 1 in chapter 2). This also corroborates prior findings that many social problems can be solved with small amounts of innovation (Bhatti, 2010, Li & Kozhikode, 2009, Trivedi, 2010).

While product innovation in most of the cases was minor, the changes in process were more considerable. In addition to changing marketing, sales and distribution processes to suit market needs, some MNCs had to make their internal processes more effective to be understandable and acceptable for the low-income population. This was particularly evident in the case of MNC#1. As a leading insurance company, it had to make its contracts and claims processes as simple as possible in this market, as explained in a previous chapter.
<table>
<thead>
<tr>
<th>Firm</th>
<th>Field of activity</th>
<th>Type of innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>MNC#1</td>
<td>Finance and insurance</td>
<td>Process innovation (marketing, sales, distribution)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Product innovation (offering a simple, affordable product)</td>
</tr>
<tr>
<td>MNC#2</td>
<td>Financial services</td>
<td>Innovation of business model (new strategies for reaching financially-excluded people)</td>
</tr>
<tr>
<td>MNC#3</td>
<td>FMCG</td>
<td>Product innovation: offering the same price per unit for small sachets, changing packaging (sachets)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Innovation of process: marketing, advertising, distribution</td>
</tr>
<tr>
<td>MNC#4</td>
<td>Telecommunication, internet, computer software</td>
<td>Product innovation: product features, price, developing new mobile applications</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Process innovation: marketing, sales, distribution</td>
</tr>
<tr>
<td>MNC#5</td>
<td>Banking, financial services</td>
<td>Business model innovation (development of strategic partnership; new role for MFIs in micro-finance initiatives)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Product innovation: employing a new technology for banking developed by a strategic partner</td>
</tr>
<tr>
<td>MNC#6</td>
<td>Human resources consultancy</td>
<td>Business model innovation: employing the firm’s knowledge about job opportunities to educate and empower women in those areas; establishing a foundation focused on bringing together corporations and NGOs to expand their networks</td>
</tr>
<tr>
<td>MNC#7</td>
<td>Electronics</td>
<td>Business model innovation: designing the</td>
</tr>
<tr>
<td>MNC#8</td>
<td>Mobile telecommunications</td>
<td></td>
</tr>
<tr>
<td>-------</td>
<td>--------------------------</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Product innovation: product features, price, solar handsets</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Process innovation: marketing, sales, distribution</td>
<td></td>
</tr>
</tbody>
</table>

### 6.5 Antecedents and outcomes of corporate social entrepreneurship

#### 6.5.1 Antecedents of corporate social entrepreneurship

#### 6.5.1.1 Environmental factors

##### 6.5.1.1.1 Demand condition

Demand condition was identified as one of the key factors driving entrepreneurial behaviour in the company cases. This factor was strongly supported by all of interviewees in each company case. In other words, the frequency of mentioning demand condition in comparison with other constructs was considerable. In this research, demand condition is defined as the size of the underserved market, which is not being served by the existing products/services/processes of the firm. The findings of this research are consistent with prior studies in the entrepreneurship literature that introduce untapped market size (Shane, 2003) and the demand for new products as predictors of a firm’s engagement in entrepreneurship (Antoncic & Hisrich, 2000, Zahra, 1993).

The size of the untapped market at the BOP is huge, comprising four billion people (almost 72% of the world’s population). Despite the fact that their incomes are below US$3,000 per year in terms of local purchasing power, their aggregate purchasing
power is US$5 trillion. This compares to the population at the top of the economic pyramid, made up of 1.4 billion people with per capita incomes between US$3,000 and US$20,000 per annum, which represents a US$12.5 trillion market (Hammond, Kramer, Tran, Katz, & Walker, 2007, p.3). The BOP market has not been integrated into the global market and is unexplored by many organizations (Hammond, Kramer, Tran, Katz, & Walker, 2007, Prahalad, 2009).

The BOP market represents a potential opportunity. It is characterized by significant unmet needs, a dependence on informal or subsistence livelihoods and a BOP penalty (Hammond, Kramer, Tran, Katz, & Walker, 2007). Firstly, people at the BOP do not have access to basic services and products. They suffer from deficiencies: in health, sanitation, the availability of clean drinking water, food and agriculture, education, transport, communications, money, energy, shelter and legal arrangements (2005). Secondly, the poor do not have access to competitive markets in which to sell their products/services. Instead, they have to rely on local employers or intermediaries who often exploit them. Finally, being trapped in a poverty cycle, they often have to pay higher prices for goods and services in comparison to their wealthier counterparts (Hammond, Kramer, Tran, Katz, & Walker, 2007). All these characteristics can be understood as a market opportunity, as indicated by Rae. He distinguishes between several types of opportunity as follows (Rae, 2007, p.3):

- “a gap in the market for a product or service,
- a mismatch between supply and demand,
- a future possibility which can be recognized or created,
- a problem that can be solved, for example by applying a solution to a need,
- a more effective or efficient business process, system or model,
- a new or existing technology or approach which has not yet been applied,
- the transfer of something that works in one situation to another situation, such as a product, process or business concept,
- a commodity or experience that people would desire or find useful if they knew about it.”
Shane (2003) states that market size influences the level of entrepreneurial opportunity in an industry. When the demand for a product is more than its supply, this generates opportunities for entrepreneurs (Eckhardt & Shane, 2003). In addition to the existence of demand, a larger market creates better opportunities for entrepreneurs (Shane, 2003). Therefore, the large underserved demand at the BOP represents an opportunity for firms.

However, it should be noted that this huge untapped market cannot be served by the firm’s conventional products/services and processes (London & Hart, 2004). Because of the challenges and differences at the BOP (purchasing power, illiteracy, infrastructure, etc.) (Prahalad, 2009), Organizations are compelled to engage in CE, by developing new products/services as well as new business models (Zahra, 1993). For example, the low purchasing power of the poor necessitates the development of more affordable products. Changes in the demand for an organization’s products and services can generate opportunities to engage in entrepreneurial behaviour in order to meet this demand (Eckhardt & Shane, 2003). Prior research has highlighted that changes in customer preferences and purchasing habits encourage firms to allocate resources to responding to these needs (Kirzner, 1997, Schumpeter, 1934). It should be mentioned that, when corporations target the BOP, they are not facing changes to their existing customers’ needs but encountering new customers whose needs have to be served differently.

The above argument is clearly applicable to the BOP market in India. Of the four billion people at the BOP globally, 828 million (almost 20%) of them live in India (The World Bank, 2008). This represents 75% of India’s 1.1 billion people. Statistics show that 456 million of India’s BOP population live on less than US$1.25 per day and 372 million on less than US$2 per day (The World Bank, 2008). Most of the BOP population in India resides in rural areas (Hammond, Kramer, Tran, Katz, & Walker, 2007), scattered among more than 638,000 villages with populations of less than 2,000 people each (Kashyap, 2004).
It is not surprising, then, that all of the corporations interviewed agreed that demand conditions were a factor behind CSE. In fact, they saw their firms’ future growth and profitability as dependent on serving the needs of this segment of the market. The companies (specifically those that offered non-profit initiatives, e.g. MNC#2, MNC#5, MNC#6), acknowledged that it is necessary to help the poor population in India join the formal economy as it will enable members of this market to purchase the firms’ products/services in the future. Some of the responses of the interviewed managers, explaining the importance of market conditions, are listed below.

“About 70 percent of India’s 1.2 billion people live in rural areas, but MNC#1’s insurance business is 90 percent urban. Clearly, there is room to grow.” (MNC#1)

“A large section of the people are still poor; maybe 350-500 million people still live on less than US$1 a day, which means … a large section of the people are still out of the mainstream economic activity. This means we are missing a lot of market. It makes sense to help these people come in to the mainstream of the economy.” (MNC#2)

“I think we realize that there is no choice. 75% of the country is rural….” (MNC#8)

Respondents also mentioned the necessity of changing their business models and developing innovative solutions to serve this market. For example:

“BOP markets are becoming the catalysts for new products and service innovation. But tapping [these markets] requires manufacturers to shed many of their assumptions about customer needs, product design and innovation strategies, that they have relied upon in the developed economies. Companies will need to look beyond traditional strategies in order to meet the needs of markets with significantly lower per capita GDP, while still leveraging the efficiency and expertise provided by their global networks.” (MNC#7)
Built upon the findings of this research and the above explanation, it can be proposed that:

**Proposition 1: Demand condition is an antecedent of CSE at the BOP in India.**

6.5.1.1.2 Stakeholder expectations

Stakeholder expectations were also identified as one of the antecedents of engagement in CSE by the interviewed companies. Stakeholders refer to employees, customers, shareholders, and suppliers (Maignan & Ralston, 2002), as well as local communities (Bazin & Ballet, 2004, Berman, Wicks, Kotha, & Jones, 1999), NGOs, activists and governments (Waddock, Bodwell, & B. Graves, 2002). According to stakeholder theory, corporations should take into account the expectations of their key stakeholders so as to benefit from their continued support (Donaldson & Preston, 1995).

The external stakeholders mentioned by the respondents were mainly governments and NGOs. Because of their power and legitimacy, governments can have a major impact on a firm’s behaviour. Over the last decade, governments have played a critical role in driving corporations to implement CSR (Moon, 2004). These governmental actions have also converged with the initiatives of international organizations, such as the UN Global Compact and the European Commission, that are increasingly promoting and endorsing CSR (Albareda, Lozano, Tencati, Midttun, & Perrini, 2008 1054). A government can use its power to enforce or persuade socially-responsible behaviour by MNCs (Keinert, 2008). The expectation of government from MNCs in initiating CSE activities was, for example, pinpointed by MNC#2 as follows:

“There is not any specific regulation saying that all financial institutions should provide micro-finance or they should be involved in micro-finance lending. However, the regulator has set a very clear mandate or guidelines to all financial institutions. They are expected to work towards financial inclusion, which means
basically covering more of the financially excluded population under the ambit of financial services." (MNC#2)

It should also be mentioned that, while some companies referred to the existing rules and regulations in India as a trigger point for conducting business in rural areas (e.g. MNC#1), they emphasized that fulfilling these rules was actually possible with their existing business models and did not require entrepreneurial behaviour. This is reflected in the following quotes from one of the managers in MNC#1 headquarter:

“The first driver is the regulatory framework. In 2004, the Indian Regulatory Authority for insurance decided to require insurance companies to invest a percentage of their turnover on rural areas and provide products for this market. This was one trigger. It was a regulatory stipulation that was not particularly difficult to fulfil because our Indian subsidiary had quite a strong market presence in the rural areas. Nevertheless, it is an important triggering point to note.” (MNC#1)

Moreover, they remarked that many companies were serving the wealthy rural population rather than addressing the needs of the poor in following these regulations. For example, in the insurance industry, the government has regulated that corporations conduct part of their business in rural areas. However, companies prefer to focus on those rural parts that are less disadvantaged. It should be remembered that the underlying assumption of CSE is addressing the needs of disadvantaged groups. Therefore, it can be concluded that the CSE initiatives of the interviewed MNCs go beyond the rules and regulations. This is again consistent with stakeholder theory, which explains the voluntary participation of firms in activities benefiting society (Chen & Roberts, 2010).

The second group of stakeholders that played a role in the case firms embracing CSE were NGOs. The analysis of the interviews shows that, while the government was the key stakeholder influencing the behaviour of MNC#2 and MNC#5, MNC#1 and MNC#4 were approached by NGOs and asked to play a more substantial role in solving social problems. As indicated by one of the respondents in MNC#4:
“We have also developed multiple applications that started purely because we have a demand for it and by demand I don’t mean a commercial demand, but as NGOs, government, multilateral agencies, come and say look there is a need for this in a poor or rural society. Can you develop something that can help us to tackle this issue in that society? So, we have applications to do with education in terms of delivering quality education to rural areas. We have applications on health.”

(MNC#4)

NGOs have been recognized previously as key, powerful stakeholders of firms (Cullen, 2004, Doh & Teegen, 2003). Since the 1980s, the number, power and influence of NGOs have grown globally (Buckley, 2002, Keck & Sikkink, 1998, The Economist, 2000). There is increasing agreement that they can influence the behaviour of corporations (The Economist, 2003). Some scholars even consider NGOs to be counterweights to business and global capitalism (Naim, 2000). Doh and Guay (2006) study the role of NGOs in encouraging MNCs to implement CSR. Doh and Teegen (2002) demonstrate how stakeholder theory can be used to evaluate the impact of NGOs on a corporation’s investment strategy.

The findings of this research also suggest that the expectations of stakeholders have made these corporations aware of a huge untapped market. This was well observed, for example, in the case of MNC#1, which was approached by SSO “A” to provide micro-insurance after the tsunami in 2005. As a leading MNC in the insurance industry, its board of directors noticed that it was ignoring a large population that is very vulnerable to catastrophes and accidents and needs their products. Haeckel (2004) indicates that the consideration of stakeholders’ expectations is a powerful means of searching for ‘weak signals’ which may direct future corporate markets, and ultimately how future innovation processes should take place (Holmes & Smart, 2009).

MNC#8 pointed to the expectations of its existing customers in urban areas, who wanted it to conduct business in rural areas. The following quote demonstrates the answer of one company case in this regard:
“It is satisfying the needs of urban consumers, who can get in touch with the rural consumers – that is definitely the reason for why we would do it. That’s the benefit we get, that we get greater connectivity.” (MNC#8)

On the other hand, as commercial firms, MNCs’ managers have to take profitability into account, as is demanded by their shareholders. Stakeholder theory argues that corporations should consider the interests of other groups beyond the shareholders, and that managers have to create a balance between the conflicting demands of the various stakeholders (O’Donovan, 2000). Creating a balance between these two apparently diverging demands, of the shareholders on the one hand and NGOs and governments on the other, has inspired the corporations studied here to develop CSE solutions which solve a social problem and generate profit for the firm. This is also consistent with the findings of CE academics, who posit that corporations may engage in entrepreneurial activities as a response to threats and/or opportunities that arise in the external environment of the firm (Covin & Slevin, 1991, Miller, 1983, Zahra, 1991).

The findings of this research are also in line with prior studies in the CSR literature, which identify governmental regulations and incentives as one of the drivers behind corporations’ CSR activities (Keinert, 2008, Ruhnka & Boerstler, 1998). However, since CSE activities are still in their early stages, stakeholder expectations have not yet been transformed into compulsory rules and regulations for all firms. Based on the empirical findings and related literature, it is, therefore, proposed that:

**Proposition 2: Stakeholder expectations can drive MNCs to embrace CSE at the BOP in India.**

### 6.5.1.2 Organizational characteristics

#### 6.5.1.2.1 Management support

support was identified as one of the key antecedents of CSE. CE scholars have even proved that management support is the most important organizational factor that stimulates entrepreneurial behaviour in organizations (Hornsby, Kuratko, & Zahra, 2002). Almost all of the interviewees (except those from MNC#8) confirmed the necessity of management support for the initiation and progress of their CSE projects. Management support is understood as “the willingness of senior management to facilitate and promote [socially] entrepreneurial activity in the organization” (Adapted from Hornsby, Kuratko, & Zahra, 2002). This support can take the form of championing innovative ideas (Hornsby, Kuratko, & Zahra, 2002), the involvement of top managers (Merrifield, 1993), top management’s commitment (MacMillan, Block, & Narashima, 1986) to socially entrepreneurial behaviour, and establishing a socially-oriented culture (Grojean, Resick, Dickson, & Smith, 2004, Keinert, 2008).

Austin et al. (2008) stress that organizations should create an internal environment that signals the importance of the CSE process. The socially-entrepreneurial behaviour of organizations requires the support of top managers in two areas: entrepreneurial behaviour and social responsibility. When employees are given support and encouragement by top management for their innovative activities, there is a higher possibility that they will engage in CE (Lee & Tsai, 2005). It has also been reported that the style of the top management can have an impact on innovation performance (Huang & Lin, 2006). Organizational support also enables the team involved in entrepreneurial behaviour to implement new business processes (McAdam & Galloway, 2005). Studies highlight the importance of top management support in the process of product development and commercialization (Hitt, Nixon, Hoskisson, & Kochhar, 1999). For example, according to MNC#1, insurance companies are usually successful in their current areas of business. This may make them reluctant to encourage innovation and generate new ideas. However, the support of senior management can change this and foster CSE in a firm. This is elaborated in the following interviewee statement:

“...it is obviously out-of-the-box thinking. So, you need to make sure that management is open to new ideas, which is not necessarily something that a large
company is very good at. So, I would say that it is about the great capacity of MNC#1 to have out-of-the-box thinking in different markets. The insurance industry per se is not an innovative industry because they are relying on people’s security needs, preserving needs, rather than innovation needs. Hence I think the insurance company is not in the best position to go to such a new market and, perhaps in terms of internal culture, it needs an additional cultural effort to look into a different market segment. Because, normally the insurance company is doing quite well to just serve the market that they have been serving for decades.” (MNC#1)

The respondents also confirmed the role of top management in approving CSE projects (e.g. MNC#1, MNC#5, MNC#6, and MNC#7), allocating time to monitor the progress of the project (e.g. MNC#2) and resolving any potential conflicts that may arise in the process of implementing the project (e.g. MNC#2 and MNC#3). Some of the responses of interviewees are as follows:

“When the top management is behind a project, it shows its importance for the firm. So, a lot of big people get involved, lots of people start looking at it, following it....” (MNC#2)

“The culture of our company is such that the top management endorse it. This is how we work. Our management look at how we can incorporate social issues. They endorse allocation of some time to do R & D on what applications can solve social issues in the world.” (MNC#4)

This is in line with the findings of Hisrich and Peters (1986), who point out that top management can support CE by supporting proposals, resolving conflicts, allocating staff, and ensuring the engagement of other departments. Merrifield (1993, p.384-5) suggests that top managers should be committed and, as a result, involved at all levels of such operations:

- A major role is one of enabler, mentor, cheerleader, and resource provider.
- The commitment must be for the long-term at a sustainable level.
• The best people must be assigned, and they must have strong incentives to succeed.

• Disproportionate resources must be allocated to fragile new opportunities that cannot compete alone against the entrenched power of existing profit-centre demands for the same resources.

• Incentives are required at all levels for both individual and group performance.

• Project managers must not only have appropriate technical skills and management/leadership experience but also be selected for their positive, can-do attitude (i.e. be a true champion).

In the case of MNC#3, respondents acknowledged and appreciated the role of good leadership in the CSE initiatives of the firm. They indicated that the support of top management was crucial in highlighting the importance of the project to the firm and encouraging employees to get involved. For example, one interviewee stated:

“We have always had a fantastic leadership team right from the day the CSE initiative was started. We had some very good people who were at the helm of affairs and my fundamental belief is that one of the reasons that the CSE initiatives have achieved this is because of the leadership quality of such people.” (MNC#3)

Good leadership has also been highlighted as important by prior researchers (Hitt, Nixon, Hoskisson, & Kochhar, 1999). Through leadership, senior managers can provide shared values and vision and communicate this to the organization (Hitt, Nixon, Hoskisson, & Kochhar, 1999). Hisrich and Peters (1986) state that top managers should support CE activities wholeheartedly by having a long time horizon, and a physical presence, as well as encouraging collaboration with other departments.

To explain the role of top management in organizations, some scholars have referred to the part they play in establishing an effective culture (Hitt, Nixon, Hoskisson, & Kochhar, 1999, Keinert, 2008). A strong culture can facilitate engagement in
entrepreneurial behaviour that solves social problems. CSR scholars argue that a socially-oriented culture guides the employees’ behaviour. This is because organizational culture represents the type of behaviour that will be rewarded or punished (Grojean, Resick, Dickson, & Smith, 2004) by top management. For example, as explained by the respondents, it was very important for MNC#6’s CEO that the company’s employees found solutions to improve the lives of the poor. The dominance of this socially-oriented culture in the organization has motivated employees to allocate part of their time to the activities of MNC#6’s foundation.

It should be mentioned that the necessity of management support was not emphasized in the case of MNC#8. Although it is clear that the support of top management is crucial in every aspect of a firm’s activities, the lack of explicit expression of this idea in this case may be related to the fact that it was a profitable initiative and required less of a departure from the firm’s existing business models.

Finally, it should be noted that management support can be considered as a unique resource of a firm. According to RBV theorists, management support can be considered a valuable intangible resource. They explain that, because of the tacit knowledge and experience embedded in the management of an organization, by inspiring people and supporting projects, organizations can better identify and exploit opportunities and, as a result, achieve competitive advantage (de Brentani, Kleinschmidt, & Salomo, 2010, Grant, 1991, Hall, 1992). Similarly, in CSE, senior management support represents an important form of corporate commitment and leadership for a firm’s CSE efforts. Thus, it is suggested that:

Proposition 3: Management support in organizations facilitates engagement in CSE at the BOP in India.

6.5.1.2.2 Network orientation toward social sector organizations

While network orientation in most previous studies has emphasized collaboration and networking with for-profit organizations (Holmes & Smart, 2009), our research suggests that, in the context of CSE, organizations benefit from developing relationships with SSOs. Therefore, networking with SSOs is proposed as one of the
key antecedents of CSE. All of the companies confirmed the necessity of working with NGOs, social entrepreneurs and other socially-oriented organizations in order to successfully implement their CSE initiatives. Networking with SSOs was also another factor which was pointed out by all the respondents in a company case. In fact, the frequency of mentioning this factor by interview respondents was considerable. Collaboration between MNCs and SSOs at the BOP has also been acknowledged in previous studies of international business scholars (London & Hart, 2004, Prahalad, 2009). Based on Dimitratos and Jones’s (2005) definition, networking orientation can be defined as the extent to which the firm obtains resources from the indigenous environment, through collaboration and social embeddedness, to use in its [CSE] activities. Networking orientation is a significant dimension of organizational culture (Barley, 1990, Powell, Koput, & Smith-Doerr, 1996) and can be considered as one of the organizational characteristics of a socially entrepreneurial corporation. Employees in organizations with more open cultures are more likely to go beyond the hierarchical levels of their organizations and develop relationships with networks outside the boundaries of the firm (Dimitratos & Plakoyiannaki, 2003). It should be mentioned that, in this research, Huggins’s (2011) understanding of networks has been adopted. He distinguishes between network capital and social networks. While, from the social capital perspective, networks are built upon socialization, sociability, social obligations and trust (Coleman, 1988, Putnam, 2000), the network capital perspective relies on calculated relations that an organization develops to enhance expected returns (Huggins, 2011, p.335). In this research, it is found that organizations establish relationships with SSOs to achieve the goal of implementing a CSE project. A related concept to network orientation is social embeddedness (Kilduff & Corely, 2000), which can be defined as “the ability to create competitive advantage based on a deep understanding of and integration with the local environment” (2004, p.364). In their study of MNCs’ activities, London and Hart (2004) reported social embeddedness to be one of the key characteristics that organizations need to develop in order to succeed in the BOP market.

The findings of this research are consistent with those of prior studies in CE, SE and entrepreneurship. Antoncic and Hisrich (2004), using mail survey data from 477
Slovenian firms, found that the number of alliances and partnerships of an organization is a factor conducive to CE. They argue that partnerships with other organizations will increase the innovation possibilities and development of new products and/or services (Smith, Dickson, & Smith, 1991). Shaw and Carter (2007) adopt a phenomenological research approach and conduct 80 in-depth interviews with social entrepreneurs from across the UK. Their analysis suggests that network embeddedness is a crucial factor for social entrepreneurs. There is also ample evidence in the entrepreneurship literature acknowledging the role of networks in identifying and exploiting opportunities (Aldrich & Zimmer, 1986, Bhagavatula, Elfring, van Tilburg, & van de Bunt, 2010, Carolis, Litzky, & Eddleston, 2009, Dubini & Aldrich, 1991, Greve & Salaff, 2003, Hoang & Antoncic, 2003, Johannisson, Ramírez-Pasillas, & Karlsson, 2002, Loane & Bell, 2006, Sorenson, Folker, & Brigham, 2008). Networking is one of the key strategies pursued by entrepreneurial firms for acquiring resources and coping with environmental uncertainty and impediments (Alvarez & Barney, 2001, Floyd & Wooldridge, 1999, Steensma, Marino, Weaver, & Dickson, 2000).

Networking has also been considered one of a firm’s strategic resources. Although RBV theorists primarily focus on how a firm’s internal resources help it to achieve competitive advantage, recently, a number of scholars have suggested that membership or participation in inter-firm relationships can bring further competitive advantages for the firm (Gulati, 2007, Lavie, 2006). The leveraging of network resources is increasingly being considered a strategic resource that can potentially be shaped by managerial action (Dyer & Singh, 1998, Gulati, 2007, Lorenzoni & Lipparini, 1999, Mowery, Oxley, & Silverman, 1996).

The analysis of the interviews from this research suggests that the MNCs’ SSO networks play a fundamental role in their CSE processes. The role of networks can be even more prominent in the context of CSE, where organizations employ CE practices to mitigate social hurdles. This is because corporations usually do not have internal capabilities and resources to deal with the challenges and differences involved in addressing social problems (Hart & Milstein, 1999, Rondinelli & London, 2003). Low purchasing power, cultural specificities, living conditions, and a
lack of infrastructure in poor communities are some of the issues which may challenge the existing business models of the firms and require more innovative strategies (London & Hart, 2004). To overcome the new challenges at the BOP, corporations are establishing relationships with non-traditional partners to obtain critical complementary resources to help them seize the opportunities in this market (Das & Teng, 2000, Dougherty, 1995, Eisenhardt & Schoonhoven, 1996). By forming collaborative relationships with SSOs, MNCs can benefit from access to different resources, that other for-profit organizations may lack, or whose internal development could take a long time (Rondinelli & London, 2003, Teegen, Doh, & Vachani, 2004). It has already been shown that organizations can benefit greatly from forming relationships when one partner brings resources, capabilities or other assets that the other cannot easily attain on its own (Kogut & Zander, 1992). The benefits of participation in such a relationship are more prominent in the BOP markets where “a firm is unable to purchase the [required resources] through a market transaction” (Madhok, 2000, p.76).

The findings of this research suggest that SSO partners have been crucial in helping firms to identify opportunities, seize opportunities and produce innovation in products and processes. Firstly, SSOs can help MNCs to identify social opportunities (Arenius & Clercq, 2005). According to the Austrian school of thought, opportunities arise from the uneven distribution of information in society (Stuart & Sorenson, 2007). Hence, the identification of opportunities hinges on access to valuable information to which entrepreneurs are exposed (Shane, 2000). Through participation in networks and interaction with other entities, individuals and firms can gain information (Arenius & Clercq, 2005, Burt, 1992, Coleman, 1990) and recognize opportunities. Benefiting from their deep understanding of social problems (Dahan, Doh, Oetzel, & Yaziji, 2010), SSOs can make MNCs aware of the opportunities they represent. This was, for example, the case for MNC#1, MNC#4 and MNC#7. In the first two cases, NGOs approached the firms and asked them to develop products/services for the poor. The case of MNC#7 even better highlights the role of networking orientation in CSE, as the firm invited SSOs to help it identify critical social problems that it could address. In an event targeted at developing new ideas for a product/service to solve a social problem, the company gathered 275
people from MNC#7 worldwide, as well as some of the leading NGOs, to promote fresh thinking in envisioning solutions which could improve quality of life in the most fragile environments in the world. This resulted in noticing the importance of addressing poor people’s health and especially respiratory illness which emanates from using biomass fuels for cooking. In addition to the identification of this social opportunity, which resulted in the development of a new smokeless stove, networking with SSOs facilitated the design process of the product and consequently its sale. Details of this initiative are further illustrated by the following quote:

“Over the course of a five-month period, a three-person design team from MNC#7 turned the initial design idea into two, field-tested prototypes. This was a collaborative effort involving local NGOs, entrepreneurs, self-help groups and a few families. Particularly fruitful was the co-operation with an NGO which develops and promotes innovative technologies to improve the quality of life in rural India”.

SSOs can also facilitate the process of social opportunity exploitation at the BOP. All of the MNCs agreed that, without collaboration with SSOs, they could not serve the poor population. SSOs played a fundamental role in facilitating their access to the communities, which helped them to learn about the needs and wants of the poor as well as gauge their purchasing power, in order to develop appropriate products and processes. This was particularly evident in the cases of MNC#1, MNC#2, MNC#4 and MNC#7. For example, MNC#4, in developing an agricultural application for the use of poor farmers on their mobile phones, was successful in promoting the use of this application with the help of local SSOs. SSOs started substantial education of farmers about the advantages of the application and how it worked. As one of the managers explained:

“NGOs can help us in implementing a programme on the ground because we will never claim to be the best people to implement social programmes, because that’s not where our expertise lies. I think the biggest contribution is we can try to work and see how we can use mobile technology to really make a difference in social issues, then what we need is that we need people to bring this application, create a
programme around it, implement it such that the application is not just an application but can bring the good that it is supposed to bring, to the society, right?" (MNC#4)

In addition, MNCs can benefit from access to the key resources, skills and knowledge controlled by other members within their network (Roy, Sivakumar, & Wilkinson, 2004), such as SSOs. An example of this is provided by the following comment made by an interviewee from MNC#1:

“We realized that there is a customer segment that we do not know. We have never been in touch with it and it is a kind of black box for a large international company. So, we realised that in order to serve these customer segments we would need to reach out to organizations that are working closely with this customer segment and seek their advice and co-operation.”

In the CSE activities of MNC#1, MNC#2, MNC#4, MNC#5, MNC#6 and MNC#7, SSOs complemented the firms’ existing business model at the BOP. The roles of SSOs ranged from educating the poor about the benefits of a product/service, to promoting the product/service to sales. Incorporating SSOs as part of the business model appeared to be crucial, as otherwise the affordability, availability and accessibility of the product/service would not be possible. The widespread presence of local NGOs throughout disadvantaged areas helped the MNCs by providing them with partners on the ground, allowing them to gain the trust of the communities. The NGOs were also able to spend a considerable amount of time on implementing these social projects. This was echoed in the responses of many of the interviewees:

“SSOs have the infrastructure we are lacking, and most importantly, they are trusted by local people.” (MNC#1)

“… SSOs are basically the vital link between companies and the end consumers because SSOs’ engagement with this market is far more than what we do….Most of them already have ties with the community. Their relationship with the community is built. So obviously SSOs can have a more effective impact than us.” (MNC #5)
Innovation management researchers highlight the importance of interacting with a diverse range of stakeholders to gain a variety of knowledge and skills that foster innovation (Cohen & Levinthal, 1990, Pittaway, Robertson, Munir, Denyer, & Neely, 2004, Tushman, 1977). Scholars have also shown that, by developing networking competencies, organizations can improve their innovation capability, which is key to maintaining a competitive advantage (Ritter & Gemünden, 2003). Particularly, networking with non-profits organization to develop innovative products/services has been highly emphasized, as it gives the firm ‘combinative capabilities’ which cannot be acquired by the firm by itself (Kogut & Zander, 1992). Working with social entities and NGOs with a long history of addressing social problems (Kramer & Kania, 2006) helps corporations to gain access to detailed knowledge of these problems (Keinert, 2008), which facilitates the development of innovative new business models, strategies and products aimed at solving them (Loza, 2004). Some authors state that developing embedded ties and alliances with non-traditional partners (NGOs and other socially-oriented organizations) is crucial to a better understanding of customer needs and market characteristics (London & Hart, 2004). SSO networks have proved to be critical in low-income markets as they can offer institutional solutions in a context where MNCs do not have prior experience (Besley, 1995, Morduch, 1995). Thus, based on the empirical findings of this research and related literature, it can be proposed that:

**Proposition 4: Network orientation toward social sector organizations is an antecedent to CSE at the BOP in India.**

### 6.5.1.2.3 Availability of financial resources

The availability of financial resources was confirmed by all of the company cases as a necessary aspect of CSE. Based on the definition of Kuratko et al. (1993), the availability of financial resources is defined as the existence of financial capital that enables organizations to invest in advance and be able to tolerate a long-term return on their investment. Kanter (1985, p.49) refers to this concept as “the existence of ‘patient money’, or capital that does not have to show a short term return”. The availability of resources has also been emphasized in both the CE literature (Das &

Resource-based theorists explain that, by employing unique resource endowments, organizations can achieve sustainable competitive advantage and, by implication, better financial performance (Barney, 1991, Penrose, 1959, Peteraf, 1993, Reed & DeFillippi, 1990, Wernerfelt, 1984). Barney (1991) adds that resources should be valuable, rare, imperfectly inimitable, and non-substitutable for firms to achieve and sustain competitive advantage. Penrose (1959) posits that a firm’s slack resources are major forces pushing it to pursue new opportunities. A firm that possesses more slack resources will have a greater ability to respond to environmental threats and opportunities and develop competitive advantage.

From the RBV perspective, financial resources are not recognized as sources of competitive advantage, as they are not rare, inimitable, and untradeable. However, some researchers argue that access to financial resources that can be invested during the developmental stage of a business can lead to the accumulation of greater strategic assets and can be a source of sustainable competitive advantage (Dierickx & Cool, 1989, Lee, Lee, & Pennings, 2001, Wiklund & Shepherd, 2005, Zampetakis, Vekini, & Moustakis, 2011). In addition, it should be noted that financial resources are a generic type of resource and can be converted into other types of resources
Benefiting from slack financial resources, MNCs that engage in CSE can enter new markets that most of their competitors have ignored or have not actively sought to exploit. Reaping first-mover advantage, these MNCs can create the basis for sustainable competitive advantage (Lieberman & Montgomery, 1988).

The findings of this research illustrate that having ‘patient’ financial resources is an antecedent of CSE. In fact, the availability of financial resources gave these MNCs the opportunity to invest money in their projects in order to gain profits over a longer period of time. This was explained and justified by the respondents from several perspectives. First, the availability of financial resources in these companies enabled top managers to allocate a percentage of their profits to CSE initiatives and tolerate the fact that profitability would occur only in the long term. For example, some of the MNCs have been able to respond to the opportunities in this market with non-profit initiatives to begin with. This is the case for MNC#2, MNC#5, MNC#6 and MNC#7, who are not charging their customers for the products/services that they are offering. Even those MNCs that are charging customers (MNC#1, MNC#3, MNC#4, and MNC#8) are tolerating a very low profit margin at present so as to accommodate the purchasing power of the poor. Instead, they are investing in the scalability of their projects to gain profits in the long run. Second, prior studies (London & Hart, 2004, Prahalad, 2009) as well as the interviewees in this research, confirm that the traditional business models of MNCs, targeting wealthy populations in urban areas, are not transferable to the BOP. This is mainly because of the nature of the BOP, which is characterised by a lack of infrastructure, the low purchasing power of the people, and illiteracy (Hammond, Kramer, Tran, Katz, & Walker, 2007). Studies indicate that entry into the BOP market requires the development of new capabilities (Hart & London, 2005, London & Hart, 2004, Sánchez, Ricart, & Rodríguez, 2006). This can be inferred from the following statement from one respondent:

“We realized that there is a customer segment that we do not know. We have never been in touch with it and it is a kind of black box for a large international company.”(MNC#1)
As explained earlier, organizations have to adapt and innovate in both their products and processes. All of the MNCs studied here had to engage in product innovation, which required the investment and availability of financial resources. Of course, the range of innovation varied in these firms. MNC#4 introduced a completely new application, serving the needs of the poor, while MNC#8 developed a cheap handset. MNC#3 had to offer its products in smaller packages (sachets) while keeping the price per unit unchanged. MNC#1 had to simplify its product to make it affordable, while still satisfying the needs of the poor. Changing products according to the needs of the poor population and their purchasing power required the companies to collect data about this market. The MNCs’ western-based business models rely on the availability of precise information. However, such detailed market information is not readily available at the BOP (Sánchez, Ricart, & Rodríguez, 2006). Therefore, the corporations had to invest in conducting surveys, so as to learn about the specific needs of the poor, their purchasing power and their preferences. Scholars suggest that organizations have to pursue a more participatory approach (Chambers, 1997), involving close collaboration with local communities and NGOs to collect data. This has also been acknowledged by other researchers who refer to the necessity of a bottom-up approach (Hart & Christensen, 2002, Prahalad, 2002).

It should also be noted that, even identifying qualified NGOs that can help the MNCs in this process, requires the application of patient money. As mentioned by MNC#2, there is no comprehensive and up-to-date database that includes the names and histories of NGOs in India. Therefore, the company had to invest in searching and evaluating well-thought-of local NGOs. It should be pointed out that this investment, made over several years, is an intangible asset that the firm has developed, and is now becoming a source of competitive advantage for it.

Adapting existing products and developing new products require sufficient amounts of money. Furthermore, process innovation is also necessary at the BOP and again requires patient money. This is primarily because of the living conditions among the poor population. For example, most are living in remote, rural villages. Since traditional distribution channels do not exist at the BOP, corporations have to change
their distribution channels. MNC#3, for example, developed a widespread distribution channel consisting of 45,000 female entrepreneurs, in order to make its products accessible in remote areas. The necessity of financial resources was illustrated by one of the managers at MNC#3 in the following:

“A project of this type is something that could only happen because it had the scale of MNC#3, but at the same time, this is not the business that MNC#3 had ever done. …So, we had to develop a lot of capabilities, which is outside our expertise. The ones when you are dealing with governments, dealing with self-help groups, dealing with NGOs is not a traditional capability that the company is accustomed to doing. So we had to develop these skills. …we have about 1,200 staff that look after 45,000 entrepreneurs [that distribute the product]. Now, these people had to be recruited from scratch.”

The other MNCs are also working with SSOs to distribute their products among the poor. Also, modifications in the marketing, advertising and promotion of products were observable in the activities of MNC#1, MNC#3, MNC#4 and MNC#8. The lack of electricity and low penetration of the media among those in the rural areas of India forced corporations to engage in one-to-one marketing, offer more interactive programmes and dispatch their marketing teams directly to the villages. Studies demonstrate that a lack of adaptation of marketing strategies at the BOP results in low market penetration, a disappointing market share and poor profitability (Dawar & Chattopadhyay, 2002, Mathur, 2008). Other researchers have also expressed the view that corporations have to rethink their marketing programmes from the ground up and learn about the needs and values of BOP consumers (Letelier, Flores, & Spinosa, 2003, Prahalad & Hart, 2002).

The availability of financial resources also enabled the corporations to invest in developing the capacities of their partners, which proved to be an integral part of successful business models at the BOP (London & Hart, 2004, Prahalad, 2009). For example, MNC#1 had to educate NGOs about the concept of micro-insurance and develop their capabilities in marketing, selling, collecting premiums and managing claims. MNC#2, MNC#5 and MNC#6 had to develop the capacities of SSOs as part
of their business models. For example, as illustrated in the case analysis, to reach the BOP market, MNC#2 is offering technical assistance to MFIs to help them borrow money from banks.

To succeed in seizing opportunities at the BOP, organizations also have to invest in the local communities they are targeting (Hart & Milstein, 2003, London & Hart, 2004, Prahalad, 2009). Prior studies posit that ventures should create mutual value, suggesting that the creation of more value for the poor creates more value for the venture (London, 2008). First, MNCs may have to educate poor people to change their behaviour and understanding of the benefits of a product/service and how it may improve their lives. For example, MNC#3 had to educate people about the importance of hygiene and the necessity of washing their hands with soap. MNC#1 also had to educate people when introducing insurance and its long-term benefits to the poor. Also, MNC#4 and MNC#8 had to teach poor people about new ways they could earn money by using their mobile phones. MNC#4 had to educate farmers about applications that could save them time and help them to improve their land’s productivity and sell their crops at higher prices. MNC#2 also had to develop substitute means to earn income for poor people living in forests and educate them about running micro-enterprises. MNC#3 had to educate poor women, to enable them to become business partners for the firm.

“We invested a lot of time and money into building [female entrepreneurs’] capabilities. So, we would have classrooms, training programmes, as well as on-the-job training programmes of all the women that were involved. That is something that you would always continue to do as a matter of regime, as a matter of routine….” (MNC#3)

Thus, built upon the findings of this research and the above arguments, it is suggested that:

**Proposition 5: The availability of financial resources is a determinant of CSE at the BOP in India.**
6.5.2 Outcomes of corporate social entrepreneurship

6.5.2.1 Social value creation

The outcomes of CSE initiatives for corporate social entrepreneurs go beyond the benefits to the corporations themselves. In fact, by targeting social opportunities, they aim to create some form of social value for society. Social value creation has also been emphasized as one of the key outcomes of social entrepreneurs’ initiatives (Brooks, 2009, Dees, 1998, Nicholls, 2008, Zahra, Gedajlovicb, Neubaumc, & Shulman, 2008). As discussed in the earlier section on the antecedents and outcomes of SE, there is no agreement over what social value creation means. Some scholars state that, since social entrepreneurs address social opportunities, they are creating social value by solving the problems those social opportunities represent (1994). Others argue that understanding the social value that social entrepreneurs create is very subjective and varies from one context to another (Baker, Gedajlovic, & Lubatkin, 2005, Zahra, Gedajlovicb, Neubaumc, & Shulman, 2008). In addition, most of the approaches introduced for measuring social value are more suitable for social enterprises or for those firms that pursue a social mission as their primary goal (Kaplan, 2002, Nicolls, 2004, Sawhill & Williamson, 2001). This research has adopted the understanding of Young (2008), which better matches the aim of this research and the social problem studied here: poverty. His classification has also enabled this research to provide a better understanding of the similarities between the initiatives of different MNCs in this area. According to him, social value creation can be conceptualized by four dimensions: social added value, empowerment, social change and social innovation. As mentioned in the literature review chapter, social added value refers to the value that corporate social entrepreneurs create by solving a social problem. The second dimension of empowerment mainly focuses on increasing the income of a disadvantaged group. The third category is social change, which refers to transforming the beliefs and behaviours of the disadvantaged group. Finally, social innovation implies how corporate social entrepreneurs can offer new solutions in the lives of the poor, helping them to reduce their costs.
The analysis carried out over the course of this research has illustrated that all of the MNCs are creating social added value, as they are addressing social problems. In addition to this, MNCs are creating other values as shown in the following table:

<table>
<thead>
<tr>
<th>Firm</th>
<th>Social added value</th>
<th>Empowerment</th>
<th>Social change</th>
<th>Social innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>MNC#1</td>
<td>Poverty reduction by offering insurance</td>
<td>Providing access to financial capital for starting a new business</td>
<td>Changing the mindset of people about the long-term benefits of insurance</td>
<td>Reduction of health costs and accommodation reconstruction in case of disaster</td>
</tr>
<tr>
<td>MNC#2</td>
<td>Poverty reduction by offering micro-finance through MFIs, and building the capacity of MFIs</td>
<td>Developing the skills of poor people to start micro-businesses</td>
<td>Changing the behaviour of people living in forests</td>
<td>Reduction of expenses related to accessing capital (lower interest rates)</td>
</tr>
<tr>
<td>MNC#3</td>
<td>Poverty reduction by improving quality of life</td>
<td>Recruiting poor women in rural areas</td>
<td>Educating people about hygiene</td>
<td>Saving money on health expenses</td>
</tr>
</tbody>
</table>
and offering accessible, good quality products; improving health

<table>
<thead>
<tr>
<th>MNC#4</th>
<th>Poverty reduction by offering access to mobile phones, education, and health information</th>
<th>Improving the incomes of farmers by offering up-to-date information</th>
<th>Educating people about the benefits of mobile technology (change of method of communication and business practices)</th>
<th>Reduction in transportation costs by reducing the need to travel to obtain information</th>
</tr>
</thead>
<tbody>
<tr>
<td>MNC#5</td>
<td>Poverty reduction by offering access to financial products</td>
<td>Offering access to micro-finance to invest in their existing business or start a new one</td>
<td></td>
<td>Offering lower interest rates</td>
</tr>
<tr>
<td>MNC#6</td>
<td>Poverty reduction by developing skills and capabilities of poor women</td>
<td>Providing access to micro-finance, vocational training, and entrepreneurial training</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MNC#7</td>
<td>Poverty reduction and improving health</td>
<td>Creating job opportunities for local entrepreneurs</td>
<td>Prevention of respiratory diseases and reduction of</td>
<td></td>
</tr>
</tbody>
</table>
Some of the corporations studied are empowering poor people by increasing their income. Some are recruiting the poor as part of their supply chains (MNC#3, MNC#8). Others are offering education (MNC#2, MNC#6) or access to finance (MNC#2, MNC#4, and MNC#8) so they can start micro-enterprises. MNC#4 is educating farmers so that they can improve their income by selling their products at higher prices in more competitive markets.

Social change has proved necessary in some of the industries studied. According to the respondents, the corporations have had to educate the subsistence market about products/services that poor people are less familiar with. This requires them to change their behaviour and learn about new, positive changes that these products/services can offer them (e.g., MNC#1, MNC#4 and MNC#8). As already mentioned, MNC#3 had to explain to people the importance of hygiene and washing their hands with soap.

Social innovation was also present in most of the cases. Offering social innovation can help disadvantaged groups escape from the poverty trap. It has been shown in previous studies that poor people usually pay more by comparison with their wealthier counterparts for accessing a given product/service (Hammond, Kramer, Tran, Katz, & Walker, 2007, Prahalad, 2009). The presence of the MNCs in these

<table>
<thead>
<tr>
<th>MNC#8</th>
<th>Poverty reduction by offering access to mobile technology</th>
<th>Educating people about developing micro-enterprises; recruiting poor women</th>
<th>Changing the beliefs and behaviour of people regarding the use of mobile phones</th>
<th>Reducing the need for long distance travel</th>
</tr>
</thead>
</table>

health care costs, saving women’s and children’s time
markets has reduced the prices paid by the poor. For example, MNC#2 and MNC#5 are offering micro-finance with lower interest rates than were previously being charged. MNC#1, MNC#3 and MNC#7, meanwhile, are all helping people reduce their health expenses. Based on the findings of this research and prior studies in SE, it is proposed that:

**Proposition 6: Social value creation is an outcome of CSE at the BOP in India.**

### 6.5.2.2 Long-term profitability

All of the companies studied believed that long-term profitability would be one of the outcomes of their CSE engagement. Long-term profitability was one of the constructs that was highly supported by the findings of this research. All of the interviewees in company cases referred to the necessity of gaining profit. This is consistent with the findings of CSR scholars (Campbell, Gulas, & Gruca, 1999, Husted & Allen, 2000, Keinert, 2008, Roberts & Dowling, 2002, Seifert, Morris, & Bartkus, 2003) as well as CE researchers (Antoncic, 2007, Antoncic & Hisrich, 2000, Covin & Slevin, 1991, Zahra, 1995, Zahra, 1993, Zahra, 1991), who predict better financial performance as an outcome of addressing social problems and developing entrepreneurial businesses, respectively.

Both environmental and organizational antecedents of CSE provide situations that organizations can identify and exploit opportunities, and these can either complement or extend the existing business areas in which the firm operates; this results in the better utilization of resources and improved firm performance (Zahra, 1991). Here, again, the role of those antecedents in helping firms to identify and exploit opportunities and, consequently, derive better firm performance, is briefly reviewed.

A unique, intangible resource and capability that these firms have developed in their organizations is fostering a socially entrepreneurial spirit through management support (de Brentani, Kleinschmidt, & Salomo, 2010, Grojean, Resick, Dickson, & Smith, 2004, Hall, 1992, Keinert, 2008). Senior managers in these MNCs have
learned that the BOP represents a huge untapped market that can be addressed profitably over a long period of time. They have also learned how to transform unattractive social problems into social opportunities by encouraging idea generation aimed at developing new products/services as well as processes. The acceptance of a departure from traditional business models and encouraging employees to engage in socially entrepreneurial initiatives, are valuable organizational characteristics developed by these firms. Prior studies have also empirically confirmed the positive relationship between the support, involvement and leadership of senior management and firm performance (Antoncic & Hisrich, 2000, Antoncic & Hisrich, 2001, Calantone, Cavusgil, Schmidt, & Shin, 2004, Cooper & Kleinschmidt, 1995).

MNCs will also benefit from their experience of developing networks with SSOs. Prior empirical studies have shown that organizations that benefit from embedded ties will have better financial performance (Lee, Lee, & Pennings, 2001, Leenders & Gabbay, 1999). In the CSE context, it is important that organizations admit that their traditional capabilities are not sufficient for addressing social problems and that they will have to develop ties with entities with a longer history and experience in this market (London & Hart, 2004). As explained by some of the MNCs (e.g., MNC#2), the identification of NGOs with the required capabilities and qualifications is time consuming and requires local knowledge, experience and being embedded in the society. Those companies that develop these characteristics will be in a better position to identify and seize social opportunities as demonstrated in the case descriptions.

In addition to this, as explained earlier, some of these MNCs are investing in developing the capacities of SSOs (e.g., MNC#1, MNC#2, MNC#4, and MNC #6). When the SSOs are equipped with better skills, they can bridge the gap more efficiently between the MNCs and the poor and this will again lead to better financial performance for the MNC. For example, MNC#2’s technical assistance programme is enhancing the qualifications of MFIs and enabling them to borrow more money from the banks. Collaborations and relationships between MNCs and SSOs can also facilitate information flow, status flow and resource flow from the SSO to the MNC. These are valuable resources that the SSOs have obtained through years of working
at the BOP (Wei-Skillern, Austin, Leonard, & Stevenson, 2007). By partnering with SSOs in CSE projects, MNCs can use their knowledge and assets to achieve a competitive advantage (Yaziji, 2004) and better financial performance. For example, through collaboration with SSOs, some MNCs have been able to develop databases about the needs of the poor and their purchasing power. Such information is very valuable as it enables firms to develop products to meet the needs of the poor. It should also be noted that this information is not readily available and all of the company cases studied here had to invest considerable time in their partner SSOs and in the communities to obtain this knowledge. Such knowledge is rare and untradeable; all of the MNCs acknowledged that, as commercial firms, the BOP market was a “black box” for them and they did not have the required expertise to serve the needs of the poor on their own, as reflected in the following quotes:

“We realized that there is a customer segment that we do not know. We have never been in touch with it and it is a kind of black box for a large international company.” (MNC#1)

“We will never claim to be the best people to implement social programmes because that’s not where our expertise lies.” (MNC#4)

“A project of this type … is not the business that MNC#3 had ever done. …So, we had to develop a lot of capabilities, which is outside our expertise”. (MNC#3)

The availability of financial resources also facilitates the identification and exploitation of social opportunities and creates better financial performance in the long term. However, as explained earlier, harnessing the outcomes of social opportunity exploitation takes time. It was argued above that slack financial resources enable a firm to respond successfully to external opportunities and threats (Bourgeois, 1981). In addition, these MNCs are employing financial resources to develop and adapt their business models; this can lead to the accumulation of greater strategic assets and can be a source of sustainable competitive advantage (Dierickx & Cool, 1989, Lee, Lee, & Pennings, 2001, Wiklund & Shepherd, 2005, Zampetakis, Vekini, & Moustakis, 2011). In fact, patient financial resources enabled these firms
to invest in the market and develop the potential market through social value creation. Conducting market research and close communication with the subsistence market also provided insights for product/process innovation, none of which would have been possible without access to patient money. The firms were also able to invest in identifying and building the capacities of their SSO partners. They managed to transform slack financial resources into intangible, rare, valuable and non-substitutable resources that helped them to engage in CSE and, as a result, have a better financial performance.

Another source of long-term profitability is related to firms incorporating stakeholders’ expectations into their agendas. This can be beneficial from two aspects. First, by respecting the stakeholders’ requests, MNCs become more legitimate from their perspective and obtain their support, as has been suggested by CSR scholars (Campbell, Gulas, & Gruca, 1999, Chen & Roberts, 2010, Freeman, 1984). This is also consistent with prior findings, which show that corporations that incorporate stakeholders’ principles into their plans will have a better financial performance than those that do not (Berman, Wicks, Kotha, & Jones, 1999, Ogden & Watson, 1999). Second, by engaging in socially-responsible activities voluntarily, as has been suggested by CSR scholars, organizations may influence regulators to change the regulations in a country to a higher level and perhaps even make CSE a compulsory activity in the country. This means that the organizations can benefit from first-mover advantage (Husted & Allen, 2000, Keinert, 2008). As indicated by Day and Schoemaker (2004), pursuing today’s weak signals from the organization’s periphery, which may not be the core business of the firm, can become the source of tomorrow’s sustained innovation and, consequently, competitive advantage.

The main source of these firms’ long-term profitability will come from the huge untapped market at the BOP. As discussed already, there are around four billion people living at the BOP, with a total purchasing power of around US$5 trillion (Hammond, Kramer, Tran, Katz, & Walker, 2007). The successful implementation of a CSE project in one area may help MNCs to harness the capabilities they have developed and replicate the project in other areas. Although the initiatives of all of the company cases started in a single region, they can expand their market to other
areas in India. In addition, some of the MNCs have been able to transfer the required knowledge and learning to other subsidiaries and target BOP markets in other developing countries. The research of international business scholars shows that these types of collaboration and knowledge transfer between subsidiaries and headquarters are a critical source of competitive advantage (Buckley & Casson, 1998, Lee, Chen, Kim, & Johnson, 2008), achieved when firms take the knowledge gained by their subsidiaries (Sydow & Windeler, 1998) and distribute it throughout the entire corporation (Hult & Ferrell, 1997, Kogut & Zander, 1992).

Another outcome of engagement in the BOP market, mentioned by some of the managers as potentially leading to long-term financial profitability, is brand awareness. Marketing scholars suggest that brand awareness enables customers to identify the products/services of a firm and differentiate them from those of their competitors (Keller, 2008). Brand awareness, accompanied by a good brand experience, will lead to customer loyalty and enhance the brand equity of a firm (Keller, 2008). Strong brand equity is a unique resource that can create competitive advantage for the firm (Hall, 1992). As explained by some of the MNCs (e.g. MNC#1), when corporations successfully offer solutions to long-lasting and previously ignored problems in the lives of the poor, they will become loyal customers, possibly even encouraging their children to prefer this brand to other brands in the future. This theory is echoed in the following quotation from one of the interviews:

“The benefit is not immediate, but the benefit is definitely in the future. All these poor people actually couldn’t afford to go for the insurance and were ignored by other companies. So, MNC#1 is the first company to approach the poor people and the market at the bottom of the pyramid. So, now poor people are our customers and actually they have benefited from us when the claims occur during the initial cyclone; people have all the benefits, all the compensation or the claims to be paid from the insurance. The claims have been paid by MNC#1. So now they are satisfied clients and the people who are poor today will not remain poor on a permanent basis. Some day in the future, their children will know the name of the company, that MNC#1 is a company who is doing insurance; when the calamity, catastrophe, or
some devastation happens, this company came forward and gave some claims and compensation, and helped the community to come out of those catastrophes” (MNC#1).

Contingency theory predicts that those organizations that design and develop their organizational characteristics according to the environmental conditions will be in a better position to respond to the opportunities and threats in their environment and, as a result, have a better financial performance (Hurley & Hult, 1998). Accordingly, in the context of CSE, organizations that have identified the huge potential in these social opportunities and have taken into account the expectations of stakeholders and developed business models that satisfy the needs of the poor will have better financial performance in the long run. The RBV adds to this by explaining that valuable, rare, difficult to imitate and untradeable internal resources create competitive advantage and consequently better financial performance for firms (Barney, 1991). The underlying, implicit assumption behind the application of these theories in the CSE context is that first movers that develop the required business resources and invest in innovating new products/processes are rewarded in the marketplace (Zahra, Jennings, & Kuratko, 1999). Barney and Zajec (1994) express the idea that first-mover firms can gain access to distribution channels, develop good relationships with customers and build a good reputation before their competitors, which can result in a competitive advantage and consequently profitability for them. Based on the finding of this research and in line with contingency theory and RBV, it is suggested that:

**Proposition 7: Engagement in CSE at the BOP in India is positively associated with the long-term profitability of the firm.**

### 6.5.2.3 Legitimacy

CSE is a multidisciplinary initiative and, as a result, the outcomes found in this research go beyond the outcomes of CE found in previous research. While most of the CE researchers report financial performance as the main outcome of CE (e.g., Covin & Slevin, 1991, Zahra, 1995, Zahra, 1991), this research suggests that there are other beneficial outcomes for corporations. Consistent with the CSR scholars
(Bowen, Newenham-Kahindi, & Herremans, 2010, Heugens, Van Den Bosch, & Van Riel, 2002, Morsing, 2005, Morsing, 2006, Wei-Skillern, 2004), this research reveals that legitimacy is an outcome of CSE. It should be noted that legitimacy is not necessarily synonymous with financial success, as economic achievement is just one facet of legitimacy (Deegan, 2002, Lindblom, 1994). Legitimacy refers to the “generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (Suchman, 1995, p.574). Stakeholder theory explains that engaging voluntarily in socially responsible activities leads to enhanced legitimacy for corporations (Bansal & Clelland, 2004, Cho & Patten, 2007, Deegan, 2002, O’Donovan, 2002). In the context of this research, since MNCs are incorporating the expectations of their key stakeholders in their agendas, they will be more accepted by these stakeholders and more legitimate in their eyes. As illustrated by Chen and Roberts (2010, p.659), “legitimacy is conferred upon the organization by its observers, which is like saying beauty is in the eyes of the beholder”. This is also consistent with the findings of Logsdon and Yuthas (1997), who posit that when corporations fulfil the roles assigned to them by society, they will gain legitimacy. According to stakeholder theory (Freeman, 1984), organizations identify their key stakeholders and try to incorporate their concerns into their plans. Hybels (1995, p.243) also suggests that, to understand legitimacy, “it is necessary… to identify the critical actors… whose approval is necessary to the fulfilment of an organization’s functions”.

‘Stakeholders’ refer to employees, customers, shareholders, regulators, and suppliers (Maignan & Ralston, 2002), as well as NGOs and local communities (Bazin & Ballet, 2004, Berman, Wicks, Kotha, & Jones, 1999). The first group of stakeholders, whose expectations influenced the case MNCs’ engagement in CSE, as indicated by the interviewees, are primarily governments, NGOs, the United Nations and existing customers, who expect the MNCs to address a particular social problem by developing products/services for a disadvantaged group in society. It should be remembered that most of the poor live in rural areas lacking appropriate infrastructure, have little purchasing power and a low level of literacy (Hammond, Kramer, Tran, Katz, & Walker, 2007). These characteristics of the BOP population
do not necessarily represent an attractive, profitable market opportunity for commercial corporations.

On the other hand, the second group of stakeholders are the shareholders, who expect to see a profitable return on their investment. Therefore, MNCs are faced with seemingly diverging expectations that they have to meet. Stakeholder theory suggests that managers should find a balance between these two expectations (Chen & Roberts, 2010, Freeman, 1984). In this research, we have seen that the MNCs are engaging in CSE activities to develop innovative business solutions that address the social problem and bring long-term profitability for shareholders. Therefore, they are able to satisfy their internal stakeholders, the shareholders, by offering profitability. In addition, responding positively to the expectations of external stakeholders, such as governments and SSOs, by ameliorating a social problem, means that these corporations are better accepted among these stakeholders. In brief, by incorporating stakeholders’ expectations, MNCs can improve their legitimacy in their eyes.

Although legitimacy has been considered as a concrete abstract, some scholars argue that its representation can be traceable (Hybels, 1995). Freeman (1984) postulates that it can be represented by receiving the support of stakeholders. Similarly, Pfeffer and Salancik (1978) state that it can be represented by the endorsement and support of stakeholders. Chen and Roberts (2010) refer to resource flow from stakeholders to the firm as a representation of legitimacy. In this research, firstly, shareholder support can be perceived in the allocation of financial resources as well as management support, both of which were explained in detail in the previous sections. Secondly, the support of governments and NGOs is reflected in their collaboration with MNCs in their CSE project and the support they provide for scaling up their CSE initiatives. Some of the SSOs’ initiatives were pointed out in the earlier section on networking orientation; here, a brief overview is provided to highlight the legitimacy these corporations have received.

In the case of MNC#1 and MNC#4, who were approached by NGOs to develop new services, NGOs facilitated their engagement with poor communities to learn about the specific needs and wants of the poor. This was also the case for MNC#7, though
its CSE initiatives were not directly requested by NGOs. NGOs also conducted a door-to-door survey for MNC#2. MNC#3 benefited from NGOs’ access to SHGs. Through working with a large number of NGOs, MNC#3 was able to mobilize around 45,000 local women to become entrepreneurs, distributing and advertising its products.

Almost all of the MNCs enjoy the support of NGOs in the form of investing time in poor communities to educate them about the benefits of a product and change their beliefs and behaviours. MNC#5 and MNC#6 have established strategic partnerships with local NGOs to extend the domain of their activities. All of this would be impossible without acceptance of their initiatives from these stakeholders.

NGOs are also involved in the marketing, sales and distribution of products/services in the case of MNC#1, MNC#2, MNC#4, MNC#5, and MNC #6. In the case of MNC#7, part of the business model is implemented and supported by NGOs as well as local entrepreneurs. MNC#7 has designed the concept of the product but it is manufactured and distributed by local entities.

The key stakeholders who expected MNC#8 to invest in rural areas, as indicated by the firm’s managers in the interviews, were existing customers. Legitimacy in their eyes can be inferred from their loyalty to the brand and encouraging their family members in rural areas to purchase the product. In addition to existing customers, MNC#8 has also benefited from the support of NGOs. As explained in the case analysis, MNC#8 and its partner NGOs are educating poor people about starting micro-enterprises or improving their existing activities through the use of mobile phones.

The support of the government was illustrated in most of the cases. The government is usually perceived as the main entity responsible for the reduction of poverty in a country (Wei-Skillern, Austin, Leonard, & Stevenson, 2007). Governments expect MNCs to take an active role in the alleviation of poverty (Lu, Rose, & Blodgett, 1999, Orlitzky, 2001), especially in emerging markets (Austin, Leonard, Reficco, & Wei-Skillern, 2008). Large companies are usually more visible in the society and
their behaviour towards social issues will be more evident (Manakkalathil & Rudolf, 1995, Troast, Hoffman, Riley, & Bazerman, 2002). Studies indicate that MNCs’ activities are even more greatly monitored and publicized in developing countries (Gifford & Kestlerb, 2008). A visible firm, possibly because of its size or its involvement in the community, attracts more attention from stakeholders (Powell, 1991). Therefore, the engagement of MNCs in CSE activities that benefit the poor will be highly visible and supported by the government. MNC#4, for example, mentioned that the government had been closely involved in their development of a mobile application for education. One of the top managers at MNC#2 pointed out that, after they began their CSE activities, the government started inviting the head of the foundation to attend a weekly meeting to develop integrative solutions for the reduction of poverty. MNC#2 also indicated that, in some areas where NGOs are not very active, the company works directly with the government to mobilize communities. Here is some of the answers of respondents in this firm:

“For example in microfinance sector, we are very well respected as an institution because of the number of initiatives that we are implementing….Our initiatives are also in alignment with the mandate of ‘Financial Inclusion’ put forth by our regulator (The Reserve Bank of India)” (MNC#2).

“Whatever we do goes down as goodwill for MNC#2. The technical assistance programme is the first of its kind in the country; there is no other bank that does it….We work very closely with the government even in livelihood. So, local government gets engaged to the livelihood programme and national government and regulator get engaged into the technical assistance programme. So, there is obviously a visibility and they know about it. The head of foundation has weekly meeting in RBI [Reserve Bank of India] making some presentation to some minister. It is an ongoing affair. So, it has brought a lot of goodwill.”

Respondents from MNC#7 even stressed that their company only targets those activities that are encouraged and supported by the government.
Finally, it should be noted that obtaining and improving legitimacy did not take place over a short period of time for the corporations studied. Instead, through close collaboration with NGOs and the government, the company first attempted to learn more about their expectations and then adapted their business models accordingly.

Based on the above evidence and in line with stakeholder theory, the following proposition can be stated:

**Proposition 8: Engagement in CSE is positively associated with obtaining legitimacy.**

### 6.6 Discussion of the findings

Overall, the findings of this research facilitate better understanding of the behaviour of MNCs at the BOP in India. It illustrates that the concept of CSE is a new phenomenon which requires further investigation. The antecedents and outcomes found in this research are not explained by any of the SE, CE and CSR literature alone. In fact, the prior antecedents and outcomes identified in each of these domains illuminate part of the antecedents and outcomes of CSE. The antecedents identified in this research demonstrate that, similar to the CE literature, these factors are consistent with the contingency theory and include both environmental conditions and organizational characteristics. However, the environmental factors and organizational characteristics identified in CE literature are not necessarily the same as the factors in the context of CSE. Further, it was revealed that the contingency theory that only predicts better financial performance is not sufficient for explaining the outcomes of CSE. Instead, it should be complemented with stakeholder theory to explain the legitimacy emanated from engagement in CSE. Contingent RBV of the firm also confirms that organizational characteristics developed for engaging in CSE can result in better financial performance.

As reviewed in chapter 3, prior research of CE scholars indicates that environmental factors can be presented in two categories of munificent environment and hostile environment, and include environmental dynamism, technological opportunities, industry growth and demand for new products as dimensions of munificent
environment, and unfavourable change and competitive rivalry as dimensions of hostile environments. However, this research demonstrated that only demand condition is a factor that is conducive to CSE at the BOP in India.

In addition to demand condition, this research revealed another environmental factor, stakeholder expectation, should be taken into account. It was argued that this factor can be also understood as a critical environmental factor that can impact on CSE initiatives of the firms. This factor was also pinpointed in some of the CSR studies (Arvidsson, 2010, Islam & Deegan, 2008, Maignan & Ralston, 2002). It should be noted that, although several factors have been reported in the CSR literature as enablers of CSR, only stakeholder expectation was supported in the context of CSE.

Regarding the organizational characteristics of the firm that should be developed to fit with the environmental situation of the firm and determine entrepreneurial behaviour and consequently better firm performance, the findings of this research go beyond the prior studies in both CE and CSR literature. As pointed out in chapter 3, organizational values, open communication, control mechanisms, organizational support, environmental scanning, number of alliances and availability of resources have been the focus of attention of CE scholars. However, the findings of this research highlight that the BOP condition in India requires that organizations develop a new set of organizational characteristics to seize social opportunities. This also confirms the prediction of international business scholars that existing capabilities of MNCs are not adequate for the success at the BOP, and re-thinking of business models are necessary (London & Hart, 2004).

Similarly, the findings of this research go beyond the antecedents identified in the CSR literature. The primary factors reported in this domain as reviewed in chapter 3 are organizational structure and firm size, resource availability, corporate culture and organizational, ethical climate.

The first identified organizational characteristic is management support, which has been identified by some of the prior studies in CE (Antoncic, 2007, Antoncic & Hisrich, 2004, Antoncic & Hisrich, 2000, Antoncic & Hisrich, 2001, Zahra, Jennings, & Kuratko, 1999). However, in this research, the definition and dimensions of this construct were modified according to the interviewee’s responses. The different aspects of management support that should be taken into account by
managers in the CSE context were elaborated in chapter 4, Table 8. Management support was also confirmed as a crucial factor by CSR scholars when referring to corporate culture and organizational ethical climate (Grojean, Resick, Dickson, & Smith, 2004, Keinert, 2008).

The second factor as an antecedent of CSE is network orientation with SSOs. Although the necessity of networking for opportunity identification and exploitation has been emphasized by many entrepreneurship researchers (Carolis, Litzky, & Eddleston, 2009, Dubini & Aldrich, 1991, Greve & Salaff, 2003, Sorenson, Folker, & Brigham, 2008), it has been rarely studied as an antecedent of either CE or CSR. The only study that addresses a similar factor is the one conducted by Antonic and Hisrich (2004). In their study, they recognized a number of alliances as an antecedent to CE, arguing that it gives the firm the opportunity to be more innovative in developing products. Despite being neglected in CE literature, networking orientation specifically with SSOs at the BOP has been raised and emphasised by growing number of international business researchers (Gifford & Kestlerb, 2008, Jain & Vachani, 2006, London & Hart, 2010, London & Hart, 2004).

The third organizational characteristic identified as conducive to CSE is availability of financial resources that has been supported by both CE and CSR literatures (e.g., Elsayed, 2006, Keinert, 2008, Kuratko, Montagno, & Hornsby, 1990). However, the findings of this research in the context of CSE highlight that managers should allocate financial resources and be patient toward the return that they are expecting from their investment. In fact, because of the necessity of changing products and processes to serve the needs of the poor at the BOP, the necessity of investment for developing the required infrastructure, enhancing education and awareness of the people and the importance of developing the capacity of their SSO partners, sufficient patient slack financial resources are required in the context of CSE. It should be also reminded that, as pointed in the outcomes of CSE, the result of investment of the financial resources is not immediate and will be returned in a longer period of time.

The outcomes of CSE also go beyond prior studies in each of CE, CSR and SE domains. First, previous research in CE literature had focused on profitability and
improving financial performance as a short-term outcome of engagement in entrepreneurial behaviour. However, the findings of this research demonstrate that the profitability gained in CSE may require a longer period of time. The benefits of addressing social issues go beyond the financial gain for the firm. In fact, as predicted by stakeholder theorists and confirmed by CSR scholars (Bowen, Newenham-Kahindi, & Herremans, 2010, Heugens, Van Den Bosch, & Van Riel, 2002, Morsing, 2005, Morsing, 2006, Wei-Skillern, 2004), it enhances legitimacy of the firm.

Finally, the findings of this research illustrate that when embracing CSE, corporations should not just focus on the benefits to their firm. Instead, it was discussed that the benefits to the firm are interwoven with the values that the firm creates for the poor people. Consistent with the SE, this research reported social value creation as the outcome of CSE that the corporations should consider. International business scholars also agree on the necessity of mutual value creation at the BOP (London, Anupindi, & Sheth, 2010).

It should be also mentioned that among identified antecedents and outcomes of this research, demand condition, network orientation with SSOs and long-term profitability were the most supported constructs in this research, as they were mentioned by all interviewees in each company case. Although other factors were pointed out by company cases, they were not necessarily mentioned by all interviewees in each company case.

Finally, as discussed previously, the population of this research comprised western MNCs and a local MNC. In respect to the research questions of this research, no explicit differences were found between the antecedents and outcomes of CSE. This might be because of the long history of activities of company cases in India and the employment of Indian personnel by these companies, which lessened any potential differences between western and local MNC.
6.7 Chapter Summary

This chapter was devoted to cross-case analysis and developing propositions. To achieve this goal, within-case findings were supported by cross-case explanations. The empirical findings were also linked to the previous literatures on CSR, CE and SE. The findings of this research illustrate that antecedents and outcomes of CSE cannot be explained by any of the CSR, CE and SE domains alone. Instead, they are built upon on all of these three areas. Within-case and cross-case findings of this research suggest that a combination of three theories of contingency theory, contingent resource-based view and stakeholder theory can explain the antecedents and outcomes of CSE. In fact, neither the theory used in CE, contingency theory, nor the theories used in CSR, resource-based view and stakeholder theory, are adequate in explaining the CSE phenomenon alone.

Several antecedents and outcomes of CSE were identified in this research and the following propositions were developed:

Proposition 1: Demand condition is an antecedent of CSE at the BOP in India.

Proposition 2: Stakeholder expectations can drive MNCs to embrace CSE at the BOP in India.

Proposition 3: Management support in organizations facilitates engagement in CSE at the BOP in India.

Proposition 4: Network orientation toward social sector organizations is an antecedent to CSE at the BOP in India.

Proposition 5: The availability of financial resources is a determinant of CSE at the BOP in India.

Proposition 6: Social value creation is an outcome of CSE at the BOP in India.

Proposition 7: Engagement in CSE is positively associated with the long-term profitability of the firm at the BOP in India.
Proposition 8: Engagement in CSE is positively associated with obtaining legitimacy at the BOP in India.

Although these factors have been pinpointed by almost all of the company cases, demand condition, networking orientation and profitability were the most frequently cited factors by interviewees.
Chapter 7-Conclusion, research contributions, limitations and future research directions

7.1 Introduction

This chapter starts with a summary of the research and then looks at the research contributions and implications for policy-makers and managers. Research limitations and future research directions are discussed at the end of the chapter.

7.2 Research summary

In the past few decades, the field of international business (IB) has flourished well around three areas of foreign direct investment: strategy and organization of multinational corporations (MNCs), and internationalization of firms (Buckley, 2002, p.365). However, it has recently been accused of running out of steam (Buckley, 2002). One of the new areas that is emerging and attracting the attention of MNCs is the BOP. With a huge market size, almost two-thirds of world population, MNCs are adapting their business models to serve the needs of this less-served market. However, prior studies illustrate that doing business in this market cannot be achieved with traditional strategies of MNCs (London & Hart, 2004, Prahalad, 2009). The dominant poverty and the lower income, less than $2 per day, of the BOP population, the high illiteracy rate and the lack of adequate infrastructure in these regions are all examples that challenge MNCs’ business models. To understand the market-based initiatives of MNCs at the BOP better, this research borrows theories and literatures from three related domains: SE, CE and CSR. Based on these disciplines, the concept of CSE has been applied for referring to the market-based initiatives of MNCs at the BOP. Built upon prior definitions of CSE, and benefiting from the illuminating background of CSR definitions, CE definitions and SE definitions, the concept of CSE is re-defined in this research. Here, CSE is understood as the process of innovatively identifying and exploiting social opportunities in large and established organizations aimed at the creation of economic and social value. The context of India is selected for this research as it
accommodates a considerable number of BOP populations (Hammond, Kramer, Tran, Katz, & Walker, 2007). In addition, the dominant poverty has attracted the market based initiatives of MNCs at the BOP in India (Jain & Vachani, 2006). To further learn about the CSE initiatives of MNCs at the BOP in India, this research focuses on answering two research questions:

1. What are the antecedents of CSE?
2. What are the outcomes of CSE?

The research gap and necessity of conducting research on antecedents and outcomes of CSE were also highlighted and discussed from the perspective of three domains of SE, CE and CSR in chapter 1. To answer the research questions, first, prior definitions of CSE, CSR, CE and SE were reviewed, and a new definition built upon the three related domains was proposed in chapter 2. Then, in chapter 3 of this dissertation, the antecedents and outcomes of CSR, CE and SE were examined to provide insights into further empirical investigation. Details of research methodology employed were explained in chapter 4. It was pointed out that a qualitative exploratory case study research (Yin, 2009) was employed and representatives of eight MNCs operating in India and their SSO partners were interviewed. This resulted in 41 interviews carried out over a period of ten months. The interviews were analysed based on the technique suggested by Ghauri (2004), within and across cases (Yin, 2009). This process of qualitative data analysis was facilitated by NVivo 8, as suggested by Sinkovics and Alfoldi (2011). The findings of the research can be summarized in the following figure:
The interview analysis revealed that the CSE behaviour of corporations can be explained by contingency theory (Scott, 1981), contingent RBV (Barney, 2001) and stakeholder theory (Freeman, 1984). Built upon contingency theory, and in line with CE scholars, it was argued that the financial performance of the firm is the result of a match between environmental conditions and organizational characteristics. Within the set of environmental conditions, the two factors of stakeholder expectations and demand conditions were identified as being keys. The interviews with the MNCs revealed that most had engaged in CSE in India because a large segment of the population lives in poverty and could not purchase the existing products/services of the firms. In addition, as large and powerful MNCs, these firms were more visible in society (Manakkalathil & Rudolf, 1995, Troast, Hoffman, Riley, & Bazerman, 2002) and were expected by external stakeholders to play a more substantial role in
alleviating social problems. The incorporation of stakeholders’ demands into firms’ agendas and balancing these expectations with the profitability demands of the shareholders was explained through the use of stakeholder theory (Freeman, 1984).

Three organizational characteristics were identified in the interviews: managerial support, networking with social sector organizations, and the availability of financial resources. The findings of this research suggest that these organizational characteristics facilitate and enable CSE behaviour within organizations. It was also argued that the RBV further supports these findings, as such characteristics help firms to create a competitive advantage and improve their financial performance.

Three outcomes from engagement in CSE were identified. Similar to the SE literature, it was argued that, through CSE, organizations do not only seek benefits for themselves. Rather, they aim to create social value which benefits disadvantaged groups and society as a whole (Brooks, 2009, Nicholls, 2008, Peredo & McLean, 2006). This was also consistent with the findings of international business scholars who emphasize the necessity of creating mutual value for both corporations and society (London, Anupindi, & Sheth, 2010, London & Hart, 2010). In addition to social value creation, and consistent with the findings of CE scholars (Antoncic, 2007, Zahra, 1995, Zahra, 1991) and some of CSR scholars (de la Cruz Déniz Déniz & Suárez, 2005, Keinert, 2008, Seifert, Morris, & Bartkus, 2003), this research showed that profitability is an outcome of CSE initiatives. But, in the context of CSE, profitability may not be immediate. In fact, it usually takes longer than usual for corporations to develop profitable business models in these situations. It was explained that this is due to the nature of social problems and BOP conditions such as lower income. Corporations have to invest in the BOP market in order to bring this segment of society into the mainstream, which can take a significant amount of time. In addition, earning profits in this market requires firms to build the capacities of their partners and look at the scalability of their projects, which again may necessitate more patience than usual (London & Hart, 2010). Finally, it was argued that the positive outcomes of CSE for firms go beyond profitability. They will be more accepted in the society and will benefit from the support of stakeholders as a result of meeting their demands. Therefore, built upon stakeholder theory, legitimacy
was argued to be a reward for the voluntary participation of MNCs in solving social problems (Chen & Roberts, 2010).

7.3 Research contribution
This thesis is the first detailed academic inquiry into the concept of CSE and its antecedents and outcomes. The findings of this research contribute to the field of international business, CSR, CE and SE.

This research contributes to the field of international business by providing a better understanding of MNCs’ market based initiatives at the BOP in India. Referred to as CSE, this research first redefines the concept of CSE based on its previous definitions and pertinent literatures of CSR, CE and SE. It also reveals the antecedents and outcomes of CSE at the BOP in India. As the findings of this study show, explaining the antecedents and outcomes of CSE in the field of international business requires borrowing theories and literatures from CSR, CE and SE. While each of these domains, SE, CE and CSR, shed light on one aspect of antecedents and outcomes of CSE, none of them is able to explain all factors. The findings of this research focus on a social problem in one country, poverty in India; however, some of them may be applicable in other contexts.

Another major contribution of this study to the field of international business, CSR, CE and SE are the framework in Figure 2, which represents eight propositions for future research. This framework is intended to provide grounding for further qualitative and quantitative investigations into the concept of CSE and its antecedents and outcomes. These propositions reveal that the antecedents and outcomes of CSE is not necessarily the same as CSR, CE and SE. The following table better highlights this:
Table 25- Contribution of the research- antecedents and outcomes of CSE at the BOP

<table>
<thead>
<tr>
<th>Identified antecedents/outcomes of CSE</th>
<th>Related prior identified antecedent/outcome</th>
<th>Related literature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand conditions</td>
<td>Demand for new product/service</td>
<td>CE</td>
</tr>
<tr>
<td>Stakeholder expectation</td>
<td>Stakeholder expectation</td>
<td>CSR</td>
</tr>
<tr>
<td>Management support</td>
<td>Management support</td>
<td>CE, CSR</td>
</tr>
<tr>
<td>Network orientation toward social sector organizations</td>
<td>Number of alliances</td>
<td>CE</td>
</tr>
<tr>
<td>Availability of patient financial resources</td>
<td>Availability of financial resources</td>
<td>CE, CSR</td>
</tr>
<tr>
<td>Social value creation</td>
<td>Social value creation</td>
<td>SE</td>
</tr>
<tr>
<td>Long-term profitability</td>
<td>Profitability</td>
<td>CE, CSR</td>
</tr>
<tr>
<td>Legitimacy</td>
<td>Legitimacy</td>
<td>CSR</td>
</tr>
</tbody>
</table>

In terms of contribution of this research to CSR, CSE as part of CSR introduces a solution through which corporations can gain profits while ameliorating social problems.

There has been a long-lasting debate over whether corporations should play a role in addressing social challenges (Freeman, 1984, Friedman, 1970). The opponents of CSR have argued that devoting a firm’s resources to an activity that is not profitable is a tax on the firm’s customers as it increases the firms’ costs and therefore its prices (Friedman, 1970). In fact, the findings of this research suggest that, by employing more innovative and entrepreneurial approaches, corporations can balance these two...
conflicting expectations. Further, while confirming some of the prior findings of the CSR literature in terms of antecedents and outcomes, this research also introduces some new concepts to the domain, drawn from the areas of CE and SE.

This research also broadens the boundaries of SE by offering the concept in the context of large for-profit corporations. The evidence presented here supports the idea that socially entrepreneurial behaviour can be embraced by such corporations. This research first, redefines CSE and clarifies its underlying concepts. Definitions of social problem, opportunity, social opportunity, opportunity identification and exploitation and innovation in the context of CSE are explained. The antecedents and outcomes of SE proposed by the extant literature, as explained in the literature review chapter, have been very limited. Exploring these factors in corporations can open up new avenues for further research in SE.

Next, the findings of this research reveal that studying the use of CE to address social problems can provide different insights. Although contingency theory is still helpful in explaining antecedents and outcomes of CSE, it is not adequate to cover the social aspects involved in CSE. Instead, the findings of this research illustrate that stakeholder theory should be employed to complement contingency theory to provide a comprehensive understanding of the antecedents and outcomes of CSE. It is also indicated that the environmental factors, organizational characteristics and the outcomes of CSE are not necessarily the same as those identified in CE literature. In fact, the social problems and new environmental conditions necessitate development of new organizational characteristics.

Finally, this research contributes to theory by highlighting the inadequacy of each of contingency theory, RBV and stakeholder theory, in explaining the antecedents and outcomes of CSE. While contingency theory and RBV only predict financial gain as the outcome of CSE, they do not address the social outcomes of CSE initiatives. On the other hand, stakeholder theory recommends focusing on the firm's stakeholders and incorporating their expectations to gain legitimacy. This research indicates that in the context of CSE, following each of these theories alone, just focusing on financial gain or just focusing on legitimacy may not create the desired result.
Instead, these theories should be complemented with each other to provide a more comprehensive explanation for the antecedents and outcomes of CSE.

7.4 Implications for managers

As confirmed in this research, managers of large and established corporations are increasingly expected to contribute to solving social problems. In fact, external stakeholders of corporations want MNCs to employ their financial and managerial capabilities to design and develop new products/services and processes for an ignored population at the BOP.

The findings of this research concur that a growing number of managers are considering developing entrepreneurial solutions for addressing social challenges, provided that they can satisfy the profitability quest of their shareholders. In this regard, the findings of this research demonstrate that social problems that involve a large number of the population and represent considerable market size may be more attractive for MNCs, as they can bring profitability at least in the long-term.

It is also argued in this dissertation that three characteristics of corporations are crucial in embracing CSE: management support, networking orientation with SSOs and availability of financial resources. The support of senior managers in encouraging and implementing socially entrepreneurial projects proved crucial in the CSE efforts studied here. In addition, managers should understand that working with their traditional partners may not be sufficient at the BOP. Instead, they need to build ties with SSOs that offer complementary resources and capabilities in this market. Managers need to learn about these resources and develop co-operative strategies in order to leverage them. Finally, the availability of slack financial resources can facilitate the process of CSE, provided that managers accept that the return on their investment will occur over the long term. These organizational characteristics enable managers to respond successfully to the opportunities and threats in the environment and benefit from competitive advantage and, consequently, better company performance. Further, by developing effective solutions aimed at mitigating poverty, corporations can enhance their legitimacy in the eyes of their stakeholders.

It was also revealed that, when working on CSE projects, managers should not just seek benefits for their own corporation. Rather, successful corporate social
entrepreneurs aim to create social value for the poor. They attempt to address the urgent, underserved needs of the poor. They also boost the economic situation of the subsistence market by enhancing people’s incomes and/or reducing the costs they incur in going about their lives. Educating low-income people about the advantages that a product/service can give them also proved crucial in some of the industries studied here.

7.5 Research limitations and future research directions

The conclusions and implications of this research should be considered in the light of its limitations. A number of limitations exist which could be addressed by future researchers:

- The findings of this research are limited to a single social problem: poverty. As mentioned in the literature review chapter, social problem can be understood and defined from different perspectives. For example, following Millennium Development Goals (United Nations, 2005), future research can focus on education or gender equality as other social problems, and investigates antecedents and outcomes of CSE in that context.

- This research was conducted in only one country. Despite the fact that India is one of the most populous countries in the world and accommodates a large percentage of the world’s poor population (Hammond, Kramer, Tran, Katz, & Walker, 2007, The World Bank, 2008), the findings of this research may not be applicable to other countries, for example, those without such a large BOP market.

- In spite of the fact that this research was built upon multiple case studies drawn from different industries, the findings of this research offer limited generalizability (Naumes & Naumes, 2006, Yin, 2009). Because of the difficulty in accessing companies in India, the research was limited to those industries and companies that agreed to participate. Future research can contribute to the understanding of CSE by exploring its antecedents and outcomes in a larger and more representative population.
As a first step towards understanding the phenomenon of CSE, this research adopted an exploratory qualitative approach and, as a result, the number of interviews carried out was limited. Adopting a quantitative approach using a larger population could confirm or weaken the findings of this research in other contexts and industries.

Poverty in India was understood to relate to MNCs’ initiatives in rural areas. Although statistics show that more than 70 percent of the rural population in India do live in poverty (Hammond, Kramer, Tran, Katz, & Walker, 2007), this may be considered a simplification. Of course, in the interview process with the MNCs, attempts were made to focus discussions on the poor population.

Most of the interviews were carried out with MNCs and a few with SSOs. Interviewing more SSOs, members of the government and poor people who have been the target of CSE initiatives can corroborate and improve on some of the findings of this research, particularly in relation to social value creation and legitimacy.

This research did not aim to go beyond the available literature. Therefore, the findings are limited to what has been indicated in the literature so far. For example, there is a paucity of research on social value creation; this research adopted Young’s (2008) definition which conceptualizes social value creation using four categories. Although these categories were helpful in classifying social value creation in the poverty domain, they may not be useful for other social problems, such as education or gender equality. This could be an avenue for further research and investigation.

This research was built upon interviewing representatives of MNCs. Future researchers could interview other large corporations that do not have activities beyond the borders of a single country to examine whether similar conclusions can be drawn.

This research on CSE focused on answering the research questions, that is, antecedents and outcomes of CSE. Researchers can also employ the CE, CSR and SE literature and investigate whether other findings in these areas are
applicable to the context of CSE. An example may include employing CE literature and developing a typology of CSE phenomena, using CSR literature, and investigating the role of organizational culture in CSE initiatives. International business scholars can add to this by exploring the global strategy of MNCs as a possible source of imposed social values in the subsidiaries. SE scholars could study the process of opportunity identification and exploitation based on the entrepreneurship and SE literature.

- As the first empirical research on CSE, this thesis has pursued the more dominant theoretical perspectives in the related literature, namely, contingency theory, contingent RBV and stakeholder theory. Future studies could adopt other theories to shed further light on the CSE initiatives of corporations. For example, researchers can employ network theory to illuminate further the networking of MNCs with SSOs in a CSE process. They can also employ a knowledge-based view of the firm and investigate the impact of knowledge transfer between the subsidiaries and headquarters on the concept of CSE.

- In this research, only a local MNC was incorporated in the portfolio of company cases. While no specific differences were found in this research between western MNCs and the local MNC, future researchers may study the antecedents and outcomes of CSE in a larger group of local MNCs and confirm or reject the findings of this research.

7.6 Chapter Summary

As the final chapter of the dissertation, this chapter firstly provided a summary of this research. Research questions and research findings were highlighted in the first section. Then, contribution of the research and its implications for managers were elaborated. No research is without limitations and there are always further avenues for improvement. Therefore, the final piece of this chapter indicated how future researchers can build on this research and move this field forward.
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Appendix 1- Interview guide for interviewing MNCs

1. Explain about your company’s activities in offering services and products for serving the poor.
2. How did it start?
3. What were the challenges that you have been faced with and how did you manage that?
4. Why did your company decide to produce products/services for the poor? (antecedents of CSE)
   - Environmental conditions
     - Stakeholder expectations
       - Government (rules and regulations? implicit expectations?)
       - NGOs
       - Consumers, employees, etc.
     - Demand (market size, market growth)
     - Dynamism? (Changes in the social, political, technological, and economic environment open new windows of opportunities for the firm and spur the firm’s quest for new innovative strategies to seize these opportunities)
     - Technological opportunities? (Environmental changes in the industry’s competitive structure and the underlying technologies are thought to influence CE)
     - Competitive rivalry
       - Industry decline/growth (perceived decline of an industry would push companies into increased renewal activities)
       - Unfavourability of change
       - Competitive environment

Organizational characteristics

5. What are the organizational characteristics that have made your company successful in serving the poor in comparison with your competitors?
a. Social mission? Altruistic values? Social related values? Corporate social responsibility orientation? (Organizational values reflect managers’ philosophies and ideals that direct employees’ behaviour)
b. Communication? (Communication facilitates introduction of new ideas, learning about industry trends as well as threats and opportunities in the external environment)
c. Formal controls?
d. Environmental scanning? (timely learning of the changes in the industry and the opportunities or threats that they may bring for the company)
e. Organizational support? (Willingness of managers to spur entrepreneurial behaviour in the firm. Management support may take a variety of forms. Some examples include acceptance of new ideas and allocation of necessary resources)
f. Organization culture?
g. Organizational boundaries (the boundaries that employees perceive which inhibit their looking at the organization from a broad perspective and outside their own jobs)
h. Work discretion (the extent to which employees are able to decide to perform their work in a way that they think is the most effective)
i. Time availability? (The amount of time that employees can spend on incubating new ideas)
j. Availability of financial resources?
k. Risk taking? Long term orientation of the firm
l. Organizational structure?

Network orientation
6. How do you see the role of networks in acquiring market and customer information; exploitation of opportunities and generating local support for the corporations
7. Do you work with NGOs? How do you see the role of NGOs?
8. What are the challenges of working with NGOs?
9. How do you select NGOs to work with?
10. How do you see the role of government?

**Outcomes of CSE**

11. Social value creation?
   - Social added value?
   - Empowerment?
   - Social change?
   - Social innovation?

12. Improved market image? Brand awareness and loyalty of poor customers?

13. Legitimacy?

14. Risk prevention (criticism of NGOs)?

15. Organization’s long-term growth?

16. Organization’s better financial performance

17. Organization’s competitive advantage? (Developing tangible/intangible assets that are rare, valuable, inimitable, non-tradable, which allows the firm to outperform its competitors)
Appendix 2- Interview guide for interviewing SSOs

1. Explain about your activities in collaborating with MNCs to offer services and products for serving the poor.
   a. How did it start?
   b. What were the challenges that you have been faced with and how did you manage that?

2. Why did the MNC partner decided to produce products/services for the poor? Did you approach the MNC and asked for addressing poverty by developing product/service? Do you expect MNCs to have some contributions more than philanthropic donations? Why?

3. How do you see the role of your organization in acquiring market and customer information? Collaboration in seizing opportunities and generating local support for the corporations?

4. What are the challenges of working with MNCs?

5. How do you see the role of government?

6. Do you think that the CSE initiatives of MNCs create social value for the poor?
   - Social added value?
   - Empowerment?
   - Social change?
   - Social innovation?

7. Do you think that the CSE initiatives of MNCs improve their market image? Brand awareness and loyalty of poor customers?

8. Legitimacy?

9. Risk prevention (criticism of NGOs)?