Cooperation Issues in Developing the BOP Market

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ABSTRACT

Interest in the notion that there is an untapped market with significant buying power hidden at the base of the economic pyramid (BOP) has enjoyed increased attention over the last few years. The discourse on this matter is lively and abounds with opposing opinions. Although this discourse is acknowledged in this paper, it is argued that benefits can be derived for all parties if one considers partner cooperation issues (or problems) in a structured way. Partner cooperation in the case of this research refers to the cooperation between multinational information technology companies and local partners in African countries. This area is of interest because of (frequently high) expectations that information and communication technology (ICT) can make a contribution toward development goals in BOP markets. However this is not always achieved and, as has been found by several researchers, this unfavorable outcome is, amongst other things caused by cooperation problems between partners.

The basic argument of this paper is that successful contribution of ICT to development goals is partly dependent on the nature of the cooperation between partners. Thus if there is a need to assess the contribution of ICT, then one needs to look further than just the basic quantitative measures and include cooperation issues as criteria for success. The purpose of the research reported in this paper was therefore to take one step closer towards a framework of cooperation issues in so-called BOP projects, specifically in the ICT arena, with the ultimate aim of developing a way to assess factors that may present a risk to the success of these projects. This framework could serve as the foundation for further research into developing a diagnostic instrument for this purpose.

The research was conducted in 10 BOP projects involving multinational ICT companies, which were studied as separate case studies. Qualitative data was collected using the case study method and the data was analyzed for emerging patterns. It was found that problems with partner cooperation revolve around six core categories. These are explained in this paper. It is suggested that further research can serve to interrogate the proposed framework.

Keywords

Base of the Pyramid, partnership cooperation problems, information and communication technology, multi-national companies.

INTRODUCTION

There has been a steady increase in interest in the so called base of the economic pyramid. The phrase and concept “Bottom of the Pyramid” (BOP) was first used in a radio speech by American president Roosevelt in 1932 but gained a lot of interest with the work of Prahalad and Hart (2002). The “Bottom of the Pyramid” refers to the the bottom segment of the economic pyramid of the world population. The basic argument held by Prahalad and Hart (2002) is that the available market in this segment is so big that multinational companies (MNCs) can make significant profits if they can manage to tap into this market. Whether these claims are realistic is a matter for debate, as will be seen later in the paper, but it could be argued that projects with these aims in mind could be more successful if the problems related to cooperation between the different role-players are better understood. Subsequently it could be argued that if one needs to assess the contribution of these projects, it
may well be reasonable to assess the health of the relationship between partners as well. This paper reports on a project of which the aim was to create a provisional framework of cooperation issues in information and communication (ICT) related BOP projects.

THE BOP MARKET

Prahalad and Hart (2002) describe the Bottom of the Pyramid\(^1\) as the bottom segment of the economic pyramid. Their estimate of the annual per capita income of BOP people is less than $1500. It is represented by tier 4 in Figure 1.

![Figure 1: The world economic pyramid; tier 4 is the Base of the Pyramid (BOP). (Prahalad and Hart, 2002). Please note that in recent research the boundary of the BOP segment has changed by definition to include all with an annual per capita income of less than $3000 (WRI, 2007).](image)

Recent surveys by the World Bank Group, and the World Resources Institute (WRI) have provided a more accurate picture on the BOP market (WRI, 2007). They define the BOP population segment as those with annual incomes up to and including $3,000 per capita per year in local purchasing power and propose that this segment of the population consists of four billion people living in or near poverty (WRI, 2007). The report also explains that the choice for the $3000 upper limit is based upon the world mean income (Hammond, 2007).

Prahalad and Hart (2002), followed by many others, argue that because of the sheer volume of the BOP the spending volume is huge. Together they have substantial purchasing power: the BOP constitutes a $5 trillion (purchasing power parity) global consumer market, according to the IFC/WRI report (WRI, 2007). Landrum (2007) and Karnani (2007b) however caution that these kinds of estimates may be inflated. Landrum (2007) goes further to suggest that any benefits to developing countries may at best be serendipitous in nature.

Despite the potential size of this market, it remains largely untapped and unserved by MNCs. Companies tend to assume that people with such low incomes have little to spend and buy little beyond food and shelter. They also assume that inadequate infrastructure, illiteracy, currency fluctuations, corruption, bureaucratic red tape and other barriers make it difficult to build a profitable business serving poor communities (Hammond and Prahalad, 2003). The authors argue that such assumptions reflect a narrow and largely outdated view of the developing world. The fact is that many multinationals already successfully

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\(^1\) Although the term “Bottom of the Pyramid” is widely used, some researchers have moved away from that use, towards terms such as “Bulk of the Population”, arguing that estimates of the number of people belonging to this group is more than the ‘bottom’ of the world's income pyramid; it represents the majority of it (BRINQ, 2008). Other names have also appeared such as “Business for/with the Majority”, “Sustainable markets” or “pro poor markets”. For the purpose of this paper however, we will use the familiar term “Bottom of the Pyramid” (BOP).
do business in developing countries, although most currently focus on selling to the small upper-middle-class segments of these markets. Their experiences show that the barriers to commerce, although real, are much lower than is typically thought. Prahalad (2005) states on this development: “If we stop thinking of the poor as victims or as a burden and start recognizing them as resilient and creative entrepreneurs and value-conscious consumers, a whole new world of opportunity will open up.” Therefore, a shift in mindset is needed.

Of course, it can be expected that the BOP market at first will provide opportunities mainly for manufacturers of food and

Several sources of opportunity for firms to understand and cater the BOP are identified:

- BOP has massive and a growing underserved markets. Some BOP markets are large and attractive as stand-alone entities (Prahalad and Hart, 2002).
- Many local innovations can be leveraged across other BOP markets (Prahalad, 2005).
- It is also argued that by getting engaged in BOP markets, multinational companies can learn about important capabilities, practices and innovations that they might transfer to their higher-income markets. (Prahalad, 2005, Hart and Christensen, 2002). E.g. the BOP provides breeding ground for next generation, global scale competitors (Christensen et al., 2001). MNCs can help BOP markets to develop, but MNCs can also learn from BOP markets.

ICT IN THE BOP MARKET

A specific area of interest is the use of information and communication technology (ICT) in the BOP market. The BOP market also promises to have certain demands also for ICT products and services. Although relatively small compared with other demands, the market for information and communication technologies is estimated to be $51 billion but probably twice as much, $100 billion per year, as a result of rapid growth (WRI, 2007). Perhaps even more interesting than the market potential for ICT products and services is the development potential that ICT promises. ICT can be a powerful enabler of development goals because its unique characteristics dramatically improve communication and the exchange of information to strengthen and create new economic and social networks (UNDP, 2001). Summarized by UNDP, the reasons for this potential are:

- ICT is pervasive and cross-cutting. ICT can be applied to the full range of human activity from personal use to business and government. It is multifunctional and flexible, allowing for tailored solutions—based on personalization and localization—to meet diverse needs.
- ICT is a key enabler in the creation of networks and thus allows those with access to benefit from exponentially increasing returns as usage increases i.e. network externalities).
- ICT fosters the dissemination of information and knowledge by separating content from its physical location. This flow of information is largely impervious to geographic boundaries—allowing remote communities to become integrated into global networks and making information, knowledge and culture accessible, in theory, to anyone.
• The "digital" and "virtual" nature of many ICT products and services allows for zero or declining marginal costs. Replication of content is virtually free regardless of its volume, and marginal costs for distribution and communication are near zero. As a result, ICT can radically reduce transaction costs.

• ICT’s power to store, retrieve, sort, filter, distribute and share information seamlessly can lead to substantial efficiency gains in production, distribution and markets. ICT streamlines supply and production chains and makes many business processes and transactions leaner and more effective.

• The increase in efficiency and subsequent reduction of costs brought about by ICT is leading to the creation of new products, services and distribution channels within traditional industries, as well as innovative business models and whole new industries. Intangible assets like intellectual capital are increasingly becoming the key source of value. With the required initial investment being just a fraction of what was required in the more physical-asset intensive industrial economy, barriers to entry are significantly lowered, and competition increased.

• ICT facilitates disintermediation, as it makes it possible for users to acquire products and services directly from the original provider, reducing the need for intermediaries.

In some parts of the world, information and communication technologies and services are contributing to revolutionary changes in business and everyday life. In other parts of the world, the lives of people have hardly been touched by these innovations. If people in developing countries are unable to acquire the capabilities for using the new ICT applications, they will be increasingly disadvantaged or excluded from participating in the global information society. The social and economic potential of these new technologies for development is enormous, but so too are the risks of exclusion (Mansell, 1999). Economic research suggests a positive correlation between the spread of ICT and economic growth (Siegel, 2003). ICT can contribute to income generation and poverty reduction. It enables people and enterprises to capture economic opportunities by increasing process efficiency, promoting participation in expanded economic networks, and creating opportunities for employment (OECD, 2005).

These positive development effects provide an even stronger case for the development of the BOP market by ICT companies and providers.

**BOP MARKET STRATEGIES**

The opportunity that the BOP market offers, raises the question How ICT companies can develop and grow BOP businesses that create “mutual value”, for the business and the community?

<table>
<thead>
<tr>
<th>BOP 1.0</th>
<th>BOP 2.0</th>
</tr>
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<tbody>
<tr>
<td>BOP as consumer</td>
<td>BOP as business partner</td>
</tr>
<tr>
<td>Deep listening</td>
<td>Deep dialogue</td>
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<tr>
<td>Reduce price points</td>
<td>Expand imagination</td>
</tr>
<tr>
<td>Redesign packaging, extend distribution</td>
<td>Marry capabilities, build shared commitment</td>
</tr>
<tr>
<td>Arm’s length relationships mediated by NGOs</td>
<td>Direct, personal relationships facilitated by NGOs</td>
</tr>
<tr>
<td>“Selling to the Poor”</td>
<td>“Business Co-Venturing”</td>
</tr>
</tbody>
</table>

*Table 1: First Generation BOP Strategy compared with the new BOP (2.0) strategy (Hart et al., 2008)*

In strategies for developing BOP markets, a shift can be seen, as summarized in Table 1. The BOP 1.0 strategy focus is on selling to the poor, whereas BOP 2.0 strategy focus is on co-creation & co-venture. BOP 1.0 strategy, “selling to the poor” has shown one important message: business viability of serving lower income people, and that is according to Hart a radical innovation (Mahajan, 2007). Hart argues that it is natural companies began with resizing, modifying their product to make it affordable to sell it to people at lower income levels. However these BOP 1.0 corporate strategies often failed to take into consideration from the perspective of the poor themselves (Hart, 2007a). Hart refers to the first generation BOP strategies as
“The Child With a Hammer”, a one methods fits all approach. He argues that business models based on business experience that covers only Top of the Pyramid (TOP) markets, are likely to fail in the BOP market. According to Hart the answer lies in co-creating the business. This requires a new strategy and business process: Co-Venturing. This is the essence of the second generation BOP strategy. The BOP presents not a marketing problem, not a technology problem but a business model challenge (Hart, 2007a).

Second generation BOP strategy requires an embedded process of co-invention and business co-creation that brings corporations into close, personal business partnership with BOP communities. It moves corporations beyond mere deep listening and into deep dialogue with the poor, resulting in a shared commitment born out of mutual sharing and mutual learning (Hart et al., 2008). This BOP strategy is part of a broader framework according to Hart, which he introduced as the sustainable value framework (Hart and Milstein, 2003). The framework shows how the global challenges associated with sustainability - viewed through the appropriate business lens - can help identify strategies and practices that contribute to a more sustainable world while simultaneously driving shareholder value. Hart and Milstein define this “win-win” approach as the creation of "sustainable value" by the firm.

Some considerations have to be made while reflecting on the BOP 1.0 or BOP 2.0 strategies. There is not one single solution. There are approximately 5 billion poor people identified as the BOP people, but one has to recognize that the BOP is a very heterogeneous and complex group and cannot be treated as a monolith. “It is the variety that makes it interesting. Global standards, global scale, and technology must be coupled with local responsiveness to help solve the problems of poverty.” states Prahalad (2006a)

RESEARCH QUESTIONS AND DESIGN

A specific area of interest in BOP 2.0 strategies is the nature of the relationship and interaction between (ICT) MNCs and local partners like local companies, community based organizations (CBOs) or non-governmental organizations (NGOs). This has been investigated by several researchers, for instance Das and Teng (2001); Kramer et al. (2007); Seelos and Mair (2007) and Simanis et al. (2008a), and it is acknowledged that the success of such projects is dependent on the health of the relationship between partners. The argument then follows that if there are cooperation problems in any BOP project, that the
nature and level of contribution that ICT can make towards development goals would be affected. It is therefore reasonable to argue that if one wants to monitor and assess the contribution of ICT towards the achievement of development goals, then it would be prudent to also include some form of diagnostic attention to the nature of cooperation between partners.

A variety of cooperation issues that might need consideration have already been identified by the researchers such as Das and Teng (2001); Kramer et al. (2007); Seelos and Mair (2007) and (Simanis et al., 2008a) as mentioned above. However there seems to be need for a more holistic frame of reference for studying and diagnosing these issues. The basic research question for the research that is reported in the paper was therefore:

- What are the difficulties that ICT MNCs experience in their cooperation with partners in their efforts to reach the BOP market;
- And more specifically, how could these observed issues be categorized?

Such a categorization could serve as the foundation for the development of a diagnostic instrument that will help create a better understanding of cooperation issues in BOP projects.

In order to find answers to these questions the research project followed a general exploratory research design consisting of an in-depth study of the literature, followed by data collection and analysis using qualitative research methods. The result is a provisional frame of reference that could serve as the basis for further research. The first selection criterion was that the MNC (or NGO) was involved in a project aim at the BOP market. Second criterion is that it should be an ICT related project; in practice that meant that MNC should be an ICT MNC or that the NGO collaborated with the ICT MNC. In order to get access to these organizations some conferences and seminars were attended to get in touch with representatives of the target group. Two of the respondents were approached after being introduced via acquaintances, i.e. “snowball sampling” (Heckathorn, 2002). For the research the usage of social networking tools on Internet proved to be invaluable for getting introduced and providing a benefit of enriching the personal network for the respondents as well. The result was that 10 separate projects involving a variety of organizations and partners were identified to take part in the investigation. Within each project a variety of sources were used for data collection, which is described in the next section. These included 8 interviews with senior members of ICT MNCs and NGOs.

The kind of documents that were used as sources for this project included existing case reports, administrative documents, and multimedia online resources. In the interest of triangulation the documents served to confirm the evidence from other sources. Desktop research provided background material and furthermore provided means of crosschecking information. Archival documents included service records, organizational records, lists of names, survey data, and other such records. Semi-structured interviews were used for the purpose of this study and key respondents were asked to comment about certain events and issues. The discussions revolved around the topic of problems related to cooperation with partners and issues and success factors related to this. All the respondents gave permission for recording the interview.

COOPERATION ISSUES IN LITERATURE

There has been some interest in the area of partner cooperation in BOP projects with research that focused on a variety of issues.

London and Hart (2004), for instance, conducted an exploratory analysis, involving interviews with MNC managers, original case studies, and archival material covering in total 24 cases across the Americas, Africa and Asia and 4 additional cases of MNCs which were extremely active in BOP markets across the world. The findings show that successful ventures include (proactively) developing relationships with non-traditional partners, both profit as well as non-profit organizations. The results also show the importance of ‘social embeddedness’, which refers to the ability to create competitive advantage based on a deep understanding of, and integration with the local environment.

Jenkins (2007), draws on the results of eight industry-specific projects and identifies four key strategies that companies use to expand economic opportunity. These strategies are: creating inclusive business models, developing human capital, building institutional capacity, and shaping public policy. She suggests that the business community and large firms have both the capabilities and the strategic business reasons to play a major role in creating economic opportunity. Jenkins (2007) goes on to identify the importance of collaborative action in achieving systemic impact and scale by the business and development communities. The findings show that collaboration allows parties to share knowledge and information, pools scarce or
diverse assets and resources, access new sources of innovation, create economies of scale and enhance the legitimacy of the parties’ own individual activities.

Das and Teng (2001) on the other hand regard trust as an important factor of successful partnerships. They argue that fostering trust is the main challenge of non-commercial stakeholder partnerships in low-income markets because it leads to effective cooperation.

Building on the findings of their study using three cases, two from Bangladesh and one from India, Seelos and Mair (2007) recommend the monitoring of the dynamics of the environment and/or the development of the partner’s overall model and strategic objectives. They argue that this helps to recognize and address emerging threats to the sustainability of the alliance.

More than 9 cases in the field of ICT companies were examined by Kramer et al. (2007). Their findings show that collaboration helps ICT companies address two fundamental challenges to inclusive business models. The first is establishing and strengthening the value proposition. The second challenge is business model innovation and implementation. ICT companies have enormous potential to leverage their collaborative capabilities to expand economic opportunity more widely in developing countries.

The report of UNDP (2008) showcases 50 case studies by researchers in developing and developed countries. These studies demonstrate the successful pursuit of both revenues and social impact by companies. The outcome results in a series of strategies that private businesses have successfully used to overcome the most common obstacles to doing business with the poor. In the field of cooperation this includes strategies such as leveraging the strengths of the poor, engaging with the poor to increase the labour and management pool as well as expand local knowledge, and combining capabilities and resources with other organizations (both profit and non-profit).

Simanis et al. (2008b) produced the second edition to the “BOP Protocol”. The Protocol is a new business innovation process, developed specifically for the BOP by a group of academics and practitioners. The second edition of the BOP Protocol summarizes the findings and analysis of over three years of in-field studies from two projects in Kenya and India. They assert that if the enterprise-based approach to poverty alleviation is to flourish in the future, it is imperative that we now move rapidly to a second-generation of corporate BOP strategies. The protocol advises to initiate direct, personal relationships facilitated by NGOs. Second generation BOP strategy requires an embedded process of co-invention and business co-creation that brings corporations into close, personal business partnership with BOP communities” (Simanis et al., 2008a). Successful cooperation with BOP communities is identified as a key ingredient for project success. Their recommendations include engage in deep listening and mutual dialogue with income-poor communities, co-discover and co-create new business opportunities and business models embedded in the local cultural infrastructure and co-design and launch BOP businesses that generate mutual value for all partners.

Although the literature reveals much attention to these kinds of issues and several lists of strategies and guidelines, there seems to be little effort to effectively explore these issues in a structured way using some frame of reference about cooperation issues in the MNC/Local Partner relationships, particularly in the ICT arena.

THE CASE STUDIES

As is mentioned above, the research project studied ten cases of ICT MNC – local organization partnerships. Table 2 lists the participating organizations and some details about the projects they were involved in.

<table>
<thead>
<tr>
<th>Name ICT MNC</th>
<th>Product/ service</th>
<th>Case description</th>
<th>Local partner</th>
<th>Type of partner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vodafone (Safaricom in Kenya)</td>
<td>M-Pesa (mobile payments &amp; banking)</td>
<td>Vodafone through its local affiliate Vodacom set up M-PESA as an innovative money transfer solution that enables customers to send money to any mobile customer in Kenya via a simple phone transaction. It targets the unbanked people.</td>
<td>Microfinance organization Faulu-Kenya</td>
<td>societal partner</td>
</tr>
<tr>
<td>Grameen &amp; Village Phone in</td>
<td></td>
<td>The Village Phone program, created by the Grameen Foundation, enables grassroots entrepreneurs to take out</td>
<td>Nine</td>
<td>NGO and</td>
</tr>
<tr>
<td>Company</td>
<td>Country</td>
<td>Description</td>
<td>Partner Type</td>
<td>Notes</td>
</tr>
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<td>--------------------------</td>
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<td>-----------------------------------------------------------------------------</td>
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<td>--------------------------------------------</td>
</tr>
<tr>
<td>Nokia</td>
<td>Uganda</td>
<td>Nokia Uganda (rural shared telephone facility) to buy mobile phones. They then rent out airtime to local villagers, thereby increasing their incomes and providing a much needed service in (often) rural areas.</td>
<td>microfinance institutions (MFIs) and a cellular provider, MTN Uganda.</td>
<td>local for profit partner</td>
</tr>
<tr>
<td>Microsoft</td>
<td>Unlimited Potential (various activities combined in one division, separate from CSR department)</td>
<td>The company has a broad range of activities aimed at emerging markets and particularly the BOP market. Under Unlimited Potential, Microsoft is partnering with local governments, Intergovernmental Organizations, NGOs, educators, and community and business leaders to use software and hardware together to connect communities in three key areas that improve lives: education, innovation and employment.</td>
<td>NGOs, local authorities, community</td>
<td>NGO, civil society</td>
</tr>
<tr>
<td>Several companies ICT MNC (like Altran, Atos Origin &amp; Cap Gemini)</td>
<td>IT consultancy</td>
<td>International Institute for Communication and Development (IICD) and its partners are using ICT for development in various sectors and countries.</td>
<td>IICD acted as intermediary for several local NGOs in 9 countries in Africa and Latin America.</td>
<td>NGO</td>
</tr>
<tr>
<td>Several ICT MNCs like Logica CMG, KPN</td>
<td>IT consultancy</td>
<td>Hivos, a Dutch non-governmental organization, launched a program (Hivos’ Media, Information and Communication programme), aimed at empowering citizens in development countries.</td>
<td>Hivos acted as intermediary for several local NGOs.</td>
<td>NGO</td>
</tr>
<tr>
<td>HP</td>
<td>i-Community in South Africa (Telecenter)</td>
<td>The objectives of the i-community program are to create: - Sustainable IT and communications infrastructure; - Self-sustaining new job/income opportunities; - Profitable revenue streams by providing access to new markets; - Appropriate technology innovations and replicable business models; - Leadership and capacity within the community; - Self-sustaining and scalable demand models, as well as business models that are replicable. HP i-communities are founded on public-private partnerships (WBCSD, 2005).</td>
<td>Mogalkwena Telecenter</td>
<td>NGO and some local private partners.</td>
</tr>
<tr>
<td>Intel</td>
<td>World ahead (e.g. Classmate PC)</td>
<td>The Intel World Ahead Program is committed to developing sustainable technology for the next billion users in emerging countries around the world.</td>
<td>Local government/civil society</td>
<td>Local government/civil society</td>
</tr>
<tr>
<td>Alcatel-Lucent</td>
<td>Digital bridge</td>
<td>The digital bridge initiative brings connectivity to the unconnected. It pursues partnership with (local) telecom operators and content providers and other partners like NGOs. It conducts pilot experimentation in rural areas in underdeveloped countries. Long term objective is commercial benefit.</td>
<td>ATD Quart Monde in Madagascar,</td>
<td>NGO</td>
</tr>
<tr>
<td>Ericsson</td>
<td>Communication for all</td>
<td>Bringing out all communication to all those who don’t have it today (i.e. BOP); bridging the digital divide.</td>
<td>Health care NGO</td>
<td>NGO</td>
</tr>
</tbody>
</table>
FINDINGS

From the analysis of the case studies, the following categories of issues appeared.

- **Driving Force Issues**
  Driving Force issues refers to problems that occur as a result of misaligned fundamental driving forces that shape the goals, purposes and process of BOP projects, both from the perspective of the ICT MNC as well as that of local partners. The data reveals that problems arise when the goal and purpose of the project are different for each partner, and when these differences are not acknowledged. The most debilitating issue for projects is that of failing to get local input before investments are made. This is a critical driving force that often gets neglected.

- **Skill issues**
  The data reveals that ICT MNCs tend to have unrealistic expectations about local skills and knowledge on a variety of topics ranging from IT skills and knowledge to managerial skills and knowledge. The word ‘unrealistic’ is used here because ICT MNCs tend to either over-estimate or under-estimate the knowledge and skills levels. In addition it emerged that ICT MNCs struggle to deal with the diversity in skill levels found at the local environment. An example is the Nokia project for shared telephony in Uganda where it was found that skill and knowledge levels vary greatly from one individual or partner to the next. The difficulty that ICT MNCs seem to experience is that of becoming and staying aware of this variety of resources as well as tapping into and cultivating these resources.

- **Input-Output Issues**
  Input-Output issues refer to difficulties that may arise as a result of unequal investments by partners in projects, as well as unequal gains by partners from their projects. The data reveals in some cases that the partnership exhibits unequal risk sharing. Very often one party has the burden of all financial investments. Local entrepreneurs most often do not have the means to bear a high investment. When local entrepreneurs do not find their own financing and ICT MNCs have to be the majority investor, the nature of the cooperation transforms from a partnership to employer-employee relationship. The fact that there is unequal risk sharing may not be new; in fact it may well be argued that almost all BOP projects are characterized as such, even with the knowledge and agreement of both partners. However a matter for concern may be the impact that this inequality could have on cooperation in terms of aspects such as misaligned driving forces. The reality is that those who take the most risk are more careful with a project than those who take less risk.

- **Social Issues**
  A natural difficulty that organisations experience when making investments in developing areas are those related to social aspects of the partnership. In particular there are those obvious difficulties related to cultural differences. The data reveals that one or more partners seem to experience difficulty at some point in the relationship in understanding the behaviour of partners, and developing an understanding of the local environment. These difficulties were also highlighted by London and Hart (2004) as discussed earlier, and they refer to the issue of social embeddedness.

- **Systems issues**
  Systems integration proves to be an issue as the data revealed. Although partners expect that some form of integration is required it seems that problems are often more than expected. One example is that of the Vodafone project in Kenya where the integration of systems with the local partner's back-office was a noteworthy obstacle. Butt et. al. (2008) confirm these findings. In addition it seems that it may also happen that the actual usage of implemented systems tends to be different from the intended usage. This may result in redundant systems. An example comes once again from the Vodafone project in Kenya, where the original intention was micro financing, but in reality users only utilized the system to make person-to-person payments, effectively making the installed micro-loan systems redundant.

- **Trust Issues**
  The data reveals that for establishing a solid partnership a fair amount of mutual trust is needed. This is confirmed by (Das and Teng, 2001). In certain cases there were instances where partners (on both sides of the relationship) promised...
more than what could be delivered. These could clearly impact on the trust relationship between partners. An interesting observation is what seems to be a high level of eagerness on the side of the local partner to report in a favorable or positive way to the ICT MNC or sometimes the NGO acting as an intermediary party. This "willingness to please" led to dissemination of misinformation. A possible motive was the eagerness to keep the partnership going. It is possible to borrow a term from the social sciences research field namely that of "social desirability bias" which refers to the tendency of research subjects to behave in a way that they think may be perceived as favorable by the researcher (Randall et al., 1993). However in the case of BOP projects a more suitable term may be "business desirability bias".

Together, these categories of issues form a frame of reference for any ICT MNC, NGO and/or local organization, that aim to explore the BOP market.

CONCLUSION AND DISCUSSION

The categories of problems identified and described in the preceding section were created through analysis of data collected from a variety of sources, with the purpose of creating a basic and provisional frame of reference.

Clearly this frame of reference requires some work, in particular confirmation of the patterns (or core categories) that were identified. To this end further research on the stability of these core categories is required. In particular it might be useful to conduct further qualitative research in which these categories could be further investigated with the aim of obtaining richer descriptions of these issues, and, perhaps, to adjust the existing categories for better fit with newly collected data. Once a more robust framework is established further research can be conducted to verify the elements of the framework. For this purpose some quantitative research may be appropriate.

Finally further research may be required in order to investigate the relevance of contextual issues, such as the nature of partnerships, and their impact on project success. It could for instance be argued that certain types of partnerships (such as ICT MNCs with non-profit partners) experience different problems than others (such as ICT MNCs with profit partners). Ultimately the framework suggested would serve as the foundation for the development of a diagnostic instrument to help study the nature of cooperation issues in this field. This can add an extra dimension of assessing the contribution of ICT and ICT companies to development goals.

Notwithstanding the provisional nature of the framework, it can well be argued that it provides a relatively clear and sober perspective on issues that may be of concern to ICT MNCs and their partners in BOP projects. At the very least players in this area would do well to prepare themselves for these kinds of projects by analyzing the potential pitfalls using this framework as a guide.

REFERENCES