Access to Energy

*Impetuses Shaping Business Decisions, and the Strategic Implications for Cross-sector Social Partnerships*

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This thesis was written as a part of the Double Degree program between NHH’s Master of Science in Economics and Business Administration – Major in Energy, Natural Resources and the Environment, and HEC Paris’s Master of Science in Sustainable Development – Certificate in Social Business and Poverty. Neither the institution, the supervisor, nor the censors are - through the approval of this thesis - responsible for neither the theories and methods used, nor results and conclusions drawn in this work.
Abstract

This study aims to identify the underlying factors stimulating and shaping companies’ access to energy activities, and how inter-organizational collaborations can change the rules of the games. A review of relevant literature revealed that a gap in research approaches exists and the field lacks theory-based knowledge. In turn, this study followed a theoretical framework guided by institutional theory for organizations and three schools of thought in strategic management: the resource-based view, industry-based view and institutions-based view. It applied a single qualitative exploratory case study methodology and used semi-structured interviews, member checks, field notes, and triangulated information to collect data. Although the case studied a France-based multinational operating in Bangladesh, it illustrates the dynamics of the global field of access to energy. A compilation of five sub-conclusions from the study indicates that energy companies see access to energy is an attractive field where energy companies they can use their core competencies to benefit society, practice strategic corporate social responsibility and create shared value. While partnering with local organizations is becoming a rule of the game, the rules are still fragmented and under development, which gives collaborations the opportunity to innovate new practices, policies and technologies and attain a competitive advantage. Resulting innovations may diffuse beyond the collaboration and change the rules of the game if the collaboration actively interacts and shares knowledge with third parties. Overall, this study helps fill a gap in research approaches and adds theory-based insights to the existing knowledge base on the topic of access to energy, as well as the umbrella topic of the corporate social responsibility-development nexus.
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This study marks the end of my Master of Science in Economics and Business Administration – Major in Energy, Natural Resources and the Environment at NHH and Master of Science in Sustainable Development – Certificate in Social Business and Poverty at HEC Paris. My motive for studying the field of access to energy was to integrate topics from both disciplines in an effort to broaden my understanding of one of today’s most pressing global issues.

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Enjoy,

Kam Phung
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1 Introduction

Energy has a profound role in eradicating global poverty. It is paramount for socio-economic development and is often regarded as a central requirement to achieving the United Nations Millennium Development Goals (MDG). However, a lack of access to energy continues to present developing countries with a series of challenges as it is strongly linked to issues regarding food, health, gender equality, education, and income generation. While the developed world often views energy as an indispensable commodity, 1.4 billion people have no access to electricity and 2.7 billion people still depend on solid traditional fuels (i.e. biomass and coal) for cooking and heating (IEA, 2010). With only 30% electrification and 80% of its population depending on traditional solid fuels, Sub-Saharan Africa poses the greatest challenge (IEA, 2010). Astounding figures in developing Asia positions the region as a close rival. These conditions are not expected to improve significantly if current policies and practices persist. A study by the IEA (2010) revealed that 1.2 billion people will still lack access to electricity in 2030 and the number of people using solid fuels for cooking and heating will actually rise to 2.8 billion.

As a result of several a decade of advocating and acknowledging the important link between energy and the MDGs, the United Nations General Assembly declared in April 2011 that 2012 would officially be the International Year of Sustainable Energy for All (SE4A). The initiative was established to “prompt actors in both the public and private sectors to direct actions towards extending modern energy services to the billions who still lack them” (IEA, 2011: 7).

The United Nations General Assembly has declared 2012 the International Year of Sustainable Energy for All and called on its Member States, the United Nations system and all other actors to, “increase the awareness of the importance of addressing energy issues, including modern energy services for all, access to affordable energy, energy efficiency and the sustainability of energy sources and use […] and to promote action at the local, national, regional and international levels” (UNDP, 2012: 1).

The access to energy gap has surfaced as a commercial opportunity. The world’s low-income population spends USD 37 billion on poor-quality energy solutions for lighting and cooking...
needs each year and an estimated 90% of poor people could afford to substitute current kerosene lamps, candles and batteries for solar lanterns given the opportunity (IFC, 2012). This represents a large untapped market for the private sector to provide more effective alternatives. The IFC (2012) found that many pioneering access to energy companies are already making money from selling alternative energy solutions to households spending as little as USD 2 and USD 1.50 on lighting and cooking fuels each month, with some companies yielding profit margins of 10-30% with little to no subsidies. Many of these companies include international social enterprises, local small and medium enterprises, domestic conglomerates and multinational corporations.

1.1 Research Problem

Given the context presented in the preceding introduction and based on an extensive review of relevant literature, the overall research problem in this study is:

*To identify the underlying factors stimulating and shaping companies’ access to energy activities, and how can collaborations change the rules of the game.*

This study breakdowns the problem into five sub-problems and asks five supporting questions that guide this study.

(1) *What are the rules of the game in the field of access to energy?*

Literature reveals that companies are increasingly partnering with local organizations in the form of cross-sector social partnerships (CSSP) with not-for-profits, non-government organizations (NGO) and governments to implement activities to address complex social issues linked to poverty. Vurro et al. (2010) suggest that certain CSSPs are better suited for certain environments and organizations need to look at the institutional orientation and institutional coherence of their given field. Neo-institutional theory argues that institutional forces built into an environment shape organizational structures and processes (Powell, 2007). So-called institutional forces take the form of the regulative, normative, and cultural-cognitive elements of society and set the rules of the game (Scott, 2008). Takala and Pallab (2000) have
observed that practices such as corporate social responsibility (CSR) may be becoming the rules of the game in business.

(2) Why are companies entering the field of access to energy?

(3) Why are companies collaborating on access to energy activities?

The IEA (2011) states that recent experiences demonstrate that the private sector in developing countries will seize the opportunity to attain sustainable energy for all with the help of effective policies and adequate financing. Accenture (2012) finds that the companies are uniquely positioned to contribute towards the improving access to energy, but they need to align initiatives with core strategies for growth, innovation and value creation. They further suggest that companies in the oil and gas, renewable energies, and utilities industries have the most opportunities to improve access to energy. The IFC (2012) suggests that companies can attain success in the field of access to energy by engaging in collaborative efforts. The field presents companies with many opportunities to partner and combine capabilities with organizations (Gradl and Knobloch, 2012).

Three schools of thought have emerged in the field of strategic management and the evaluation of how companies can sustain competitive advantages. The resource-based view of strategic management advocated by Barney (1991; 2002) postulates that internal resources determine companies’ ability to obtain and sustain competitive advantages (Peng et al., 2009). However, the industry-based view advocated by Porter (1980) suggests that companies evaluate the attractiveness of an industry based on its competitive forces and stake out positions that are less vulnerable to market forces. Under the institutions-based view advocated by Peng (2002) and Peng et al. (2009), it is suggested that once managers conform to the norms in their organizational field and attain legitimacy, they can seek out a competitive strategy (Lawrence, 1999).

(4) How are companies collaborating to improve access to energy?

According to Accenture (2012), there are four modalities in which companies can engage in the SE4A initiatives: core business operations, core business products and services, social investment and philanthropy, and advocacy and public policy engagement. All but the first
modality apply to access to energy. Bazilian et al. (2010) notes that tackling energy impairment will require an increased scale of effort and the delivery of local results while leveraging economies of scale through mass customization. Since access to energy activities focus on base of the pyramid (BoP) markets in developing countries, Gradl and Knobloch (2012) suggest that there are substantial opportunities for companies to innovate new practices. Conventional models of providing access to energy have had limited success in reaching rural communities (Chaurey et al., 2012; Mahama, 2012). The IFC (2012) notes that there are three prevailing solutions to improving access to energy: household devices and systems, community level mini-utilities and grid-based electrification.

Changing dynamics in the global society have given way to the emergence of CSR. Porter and Kramer (2009) observe that CSR efforts are often uncoordinated. However, in an effort to integrate business and society and develop a more strategic approach to CSR, they suggest that success in CSR is about realizing that solving all social problems is not the responsibility of companies and companies need to make the right choices. They argue that companies should create shared value by implementing practices that enhance their competitiveness while simultaneously advancing economic and social conditions in the communities.

(5) How can collaborations set the rules of the game in the field of access to energy?

Collaborations are becoming increasing popular in the field of access to energy and international institutions continue to push companies to form local partnerships. Lawrence et al. (2000) argues that collaborations often form to create innovative solutions to address complex issues. According to Lawrence et al. (2002) inter-organizational collaborations can create specific practices, rules and technologies that actively change an organizational field.

1.2 Purpose

Although international organizations and researchers have begun to study the field of access to energy and contribute to the knowledge base, the field of access to energy is young and extensive knowledge on the topic does not exist. However, since the topic falls under the umbrella topic of the CSR-development nexus, there is a substantially broader volume of
literature that the field can draw upon to better understand the topic. Related areas of research include CSR, international development, and CSSPs.

An extensive review of relevant literature reveals that there is a significant gap in the approach that organizations and researchers have used to study the field of access to energy. Most research takes the form atheoretical studies aimed at providing policy makers and practitioners with insights on the progress and effectiveness of practices in the field of access to energy. Such an approach is highly valuable and significantly helps society better understand one of today’s biggest challenges; however, theoretical studies can provide additional insights on the topic.

As result, the purpose of this study is to deploy a qualitative case study methodology to explore the field of access to energy through the lens of a company and use theories and concepts from sociology and strategic management to gain further insights and add to existing knowledge. The study focuses on a case involving a France-based multinational implementing access to energy activities geared around household devices and systems in Bangladesh and generalizes its research findings appropriately.

1.3 Structure

This study begins with a review of literature on related topics in order to understand the current state of research and identify gaps in existing knowledge and approaches used to study the topic. It then describes the theories and concepts and the theoretical framework that this study uses to investigate the phenomenon at hand. After presenting the methodology that this study applies, it describes a case, presents the findings and proceeds to discuss the findings by using the theoretical framework guiding this study. It concludes by stating the key findings of this study, recommends future areas of research, and identifies its contributions to existing knowledge.
2 Literature Review

This chapter reviews extant literature in the field of access to energy. It synthesizes information from relevant literature and examines the approaches that authors use to study the private sectors’ participation in improving rural access to energy in developing countries. Furthermore, it identifies gaps in existing research and highlights this study’s contribution to the field.

A review of existing literature reveals that research on the private sectors’ participation in improving access to energy largely takes the form of atheoretical studies. Several authors adequately describe or explain conditions in the field through historical overviews, empirical reports, progress reports and sociological accounts, and policy studies; however, very few authors deploy theoretical studies as a research lever.

Because the field of access to energy is relatively novel, this review also includes relevant literature covering the umbrella topic of the CSR-development nexus. Insights from the topic can be applied to this study and in turn this study can also support research on the CSR-development nexus. While extensive research exists on the energy-development nexus, I deliberately exclude this field of research as it falls beyond the scope of this paper.

Overall, this literature review follows a chronological structure based on the historical development of the field and themes, but also highlights the methodologies that authors deploy. The first volume of literature covers the historical development of the field of access to energy. The second volume covers the current status of research on the field of access to energy. The third volume covers the historical development of CSR. Finally, the fourth volume covers the current status of research on the CSR-development nexus.

2.1 Historical Development of the Field of Access to Energy

This section of the literature review covers the historical development of the field of access to energy between the 1970s and early 2000s. It briefly explores the initial interest in the field and extensively reviews the development of the power sector reforms in developing countries.
2.1.1 Initial Interest in the Field of Access to Energy

Literature covering society’s initial interest in the field of access to energy is scarce. While studies by Reddy (1999) and Zerriffi (2010) link the global commitment to improving access to energy in developing countries to the 1970s, they only briefly touch upon the topic as background information for their broader studies on the goals, strategies and policies for rural energy and strategies for distributed generation respectively. On the one hand, Reddy (1999) notes that there was an upsurge of interest in rural energy systems in the 1970s following a technology movement that catalyzed enthusiasm in the international development community towards the application of technology and science in rural areas. He finds that the spotlight of rural energy efforts fell on improving the efficiency of cook stoves through government programs from the 1970s to 1990s; however, in response to growing concerns on the environment, interest in rural energy systems shifted to renewable energies, but not specifically in the context of developing countries, causing donors, activists and technologists to forget about cook stoves. On the other hand, Zerriffi (2010) notes that international donors allocated significant effort into funding grid expansion projects and off-grid technologies for rural electrification in the 1970s. Although Reddy (1999) acknowledges that rural electrification received attention, he argues that it did not receive the attention that it deserved and electricity for agricultural purposes took priority over rural home electrification and proclaims that rural energy was an abandoned priority until the end of the 1990s.

Further research into the broader topic of international development reveals that the technology movement mentioned by Reddy (1999) was known as the Green Revolution of the 1960s and 1970s in which the Rockefeller Foundation developed high-yielding agriculture technologies. Through a sociological account of the consequences of the Green Revolution, Moon (2005) notes that the revolution spurred ethical disputes over the social and environmental implications for low-income populations and pushed scientists to introduce Green Revolution technologies to poor regions of Africa. In the broader context of international development, Cohen and Uphoff (1980) note that there was a dynamic shift in the 1970s in society’s views on participation in the development process. They contend that prior to the 1970s non-participatory mentalities in development were considered attributes of traditionalism and resistance to modernity since relations between national centers and rural communities were strictly top-down. While there is a logical link between external forces
such as movements and society’s changing mentality in the 1970s and the development of the field of access to energy, little effort has been allocated to studying this relationship.

2.1.2 Development of the Power Sector Reforms in Developing Countries

On the other end of the spectrum, extensive literature exists on the development of widespread power sector reforms in developing countries between the 1970s and early 2000s. Both international organizations (ESMAP, 2005; GNESD, 2004) and researchers (Bacon and Besant-Jones, 2001; Boorsma, 1994; Bhagavan, 1999; Byrne and Mun, 2003; Cherni and Preston, 2007; Foley, 1992; Froggat and Takács, 2002; Haanyika, 2006; Karekezi and Kimani, 2002; Mahama, 2012; Reddy, 1999; Wamukonya, 2003) have published historical overviews, empirical reports, progress reports and sociological accounts, and policy studies on market-based approaches in the provision of energy.

While most studies inherently summarize the power sector reforms, Bacon and Besant-Jones (2001) explicitly describe the specificities and details of a fully-fledge power sector reform. A small stream of literature explores these changing institutional arrangements as a result of the power sector reform (Foley, 1992; Haanyika, 2006). In his study on the institutional linkages of the power sector, Haanyika (2006) argues that the government, utilities, rural electrification authorities, and regulator authorities emerged as dominate players in the rural electrification. Above all, he finds that each entity has a distinct role and is linked to other institutions; however, the government has the role of shaping sector dynamics on rural electrification through policy formulation and regulatory support and setting up an appropriate institutional framework. Similarly, Foley (1992) focuses his attention on what he deems an institutional dilemma. He notes that rural electrification is in conflict with the primary concerns of utilities and argues that the separation of rural electrification duties from utilities is an optimal solution. Both Haanyika (2006) and Foley (1992) agree that these changes in institutional arrangement cannot be applied uniformly across developing countries and need to be tailored to local context.

Amongst literature covering the drivers of the power sector reforms, there is consensus that the prevalence of state-owned utilities and monopolies characterized by poor financial performance, low technical efficiency and the inability to expand access to energy to rural areas led to the need for the co-existence of private companies and commercialized state-
owned companies over between the late 1970s and late 1990s (Bhagavan, 1999; ESMAP, 2005; Haanyika, 2006; Karekezi and Kimani, 2002). Other authors, such as Byrne and Mun (2003), note that the nature of the reforms was based on market theories that treated electricity as a commodity instead of an integrated service.

Empirical studies by both Bacon and Besant-Jones (2001) and GNESD (2004) reveal that power sector reforms became increasingly popular across developing countries. Bacon and Besant-Jones (2001) found in their study on 115 developing countries that over 40% of the countries had commercialized and corporatized state-owned utilities, 30-40% had enacted liberalization laws, and 29% had established independent regulators in the power sector by the late 1990s. A similar empirical study by GNESD (2004) found that nearly all developing countries had undergone power sector reforms by the early 2000s.

The largest body of literature evaluates the effectiveness of the reforms (Bacon and Besant-Jones, 2001; Cherni and Preston, 2007; GNESD, 2004; Haanyika, 2006; Kessides, 2004; Mahama, 2012; Reddy, 1999; Wamukonya, 2003). These take the form of progress reports, sociological accounts, and policy studies. A general observation by Boorsma (1994) is that the shifting dynamics effectively reduced the role of the public sector in favour of the private sector. Furthermore, while Bacon and Besant-Jones (2001) and Kessides (2004) find in their studies that the reforms positively contributed to increasing private investments in the power sector, Cherni and Preston (2007) contend that the reforms increased government revenues, provided access to foreign direct investment and stabilized the macro environment. Froggat and Takács (2002) note that theoretically the reforms involving the private sector encourages competition, lower prices and in turn improve rural electrification; however, literature shows that this was not the case.

Haanyika (2006) notes that dedicated resources to off grid rural electrification activities remained scarce and depended on government subsidies and donor support through out the reform period. Reddy (1999) argues that the market was not successful at looking after equity, the environment, the long term, and the dissemination of new technologies. Both Reddy (1999) and Haanyika (2006) claim that because of the strong market orientation of the reforms and privatized utilities’ tendency to focus on profits, social issues were sidelined and rural electrification received little attention. Additionally, Wamukonya, (2003) points out that
independent regulators surfaced to control increasing tariffs and balance the interests of utilities and consumers; however, success was limited as regulators were often not completely autonomous. The GNSED (2004) reports that in some cases low affordability resulted in low levels and even decreasing levels of rural electrification. Mahama (2012) provides a slightly deeper observation and points out that the companies that emerged as a result of the reforms were relatively large and conservative in management philosophies. She notes that the companies create value through incremental improvements in technologies, products, and business models that provided them with competitive advantages in the past and therefore focus on only existing customers and results in failure as the company does not adopt new solutions to attract new customers in rural areas.

Although literature covering the power sector reforms is largely atheoretical, it adequately describes and explains the drivers, conditions and outcomes of the power sector reforms. However, to my knowledge, no authors apply theoretical approaches to explore and explain the reasoning behind the widespread implementation of power sector reforms despite observed inefficiencies and unsuccessful attempts to improve rural electrification. This stream of research deserves more attention and can potentially be explained by existing theories.

2.2 Current Status of Research on the Field of Access to Energy

This section of the literature review covers the current status of research on the field of access to energy. It builds off the review of literature covering the historical development of the access to energy field and reviews the current status of research on the field of access to energy since the turn of the millennium. Similar to literature covering the historical development of the field of access to energy, literature reviewed in this section largely takes the form of atheoretical studies directed at practitioners, managers and policy makers.

Although the issue of access to energy consists of both electricity and modern fuels, the vast majority of literature focuses on rural electrification. Exploring the field of modern fuels is clearly a gap in literature; however, due to the availability of information, I have chosen to limit the scope of this study to access to energy in terms of electricity. Moreover, as the case study in this research project explores the sales of household devices and systems, the section reviewing literature on prevailing solutions focuses on household devices and systems.
2.2.1 Changing Dynamics and the Need for Innovation

As illustrated in the review of literature on historical development of the field of access to energy, past attempts to improve access to energy have not been considered successful. This view is substantiated by most literature exploring the recent up rise of the business communities’ participation in improving access to energy in developing countries (Bazilian et al., 2010; 2012; Chaurey et al., 2012; Mahama, 2012; Zerriffi, 2010; 2011). Bazilian et al. (2010) state that despite the growing number of national access to energy targets, progress has been limited in improving access to energy and the overall record “remains dismal” (5410). Chaurey et al. (2012) and Mahama (2012) support this observation while noting that conventional models of providing access to energy via grid extensions has had limited success in reaching rural communities. Similarly, Zerriffi (2011) highlights that even though governments and donors have supported access to energy efforts, a large portion of the world still remains out of reach.

As a result, the aforementioned authors all advocate the development of innovative approaches in their studies to radically upscale access to energy efforts. Bazilian et al. (2010) notes that tackling the issues requires increased scale of effort and the delivery of local results while leveraging economies of scale through mass customization. In recognizing that provision of energy services to rural communities requires large upfront capital expenditures, Chaurey et al. (2012) notes that private-public-partnerships are one of the best solutions to overcome budgetary constraints and suggests that the key to success lies within the establishment of new partnerships and new business models. A similar emphasis on the need for new business models appears in a study exploring the challenges of current business models by Zerriffi (2011). Furthermore, in a study of three bottom of the pyramid (BoP) approaches to providing access to energy in Ghana, Mahama (2012) argues that the bottom up business approach advocated by Prahalad and Hart (2002) holds substantial potential.

2.2.2 The Business Case for Access to Energy and Prevailing Solutions

Since the declaration of 2012 as the International Year of Sustainable Energy for All (SE4A), literature has focused on the role of companies and taken the form of practical literature for managers (Accenture, 2012; Gradl and Knobloch, 2012; IFC, 2012).
Accenture (2012) finds that the companies are uniquely positioned to contribute towards the SE4A objectives, but a lasting impact is dependant on the ability to align the initiative with core strategies for growth, innovation and value creation. They identify revenue growth, cost reduction, brand enhancement and risk management as the four business value levers for the SE4A initiative and identify oil and gas, renewable energies, and utilities as industries with the most opportunities improve access to energy. Finally, they suggest that there are four modalities in which companies can engage in the SE4A initiatives: core business operations, core business products and services, social investment and philanthropy, and advocacy and public policy engagement. All but the first modality apply to access to energy. Gradl and Knobloch (2012) find that at least 250 BoP access to energy business models exist. They expect this number to continue to grow and encourage companies to venture into low-income markets because of the opportunities to innovate, the dire need of the BoP market, the existence of suitable technologies, the growing political support, the opportunity to partner and combine capabilities, and the ability to develop a clear value proposition.

According to the IFC (2012), companies have leveraged three methods to improve access to energy in addition to the traditional subsidy-based centralized approach: household devices and systems, community level mini-utilities, and grid-based electrification. Each method has an ideal environment and target market and addresses the three commonly acknowledged challenges: the remote rural location of the poor and challenges of delivery and maintenance, differing consumption patterns and the difficulty of recouping capital investments, and the financial limitations of low-income households and their limitations to invest (Zerriffi, 2011).

The IFC (2012) suggests that success can be attained via collaborative efforts. For device companies, partnering with companies with distribution channels can get products to the end consumer more quickly. They also suggest that larger companies need to collaborate internally to treat access to energy CSR initiatives commercially and leverage a company’s core competencies. Next, they suggest that governments need to leverage companies and that lenience on import taxes for access to energy products can help address affordability issues. Finally, they suggest that investors can play a strategic role in facilitating access to energy activities by providing grants and loans to remove first mover costs and develop the company.
2.2.3 Popular Lenses and Research Topics

In a literature review covering rural electrification by Schillebeeckx et al. (2012), it was revealed that authors approach their studies through four lenses: technology, institutional, viability, and user-centric. First, the technology lens focuses on studying the choice of technology and the suitability of distribution systems for a selected area of operation. Second, the institutional lens centers itself on examining governance issues, such as policy design and the formation of partnerships. Third, the viability lens addresses the revenue structure of access to energy business models, including financing from partners, customers and other third parties. Fourth, the user-centric lens adopts the view of the user and attempts to understand the needs of the end consumer. The most common themes to arise are reliability, local embeddedness, and affordability. Overall, they find that a clear dominance exists for the technology and institutional lens across studies and less attention is put on understanding the field of access to energy through the viability and user-centric lens.

While most studies covering the access to energy situation since the turn of the millennium appear as suggestive policy papers and progress reports, Zerriffi (2010) stands out as one author who has attempted to study the field from the standpoint of a business with a greater examination of the institutional factors in the field of access to energy. After distinguishing amongst the organizational form, technology choice, target customers, and financial model aspects of a business model, Zerriffi (2010) examines the outcome of distributed rural electrification given a set of institutional factors. In describing the focus of his study, Zerriffi (2010) notes that various institutional factors can often shape and alter an organization’s choice for a distribution rural electrification model. This particular area of study has yet to be extensively studied.

Current research on the field of access to energy remains unbalanced with most authors deploying atheoretical studies in the form of policy papers and progress reports. While these studies evidently serve a purpose and are highly necessary for practitioners, managers and policy makers, the application of existing theories to explain shifting organizational forms and approaches can provide the field with a better understanding of the organizational behaviour within the field.
2.3 Historical Development of the Corporate Social Responsibility

This section of the literature review covers the development of the CSR. It explores the initial interest in CSR from the 1950s to 1970s, examines the resurgence and growing awareness of CSR since the turn of the millennium, and reviews the theories that authors use to explain the phenomenon. Several authors explore the CSR through historical overviews, empirical reports, progress reports and sociological accounts, as well as theoretical studies.

2.3.1 Initial Interest in Corporate Social Responsibility

Amongst literature covering the initial development of CSR, several authors highlight the important role of external forces (Carty, 2002; Gray, 2002; Nehme and Wee, 2008). Nehme and Wee (2008) find that as early as the 1950s and 1960s, society began to look at corporations to deal with problems as public faith in governments dwindled. Gray (2002) notes that social movements such as the Green Movement in the late 1960s in response to poor environmental performance from corporations pressured corporations to be more socially responsible. Carty (2002) places the latter within the larger category of New Social Movements led by community-based coalitions such as labour groups, human rights groups, students and NGOs protesting the increasing number of transnational corporations and their subsequent exploitation of developing countries.

The initial development of CSR reporting has also been widely covered in literature. In fact, the topics of CSR and CSR reporting are often studied hand in hand. Nehme and Wee (2008) contend that the outcome external pressures on corporations was the development and growing popularity of CSR reporting across the business community in the 1970s. In a study on CSR reporting, Antal et al. (2002) find that some countries such as France opted for mandatory reporting on social responsibility in the 1970s; however, they also find that an increasing number of companies began voluntarily reporting to deal with society’s criticism. Beresford (1973) found in one of the first empirical studies on CSR reporting that 298 of the Fortune 500 industrial companies reported social performance information in their annual reports during the 1970s.

2.3.2 Resurgence of Corporate Social Responsibility

Interestingly, the period spanning from the 1980s to late 1990s, is not extensively covered in literature on CSR. Nehme and Wee (2008) explain that interest in CSR and CSR reporting
evaporated from the late 1970s to the late 1990s. However, several authors have studied the re-emergence of the phenomenon since the turn of millennium (Bakhtina and Goudriaan, 2011; Gray et al., 2001; KPMG, 2011; Kolk, 2005, Nehme and Wee, 2008).

Continuing on the topic of external forces, Nehme and Wee (2008) note that widespread corporate irresponsibility, such as the high profile collapse of Enron, and growing concerns of climate change refueled awareness of CSR and the need for CSR reporting in the early 2000s; however, the emphasis evolved beyond environmental considerations to also include social and economic issues. Authors such as Gray et al. (2001) and Kolk (2005) point out that the growing awareness of CSR is reflected in the increasing number of CSR reports and the provision of CSR-related information. KPMG (2011) found in their international survey on corporate responsibility reporting conducted in 1999, 2002, 2005, 2008 and 2011 that the percentage of the 250 largest global companies (G250) reporting on CSR were 35%, 45%, 64%, 83% and 95% respectively. Additionally, while economic considerations and ethical considerations were the two top drivers for CSR reporting amongst the G250 in 2008, motivations have slightly changed as reputation and ethical considerations led the way in 2011. Overall, 48% of the G250 demonstrated the integration of CSR into the core business strategy in 2011.

Nehme and Wee (2008) note that a myriad of domestic and international CSR reporting standards and guidelines has previously presented companies with the dilemma of deciding to which guidelines to subscribe. However, a study on CSR reporting by Bakhtina and Goudriaan (2011) finds that very little companies endorse all international standards. KPMG (2011) finds that Global Reporting Initiative appears to have the most mainstream guideline with 80% of G250 subscribing to it. Above all, they also report that CSR reporting has become the de facto law of business that helps companies innovate and learn, increase organizational value, remain competitive in a societal context, and better understand business opportunities.

2.3.3 Theoretical Explanations of Corporate Social Responsibility
While the literature on CSR reviewed up until this point has largely taken the form of historical overviews and empirical studies, a dedicated stream of literature explores the determinant of commitments to CSR efforts through theoretical studies. Windsor (2006)
contends that the development of CSR combines ethical responsibility theory, economic responsibility theory and corporate citizen conceptions. He largely argues that the ethical view is somewhat trapped between the pragmatics of economic responsibility theory and the duties presented by corporate citizen conceptions. Similarly, Swanson (1995) and Maignan and Ralston (2002) argue that CSR extends from utilitarian, negative, and positive duty perspectives as it ultimately combines performance objectives related to profits, required responsible practices in response to stakeholder pressures, and voluntary responsible practices to adapt to the external environment. In further support of this view, authors such as Takala and Pallab (2000) argue that CSR combines the process of legal constraints that shape behaviours and the deeds that result from moral obligations. However, they also note that many companies may simply mimic good behaviours such as CSR because they have become the rules of the game. This particular school of thought presents an attractive opportunity for institutional theory.

Nonetheless, the argument that companies’ adopt CSR practices to be accountable to stakeholders stands strong through literature. Waddock (2004) proclaims that CSR efforts are pursued for the concerns of governments, regulatory bodies, customers and pressure groups. Haigh and Jones (2006) add to this view and identify six factors that promote CSR: inter-organizational factors, competitive dynamics, institutional investors, end customers, government regulators and NGOs. While the stakeholder view may very well be valid, Garriga and Mele (2004) take a more holistic view and argue that CSR can be explained through the study of instrumental theories, political theories, integrative theories and ethical theories.

In the specific area of CSR disclosure, other authors (Gamerschlag et al., 2011; Healy and Palepu, 2001; Jensen and Meckling, 1978; Watts and Zimmerman, 1978) predominately leverage political cost theory and managers’ concerns with political considerations to explain voluntary disclosure. Gamerschlag et al. (2011) add that since NGOs and other stakeholders are increasingly trying to influence companies’ actions, they support the suggestion that companies seek to minimize costs arising from interactions with its natural and social environment as proclaimed by Fields et al. (2001) who combine political cost theory and social cost theory. Blacconiere and Patten (1994) and Godfrey (2005) point out that the disclosure of CSR information allows companies to generate moral capital and can limit the
punitive sanctions resulting from negative events. However, Agle et al (1999) and Mitchell et al. (1997) suggest that companies’ responses will ultimately differ as their stakeholders share different levels of urgency, power and legitimacy thus creating different intensities of external pressures. Gamerschlag et al. (2011) combine many of these views and argue that company characteristics and economic considerations determine the disclosure of CSR-related information.

Overall, this section of the literature review reveals that substantial effort has been allocated towards studying the development of CSR. There is a balance between both atheoretical and theoretical studies, and most themes have been comprehensively studied. However, that comment by Takala and Pallab (2000) comment that CSR may merely be the rules of the game presents institutional theorists with an opportunity to explain the phenomenon.

### 2.4 Current Status of Research on the CSR-Development Nexus

This section of the literature review covers the current status of research on the CSR-development nexus. It explores the emergence of the CSR-development nexus and studies the particular niche of cross-sector social partnerships (CSSP). Literature on this field of research remains scarce and primarily takes the form of atheoretical policy studies; however, some literature covering the latter topic draws on aspects of existing theories to explain the phenomenon. Due to the scope of this paper, I deliberately exclude literature on the initial debate surrounding the CSR-development nexus as well as the general topic of public-private partnerships.

#### 2.4.1 CSR-Development Nexus

Despite the scarcity of studies on the CSR-development nexus, a body of quality literature covering the topic can be found in the issue of Development tackling the issue of CSR. As highlighted in the editorial by Harcourt (2004) for the issue, the United Nations Global Compact (“Global Compact”) is the most widely discussed entity in the field; however, the important role of NGOs and other multinational development institutions (MDI) is also highlighted. Comprehensively, the issue explores the polarity of both the development and corporate world and focuses on the emergence of newfound corporate partnerships aimed to secure social justice and environmental sustainability in all pockets for the world. In short,
Harcourt (2004) puts forth an all-encompassing question that is addressed by several authors, is CSR re-writing development (Fox, 2004, Kuber, 2004; Vives, 2004)?

The emergence of the CSR-development nexus is largely studied alongside and associated with the role of MDIs. In a study on the role of MDIs in the fostering CSR, Vives (2004) argues that MDIs are one of the most important drivers of CSR. He argues that MDIs take on the role of honest brokers and holistically have four dominant roles that can be leveraged with their global reach and development goals that coincide with CSR objective. These roles include the advocacy of CSR practices, the development of a conducive policy environment, the provision of financial support for CSR activities and the promotion of compliance, reporting and accountability to legitimize CSR practices in society. Examples of MDIs with such capabilities include but are not limited to the United Nations and its agencies and the World Bank and its agencies. Fox (2004) adds that the World Business Council for Sustainability Development (WBCSD) has been another important MDI with its advocacy of BoP activities that benefit the poor and companies.

Several authors reference the Global Compact as perhaps the most influential MDI to date (Fox, 2004; Harcourt, 2004; Kuber, 2004, Vives, 2004). Fox (2004) notes that until recently, companies have hesitated and shied away from directly tackling complex social issues such as poverty, but also notes that the Global Compact has helped dismantle this barrier through dialogue and providing sector level support. In addition to making similar observations as Fox (2004) does about the Global Compact, both Kuber (2004) and Vives (2004) highlight the milestone event for the CSR-development nexus by quoting Kofi Annan, the United Nations Secretary-General, and his declaration of the Global Compact as a network that seeks to advance responsible corporate citizenship in 1999.

A fundamental shift has occurred in recent years in the attitude of the United Nations toward the private sector. Confrontation has taken a back seat to cooperation. Both the business community and the United Nations are engaged in the service of something larger than our-selves: human security in the broadest sense, [thus] it is no surprise that the United Nations and the private sector are joining forces. The voice of business is heard in UN policy debates (Annan, 1999).
Kuber (2004) notes “the mere existence of ‘hyper-norms’ and a ‘learning network’ provides guidance to those corporations who wish to behave well” (3). Additionally, Harcourt (2004) notes on the one hand that for some the engagement of the state and the United Nations with corporations is a logical result of three decades of restructuring laws to facilitate international trade and investment flows and notes:

*The stream of conferences, guidelines, frameworks, agreements being made since 1999 are pouring time, resources and money into CSR that secure the rights of corporations and investors to the detriment of people and the environment (1).*

Overall, she suggests that the presence and discussion of the Global Compact reveals a loss of confidence in state governments but also heightened prospects for the field of international development as the business community has joined forces to tackle complex social issues.

Kuber (2004) also highlights increased support from the NGO community. He notes that until recently, the NGO community also shared the same mentality that the United Nations did of keeping corporations at arm’s length due to suspicions and hostility surrounding corporate motives and behaviours. However, he notes that while some NGOs still deploy the name and shame strategy, most NGOs have abandoned the confrontation model dealing with corporations and now opt for engagement models and allocate resources towards dialogue and collaborative projects with corporations.

While several authors focus their attention on the Global Compact, MDIs and NGOs, Fox (2004) studies the broader field of enabling environments for the CSR-development nexus. In building the foundation for his argument, he notes that while CSR is often embedded within the legal and regulatory environment as mentioned by Vives (2004), a hard law regulatory approach is no silver bullet. Instead Fox (2004) argues that is a need for an enabling environment for small and medium enterprises (SME) in the South as a holistic agenda for the CSR-development nexus. This enabling environment is composed of three pillars: drivers, capacity and tools. First, in describing the drivers, Fox notes that most literature focuses on CSR effort across large multinational enterprises (MNE) from corporations in the North and more attention needs to be placed on understanding the drivers of SMEs in the South, though he highlights the important role of the state has in mandating, facilitating, partnering and
endorsing CSR. Second, in describing capacity, he notes that the human and institutional capacity of SMEs in the South is naturally weak and there is a need to build the capacity of government agencies, businesses and business associations, specialist local intermediary organizations, and civil society and workers’ organizations. Third, in describing tools, he notes that legislation and regulation, labels and certificates, codes of conduct, partnerships, guidelines, management systems, and awards need to all point in the same direction as the development issue being addressed. Overall, Fox (2004) argues that once an enabling environment has been created, new themes can be brought to the forefront of the CSR-development nexus agenda.

2.4.2 Cross-sector Social Partnerships

Literature covering the emergence of the CSR-development nexus remains scarce due to its infancy; however, the topic of cross-sector social partnerships (CSSP) has surfaced as a related niche field of study, and a number of authors focus their attention on the important CSSPs play in the field of international development (Austin, 2000; Jamali and Keshishian, 2009; Kolk et al., 2008; 2011; Seitanidi and Crane, 2009; Seitanidi et al., 2010; Selsky and Parker, 2005; 2010; Vurro et al., 2010). While a broader body of literature addresses CSSPs between the public sector and the third sector (not-for-profit), this section of the literature review focuses on the current status of CSSPs that include the business community. In reviewing literature, I have identified two categories into which studies can be placed: both atheoretical and theoretical analysis studies of CSSPs characteristics and practical decision making studies, though some comprehensive studies fall within both categories. I have also identified an additional category of literature covering key observations and lessons learned; however, I exclude this topic due to the scope of this study. Overall, most authors deploy empirical studies based on the analysis of selective case studies derived from interviews with collaborating parties.

The study of cross sector interactions has emerged as an ever-growing niche amongst researchers. While a multiplicity of terminologies and labels exists to describe the collaborative partnerships between and across sectors to address increasing concerns of sustainability in all respects, this study embraces the commonly used term cross-sector social partnership.
The first categories of literature that this section of the review explores are atheoretical and theoretical analysis studies of CSSP characteristics that authors deploy to better understand the topic. While authors such as Gray and Wood (1991) pioneered research covering CSSPs and initially found that dynamic constellations of interactions have the potential to impact macro, meso and micro levels of society, it was not until the turn of the millennium that a series of authors revisited the topic (Austin, 2000; Jamali and Keshishian, 2009; Kolks et al., 2008; 2010; Seitanidi and Crane, 2009; Seitanidi et al., 2010; Selsky and Parker, 2005; Vurro et al., 2010). As a general observation, Kolk et al. (2010) notes that most studies focus on studying the phenomenon of CSSPs through macro and meso perspectives, and little attention is put of the micro perspective.

Starting with the theme of macro level studies, there is general consensus in the field that external macro characteristics have significantly influenced the emergence of CSSPs. For example, authors such as Kolk et al. (2010) and Selsky and Parker (2005) note that meta goals such as poverty alleviation and environmental protection have signal collaborative efforts to address these complex social issues. Kolk et al. (2008) note that CSSPs are particularly appropriate to address such issues.

Meso level studies have undoubtedly dominated research on CSSPs. Austin (2000) was amongst the first authors to revisit the topic in his study of strategic collaborations between not-for-profits and businesses. Focusing in on the types of CSSPs, he identifies three stages of CSSPs: philanthropic, transactional, and integration which chronologically represents his suggested order of maturity. Vurro et al. (2010) devise a slightly different categorization of CSSPs based on institutional coherence (high and low) and institutional orientation (market vs. policy): instrumental, transformative, transactional, and participative. In this case, instead of analyzing the evolution of the partnerships, they analyze the suitability of each partnership given a contextual background and combine both macro and meso level studies.

On the other hand, Seitanidi and Crane (2009) and Seitanidi et al. (2010) focus their attention of studying the holistic formation of CSSPs. In order to better understand the implementation of CSR efforts through partnerships, Seitanidi and Crane (2009) study the selection, design and institutionalization of not-for-profit and business partnerships. Overall, they find that managers are presented with a multiplicity of challenges through the entire formation process.
including: determining effective criteria for partner selection, designing appropriate risk assessment techniques, experimenting with and adapting agreements, objectives, reporting mechanisms and other systems, managing crises to the benefit of the partnership, and balancing the necessary personal relationships with needs for ongoing organizational institutionalization. Seitanidi et al. (2010) leverage these findings and argue that organizational characteristics, motives, and the history of interactions signal transformative capacity, transformative intention and transformative experience in the realm of social change respectively.

Continuing on the theme of meso level analyses of CSSPs, both Austin (2000) and Jamali and Keshishian (2008) study the drivers and motives behind CSSPs respectively. In addition to his study on the evolution of CSSPs, Austin (2000) argues that alignment of strategy, mission, and values; personal connection and relationships; value generation and shared visioning; and continual learning are all drivers of CSSPs. He also suggests that these drivers are enabled by focused attention, communication, organizational system, and mutual expectations and accountability. On the other hand, taking on a more theoretical approach in studying the initial reasoning behind the existence of CSSPs, Jamali and Keshishian (2009) find that the traditional economic view of partnerships as a vehicle rooted in the need to obtain necessary complementary resources and resource dependency stands strong for the case of CSSPs. They note that through collaborative, partners in CSSPs aim to address complex social issues that they would have otherwise have not been able to in isolation. Interestingly, they also find that many CSSPs fail to evolve beyond the philanthropic stage as described by Austin (2000) due to low centrality and low specificity of CSR activities for the private sector partner.

Noting the gap pertaining to research on micro level studies on CSSPs, Kolk et al. (2010) study the interactions between employees, employees and the organization, and employees and the customers. In their study on the trickle-down, trickle-up and trickle-round effects of CSSPs, they find that three theories can explain how social interactions evolve: social exchange and contagion, social learning theory and the attraction-selection-attrition model.

The second category of literature that this section of the review explores are practical decision making studies that several authors have developed to help managers and practitioners to better evaluate the decisions to enter into CSSPs (Jamali and Keshishian, 2009; Seitanidi and
Crane, 2009; Selsky and Parker, 2010; Vurro et al., 2010). However, due to the scope of this paper, literature placed in this category is not extensively presented.

Although the findings of most of the above mentioned authors are presented in the first portion of this section of the review, most authors effectively deploy two-step studies that translate their findings into decision-making models for managers and practitioners. First, in the context of forming CSSPs, Jamali and Keshishian (2009) suggest that while considering future CSSPs in developing countries, managers should study equity, efficiency and resource dependency as the most salient factors. Second, Seitanidi and Crane (2009) develop and recommend leveraging their practical partnership test to assist managers in verifying the accountability and level of institutionalization of a partnership to address any skill gaps. In this test, the two key questions to ask are: is the partnership implementation accountable and is the partnership institutionalized within the organization? Second, in the context of maximizing the potential of a CSSP, Selsky and Parker (2010) suggest that there are three analytic platforms: the resource dependency platform, the social issue platform, and the societal sector platform. They define platforms as “sense-making devices that managers use to envision a partnership project, frame it, and make it meaningful and sensible” (24). Each platform is ultimately differentiated on the following factors: primary interest, contextual environment, source of CSSP problems, orientation, dependencies, and time frame. Third, although the categorization of CSSPs based on institutional coherence and institutional orientation by Vurro et al. (2010), as described above, allows managers to evaluate the appropriateness of their sought after CSSPs as they suggest “appropriateness needs shape business approaches towards partnering for social change” (39).

In reviewing literature on the CSR-development nexus, it is evident that this particular field of research can provide valuable insights for studies on the field of access to energy. Extant studies on the general CSR-development nexus reveal that MDIs and NGOs have a significant role in facilitating the emergence of the corporations responding to complex social issues. Similarly, existing literature on CSSPs reveals that macro factors play a large role in the formation of partnerships to address pressing issues, as do meso and micro level factors. Overall, there is substantial potential to study the CSR-development nexus in particular fields such as access to energy by leveraging existing findings.
2.5 Summary

The literature reviewed in this chapter reveals that current research on the field of access to energy takes the form of atheoretical studies. Due to the nature of the topic most authors focus their attention on producing suggestive policy papers that assist practitioners, managers and policy makers in making better decisions. However, as demonstrated by the review of literature on the historical development of CSR and current research on the CSR-development nexus, the application of existing theories to explain a phenomenon can provide the field with valuable insight on a topic.

In order to bridge the gap in the approach used to study the field of access to energy, this study aims to leverage existing theories to explain the recent emergence of CSSPs involving businesses in the field of access to energy. One the one hand, the study will elaborate on the general observation of Zerififi (2011) that institutional factors shape organizational forms in the field of access to energy, as well as the comment by Takala and Pallab (2000) that CSR has become a rule of the game. On the other hand, it will examine the field of access in a similar manner as presented in the CSR-development nexus. However, committed to producing a theoretical study, I will apply existing theories to explain the phenomenon at hand. The dominant theory that I will use to the field of access to energy is institutional theory. Nonetheless, I will also draw upon the three schools of thought in strategic management: the resource-based view, industry-based view and institutions-based view. As a unique contribution, I will also explore the institutional change potential of collaborations in the field of access to energy.
3 Theoretical Framework

This chapter introduces the concepts and theories I use to identify the underlying factors stimulating and shaping companies’ access to energy activities, and how can collaborations change the rules of the game.

First, I introduce fundamental concepts of institutional theory used to identify the rules of the game in the field of access to energy. Second, I present theories and perspectives on strategy and its links to social change to identify the impetuses affecting organizational practices and the implications for improving access to energy. Third, I present a set of collaboration styles specific to the umbrella field of social change and review the institutional logic associated with them. Fourth, I explore the process of institutional change to understand how collaborations can change the rules of the game. Finally, I address the interplay amongst institutions, strategy, collaboration, and institutional change to determine whether current collaborations are likely to lead to institutional change in the field of access to energy and have greater implications for the private sector’s role in addressing complex social problems.

3.1 Institutional Theory and Organizations

An organization’s capacity to survive and flourish in modern society is highly influenced by its ability to establish legitimacy. This often compels organizations to incorporate practices defined by abounding rationalized concepts of organizational work and institutionalized in society, independent of the immediate efficiency of the acquired structures and processes (Meyer and Rowan, 1977). Over the past few decades, institutional theory has explained why organizations in the same organizational field resemble one another despite widely scattered locales (Scott, 2008).

The following section introduces fundamental concepts of institutional theory covering homogeneity and organizations, heterogeneity and organizations, and institutional levels.

3.1.1 Homogeneity and Organizations

Neo-institutional theory argues that institutional forces built into an environment shape organizational structures and processes (Powell, 2007). While several scholars have
Institutions are comprised of regulative, normative and cultural-cognitive elements that, together with associated activities and resources, provide stability and meaning to social life (48).

The regulative, normative, and cultural-cognitive elements have become widely recognized as the three pillars of institutions (table 1) and represent three contrasting models of institutions that scholars use to analyze the pressures that influence organizations’ decisions to adopt practices beyond technical efficiency (Scott, 2008). The regulative pillar represents the establishment or rules, inspection of others’ conformity, and the enforcement of sanctions. The normative pillar encompasses the values and norms that are internalized and imposed by others as responsibilities and duties. The cultural-cognitive pillar addresses the shared conceptions that create the nature of social relations, the frames through which meaning is made (Scott, 2008). Together, the three pillars of institutions serve as a powerful analytical tool to study the institutional forces.

Table 1. Three pillars of institutions (Scott, 2008)

<table>
<thead>
<tr>
<th></th>
<th>Regulative</th>
<th>Normative</th>
<th>Cultural-Cognitive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basis of compliance</td>
<td>Expedience</td>
<td>Social obligation</td>
<td>Taken-for-grantedness</td>
</tr>
<tr>
<td>Basis of order</td>
<td>Regulative rules</td>
<td>Binding expectations</td>
<td>Constitutive schema</td>
</tr>
<tr>
<td>Mechanisms</td>
<td>Coercive</td>
<td>Normative</td>
<td>Mimetic</td>
</tr>
<tr>
<td>Logic</td>
<td>Instrumental</td>
<td>Appropriateness</td>
<td>Orthodoxy</td>
</tr>
<tr>
<td></td>
<td>Rules</td>
<td>Certifications</td>
<td>Common beliefs</td>
</tr>
<tr>
<td>Indicators</td>
<td>Laws</td>
<td>Accreditations</td>
<td>Shared logics of action</td>
</tr>
<tr>
<td></td>
<td>Sanctions</td>
<td></td>
<td>Isomorphism</td>
</tr>
<tr>
<td>Affect</td>
<td>Fear</td>
<td>Shame/Honor</td>
<td>Certainty/Confusion</td>
</tr>
<tr>
<td>Basis of legitimacy</td>
<td>Legally sanctioned</td>
<td>Morally governed</td>
<td>Comprehensible</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Recognizable</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Culturally supported</td>
</tr>
</tbody>
</table>

Scholars argue that institutional forces drive homogeneity across organizations in a given field. Although it is logical for organizations to adopt practices that maximize efficiency, institutional theory highlights organizations’ integration of practices beyond efficiency. This phenomenon is largely influenced by organizations’ need to establish legitimacy to survive
and flourish in modern society (Scott et al., 2000). The outcome consists of organizations conforming to society’s acceptable and credible behaviours.

Table 2. Institutional pillars and carriers (Scott, 2008)

<table>
<thead>
<tr>
<th>Symbolic systems</th>
<th>Regulative</th>
<th>Normative</th>
<th>Cultural-Cognitive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rules</td>
<td></td>
<td>Values</td>
<td>Categories</td>
</tr>
<tr>
<td>Laws</td>
<td></td>
<td>Expectations</td>
<td>Typifications</td>
</tr>
<tr>
<td>Governance systems</td>
<td></td>
<td>Regimes</td>
<td>Schema</td>
</tr>
<tr>
<td>Power systems</td>
<td></td>
<td>Authority systems</td>
<td>Structural isomorphism</td>
</tr>
<tr>
<td>Protocols</td>
<td></td>
<td>Jobs</td>
<td>Identities</td>
</tr>
<tr>
<td>Relational systems</td>
<td>Standard operating procedures</td>
<td>Roles</td>
<td></td>
</tr>
<tr>
<td>Routines</td>
<td></td>
<td>Obedience to duty</td>
<td>Scripts</td>
</tr>
<tr>
<td>Artifacts</td>
<td>Objects complying with mandated specifications</td>
<td>Objects meeting conventions, Objects possessing symbolic value</td>
<td></td>
</tr>
</tbody>
</table>

Jepperson (1991) coined the term “carriers” to describe the modes in which institutions are conveyed. Scott (2008) leveraged this term and identified four so-called carriers: symbolic systems, relational systems, routines, and artifacts and deems them utterly important in analyzing institutional change. Each carrier takes on a different form for each institutional pillar (table 2) and can be used to identify institutions. Scott (2008) describes symbolic systems as carriers of institutional rules and belief, relational systems as connections between and among individuals and organizations, routines as behaviours and actions, and artifacts as tools, equipment and technology.

3.1.2 Heterogeneity and Organizations

Until this point, I have introduced three concepts in institutional theory: institutions, legitimacy and carriers. These concepts have largely dealt with explaining homogeneity across organizations and have revealed important details about the factors that influence organizational practices. However, there are evidently differences amongst organizations. The following section focuses on neo-institutional scholars’ study of heterogeneity across organizations and the importance of agency.

Early findings by Meyer and Scott (1983) demonstrated that organizations operating in an environment with multiple institutional forces often develop more internal administrative capacity that result in more differentiated practices. Powell (2007) argues that attention to these internal influences and the heterogeneity has increased concern with the role of agency.
in institutionalization, the process by which practices, technologies and rules become cemented in an organizational field.

The central basis of classical institutional theory views institutions as organizational constraints; however, DiMaggio (1988) suggests that the success of institutionalization processes depend on the power of the actors steering it. According to Christensen et al. (1997) and Oliver (1991), recent neo-institutional works highlight the ways in which organizations innovate, act strategically, and contribute to institutional change. Structuration theory views actors as both capable creators and followers and emphasizes the concept of agency—an actor’s ability to influence society by altering rules, relational ties, or distribution of resources (Scott, 2008). A similar perspective is shared by Fligstein (2001) who argues that actors, regardless of institutional conditions, are not bound to shared meanings in their fields, but also possess adequate social skills to reproduce or contest them. Scott (2008) suggests that organizations may not be as powerless or passive as depicted by classic institutional theory. Whereas neo-institutionalists such as DiMaggio (1988) and Perrow (1986) have focused on agency and power in organizations subject to institutional pressures (Scott, 2008), Pfeffer (1981) emphasizes managers’ ability to manipulate symbols to manage legitimacy. The outcome is the possible emergence of heterogeneity within an organizational field.

Additionally, Scott (2008) notes that other sources of divergence and heterogeneity exist, despite organizations facing identical institutional forces. Some examples of sources include misunderstandings or varying translations of institutions, strategic responses by associations of organizations or individual organizations and varying exposure or susceptibility to institutional rules.

3.1.3 Institutional Levels and Properties

It is important to understand where the commonly mentioned organizational structures and processes fit in the greater scheme of things. Figure 1 combines concepts and ideas from Kyeyamwa’s (2007) conceptual nested market model and Williamson’s (2000) four levels of social analysis framework and illustrates a model of the four institutional levels and properties.
While there appears to be consensus amongst scholars on the existence of four institutional levels, variation across labels exists. As a result, I have chosen the labels for the institutional levels depicted in figure 1 based on consistency and suitability for to this paper. The first level, institutional embeddedness, consists of cultural-cognitive institutions such as norms and customs, which have both external and long-term orientations. The second level, institutional environment, encompasses regulative institutions including laws and regulations. The third level, institutional arrangements, contains the normative institutions pertaining to governance structures, ie. contracts and partnerships, whereas the forth level, institutional actions, account for the normative institutions pertaining to price, quantity, etc and have the most internal and short-term orientations. Beckmann and Padmanabhan (2009) highlight that the entire institutional system is interactive. Adopting a top-down approach, each upper level imposes constraints on its preceding level. Adopting a bottom-up approach, each lower provides feedback that can shape the upper levels.
The ascribed organizational structures and processes fall under institutional arrangement and actions. Governance structures have a profound impact on organizations and offer organizations important opportunities to economize by aligning structures with transaction costs in a short-medium term timeframe (Beckmann and Padmanabhan, 2009). Processes dealing with resource allocations, on the other hand, are almost continuously changing in response to all upper levels. According to Williamson’s (2000) four levels of social analysis model, institutional arrangements and actions can be analyzed with transaction cost economics and resource based theory and neoclassical economics and agency theory respectively. However, these theories fall outside the scope of this study.

3.2 Institutions, Strategy, and Social Change

This section presents recent developments concerning institutions, strategy, and social change. I begin by presenting three existing views in strategic management, which Peng et al. (2009) refer to as the strategy tripod. I then explore the expanding scope of strategic management’s consideration of CSR and the creation of shared value (Porter and Kramer, 2009; 2011) to better understand the link between strategic and social change.

3.2.1 Strategy

While the purpose of strategy is to ensure organizations achieve their most fundamental goal to survive and prosper (Grant, 2010), “the essence of strategy is choosing to perform activities differently than rivals do” (Porter, 1996: 64). In section 2.1.2, I highlighted the neo-institutional theory’s study of heterogeneity across organizations in the same field. In this section, I continue on the topic of heterogeneity and review three schools of thought in strategic management used to explain how companies establish competitive advantages.

First, I describe the resource-based view (Barney, 2002) and how internal resources can give certain companies a sustainable competitive advantage. Next, I present the industry-based view (Porter, 1980) to explain how external environments can determine a company’s strategy and performance. Finally, staying in tune with the institutional theory theme in this study, I introduce and explore the emergence of the institution-based view of strategic management focused on how institutions shape strategic management decisions as advocated by Peng (2002) and Peng et al. (2009) as the third leg for a strategy tripod (figure 2).
3.2.1.1 Resource-Based View

The resource-based view postulates that internal resources determine companies’ ability to obtain and sustain competitive advantages (Peng et al., 2009). Wernerfelt (1984) is credited with coining the term resource-based view; however, Barney (1991; 2002) is recognized as a significant contributor in its development.

According to Barney (2002), a company’s internal resources include all possessed assets, attributes, capabilities, competences, information and knowledge that it can leverage to adopt effective strategies and performance. Barney (2002) categorizes these as four types of resources: financial capital, physical capital, human capital and organizational capital. However, all companies evidently do not possess identical traits. Variations in amongst companies’ possession of Barney’s (2002) four types of resources drive performance differences (Barney, 1991) and serve as a source of heterogeneity.

Barney (2002) describes financial capital as the monetary resources that a company can leverage to implement a strategy. Physical capital, on the other hand, includes a company’s equipment, facilities and factories, geographic location and accessibility to raw materials. Human capital encompasses the training, knowledge, skills, competencies and experience of a company’s employees. Lastly, organizational capital describes an aggregation of company’s intangible attributes including formal and informal processes, such as reporting structures, internal controls and systems, company culture and reputation. Barney (2002) suggests that these four resources are often costly and difficult to replicate and can serve as a barrier to imitation for competitors and help companies obtain and sustain a competitive advantage.
3.2.1.2 Industry-Based View

Dedicating much of his research on strategy to an industry-based view, Porter (1980) suggests that from the point of view of a company, the most important aspect of a competitive environment is the industry, the arena in which it is situated (Ormanidhi and Omer, 2008). Porter (1980) recommends that companies adopt strategies that allow them to become local monopolists and maximize profitability (Jacobsen, 1992). By analyzing an industry’s level of attractiveness with the Porter’s (1980) five forces framework (figure 3), a company can gauge the relative competitiveness on an industry and adopt strategies to best position itself against the pressures exerted by the five forces: threats from substitute products, bargaining power of suppliers, bargaining power of customers, threats of new entrants, and rivalry amongst existing competitors.

Figure 3. Porter’s five forces framework (Porter, 1980)

Under Porter’s (1980) industry-based view “the strategic task is mainly to stake out a position that is less vulnerable relative to the five forces within an industry” (Peng et al., 2009: 70). Prospects for profitability have a negative correlation to the overall strength of the five forces in the sense that the stronger the five forces are the lower industry profits are expected to be (Ormanidhi and Omer, 2008).

3.2.1.3 Institution-Based View

Since the emergence of strategic management, the industry-based view and resource-based view have been the dominant perspectives used to analyze companies’ capacity to attain
sustainable competitive advantages. However, a severe shortcoming of both views has been an inadequate consideration of the context at play (Peng et al., 2009; Priem and Butler, 2001). Surely, institutional forces have an influence on strategic decisions just as other organizational practices. Strategic management scholars have come to realize that institutions are more than simple background conditions in which strategic decisions are made (Oliver, 1997; Peng and Heath, 1996). In line with the arguments of DiMaggio and Powell (1991) and Oliver (1997), companies need to consult influences from sources including regulative authorities and society when conceiving and deploying strategies.

The institution-based view of strategy treats institutions as independent variables and shines light on the interaction between institutions and organizations and the resulting implications on strategic choices (Peng, 2002). Based on this logic, Peng et al. (2009) develop two propositions that build the foundation of the institution-based view.

1. Managers and firms rationally pursue their interests and make strategic choices within the formal and informal constraints in a given institutional framework (67).

2. While formal and informal institutions combine to govern firm behavior, in situations where formal constraints are unclear or fail, informal constraints will play a larger role in reducing uncertainty, providing guidance, and conferring legitimacy and rewards to managers and firms (68).

According to Peng et al. (2009), institutions reduce uncertainty by establishing the ruling norms and defining the boundaries of what is legitimate. Consequently, actors rationally pursue interests and make decisions based on the institutional framework in which they operate (Lee et al., 2007). Lawrence (1999) notes that managers do not have an unconstrained capacity to make strategic decisions. However, once managers attain legitimacy by ensuring that organizational practices conform to the norms in their organizational field, they can then enact legitimized practices and leverage norms to develop a competitive strategy to perform activities differently than rivals do (Lawrence, 1999). Regardless, a company’s strategic decisions are affected by the formal and informal constraints within an institutional framework (Peng, 2002; North, 1990; Oliver, 1997).
Peng and Heath (1996) recognize that in developing countries, where formal institutions are lacking, informal institutions play a larger role in shaping organizational practices. In their study on developing countries, Peng and Heath (1996) identify three dominant sources of informal constraints: interpersonal relations, external connections, and reputation. Interpersonal relations serve as the first constraint as a lack of reliable information on market prospect necessitates the cultivation of personal relationships (Child, 1994). External connections with key stakeholder and government officials serve as the second constraint to combat environmental uncertainties (Peng and Heath, 1996) and can often take place in two forms: educating and exchanging favours (Khanna and Palepu, 1997). Reputation serves as the third constraint as consumers are often reluctant to trust new companies (Peng and Heath, 1996). While these constraints may seem tedious in developed countries, Peng and Heath (1996) propose that they offer predictability in the absence of formal institutions. Farashahi and Hafsi (2009) share a similar view and argue that when an unstable institutional environment exists, “power and legitimacy are key resources for firms’ survival” (1).

Although the institution-based view is relatively new and still evolving, Peng et al. (2009) suggest that the institution-based view helps substantiate strategy’s genuine concern of the bigger picture by filling in the gaps of the industry-based view and resource-based view.

### 3.2.2 Strategy and Social Change

This section aims to explore recent developments concerning strategy’s consideration of complex social problems and the ways that companies can positively impact social change. To better understand the link between strategy and social change, I draw extensively upon the work of Porter and Kramer (2006; 2011) and study strategy’s evolution to include first, corporate social responsibility, and second, create shared value. While institutional theory is not comprehensively applied in the theories in this section, understanding the link between strategy and social change is essential for the development of this paper. I focus much attention on how companies can use strategy to address changing external pressures and expectations for companies to combat complex social problems.

#### 3.2.2.1 Corporate Social Responsibility

Changing dynamics in the global society have given way to the emergence of CSR. However, this emergence of CSR has not been entirely voluntary and that it has been more so a response
to more aggressive and effective activist organizations putting public pressure on companies (Porter and Kramer, 2006). Combined with government regulations and CSR reporting standards mandating CSR reporting, external stakeholders have made it clear that they hold companies accountable for social issues (Porter and Kramer, 2006).

Drawing on institutional theory, these pressures can be viewed as regulative and social pressures that have the potential to create new institutions. Arguably, CSR has already become an institution. What was once a peripheral concern for the business community has now become an inescapable priority for companies around the world (Porter and Kramer, 2006: 1). Husted and Allen (2006) found in their study on CSR practices in multinational enterprises that institutional pressures, as opposed to strategic logic, are guiding decisions and activities concerning CSR. Institutional logic and the observation that organizations adopt practices beyond reasons of efficacy can further explain why organizations’ CSR efforts have been criticized for not being as effective as they can be.

However, this does not suggest that all CSR possesses a high level of institutional coherence. “The presumed trade off between economic efficiency and social progress has been institutionalized in decades of policy choices” and neoclassical thinking deems requirements for social improvement a constraint on companies (Kramer and Porter, 2011: 64). CSR is still a young and very much developing, a characteristic that may cause confusion amongst companies as no clearly defined guidance exists.

Figure 4. Map of corporate social responsibility approaches (Porter and Kramer, 2006)
Proponents of CSR have traditionally supported four justifications for CSR: moral obligation, sustainability, license to operate and reputation, but Porter and Kramer (2006) note that the justifications focus on the tensions between business and society and not their interdependence. As a result, CSR efforts are often uncoordinated and take the form of philanthropy disconnected and fragmented from strategy with companies overlooking key opportunities in which they can best benefit society (Porter and Kramer, 2009).

To develop a more strategic approach to CSR, Porter and Kramer (2006) map out a framework (figure 4) to distinguish responsive CSR from strategic CSR. Responsive CSR entails being a good corporate citizen and mitigating adverse effects from business activities. One the other hand, strategic CSR goes beyond best practices to include choosing a position in which a company can do things differently and achieve a competitive advantage. Porter and Kramer (2006) argue that success in CSR is about realizing that solving all social problems is not the responsibility of companies and making the right choices.

3.2.2.2 Creating Shared Value

While responsive CSR has dominated past efforts to link business and society, Porter and Kramer (2006) suggest that strategic CSR focused on the creating shared value should supersede this historical view. They defined shared value as:

\[ policies \text{ and operating practices that enhance the competitiveness of a company while simultaneously advancing economic and social conditions in the communities in which it operations (66).} \]

Porter and Kramer (2011) suggest that companies create shared value in three ways:

1.) Re-conceiving products and markets
2.) Redefining productivity in the value chain
3.) Enabling local cluster development

The concept of creating shared value has only been recently introduced; however, the changing dynamics in the global society give it high prospects. From the softening boundaries of for-profits and not-for-profits, particularly in developing countries, to the emergence of
social entrepreneurs pioneering products and models to the realization that productivity and innovation are influenced by geographical concentrations of companies, there are now increasing opportunities to create shared value (Kramer and Porter, 2011). Two strong examples of the high prospects of moving beyond CSR to creating shared value are increased attention towards Prahalad and Hart’s (2002) bottom of the pyramid (BoP) approach and Yunus et al.’s (2010) concept of a social business.

Prahalad and Hart’s (2002) BoP market, where low-income markets are located, presents a prodigious opportunity for companies to realize large financial profits and bring prosperity to the poor by creating buying power, shaping aspirations, tailoring local solutions, and improving access (figure 5). Although Karnani (2007) criticizes the Prahalad and Hart’s BoP model and argues that “the only way to alleviate poverty is to raise the income of the poor” (91), they both agree an opportunity exists at the BoP, albeit for different types of organizations. Prahalad and Hart (2002), see the BoP as an opportunity for multinationals, and Karnani (2007) sees it as an opportunity for companies not driven by economic profit.

Figure 5. Infrastructure at the bottom of the pyramid (Prahalad and Hart, 2002)

The BoP approach is embraced by Yunus et al.’s (2010) definition of a social business as an organization that has the objective to maximize social profit, but recover their costs in a self-sustaining way, representing softening boundaries of for-profits and not-for-profits (figure 6).
Porter and Kramer (2011) argue that shared value needs to become an integral part of strategy, in order to become a legitimized practice. It will call upon new heightened forms of collaboration between the public and private sector and for-profit and not-for-profit organizations (Porter and Kramer, 2011). Although, strategy’s growing consideration of social change still carries much ambiguity, it is evident that institutions are shifting and revealing new opportunities for companies to combat complex social problems.

3.3 Institutional Logics and Cross-Sector Social Partnerships

The theories and concepts presented thus far have revolved around institutional theory and strategy. This section draws upon institutional logic and explores its links with collaborative efforts in the field of social change. Although this particular area of research has yet to be widely studied, Vurro et al. (2010) adequately explore the niche and present a framework on cross-sector social partnerships. This framework will be used to categorize and assess inter-organizational collaborations in the greater process of identifying proto-institutions as described in the following section. This framework does not apply directly to the field of access to energy; however, it covers the umbrella field of social change that envelops it.

3.3.1 Impacts of Institutional Dynamics and Cross-sector Social Partnerships

Adopting the lens of business actors interested in engaging in collaborative efforts to address complex social issues, Vurro et al. (2010) draw upon the institutional logic and suggest that
“appropriateness needs to shape business approaches to partnering for social change” (39). They develop a framework that links institutional logics to the selection and configuration of alternative approaches to CSSPs, a new form of collaboration that is at the forefront of innovative organizational models that address complex social problems (Austin et al., 2006). Based on Austin (2000) and Waddock’s (1991) description of cross-sector collaborations, Vurro et al. (2010) define CSSPs as:

...collaborative efforts between organizations in two or more sectors that search for more effective organizational approaches to address complex social problems (39).

Not only do CSSPs balance not-for-profit attitudes towards development with the business community’s entrepreneurial orientation (Seitanidi and Ryan, 2007), but they also create inclusive-participatory models that strategically address social issues across sectors (Vurro et al., 2010). Recognizing that CSSPs can evolve differently across not-for-profit, business and government sectors, Vurro et al. (2010) focus their study on companies interested in addressing social issues through CSR efforts.

In the process of developing their framework, Vurro et al. (2010) reaffirm their take on institutional logic and Friedland and Alford’s (1991) consideration of institutional logic as “the formal and informal rules of action, interactions, and interpretations that shape and are shaped by action, as organizations act and behave in the different social systems” (43). Vurro et al. (2010) identify three ways in which institutional logic can shape organization practice. First, as institutional logic provides meaning and represents a source of legitimacy and appropriateness (March and Olsen, 1989). Second, institutional logic guides actions and highlights issues and contingencies to be considered (Thornton, 2004). Third, institutional logic determine a set of solutions that are appropriate for a given situation (Thornton and Ocasio, 1999).

Table 3. Institutional dynamics on cross-sector social partnerships (Vurro et al., 2010)

<table>
<thead>
<tr>
<th>Institutional Coherence</th>
<th>Institutional Orientation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Market-based</td>
</tr>
<tr>
<td>Low</td>
<td>Instrumental CSSP</td>
</tr>
<tr>
<td>High</td>
<td>Transactional CSSP</td>
</tr>
</tbody>
</table>

[39]
In agreement with Thornton’s (2004) argument that variation in dominant institutional logics result in different appropriateness needs, Vurro et al. (2010) identified four CSSP structures that fit within a two by two matrix (table 3) structured with institutional coherence and institutional orientation on the axes. Institutional coherence describes the extent to which dominant institutional logics can adequately guide the practices of actors in the field (Rein and Stott, 2009). High institutional coherence describes a context in which institutions within a given field point in the same direction and stability prevails, even if a range of institutions exists. The result is strong emphasis on the need for appropriateness and conformity in the field as there may be high resistance to potential change (Vurro et al., 2010). On the other hand, low institutional coherence describes a context in which institutions are highly fragmented and divergent, representing a low degree of consensus and the inability to guide practices. The result is a field in which institutional change can flourish and actors can take advantage of the opportunity to set the rules of the game (Vurro et al., 2010).

Institutional orientation as described by Thornton and Ocasio (1999) refers to the normative aspect of dominant logic in a field and its views on appropriate practices that can take the form of an ideal type and be associated with legitimacy. The field of social change has traditionally been dominated by policy-based approaches; however, recently the international community has witnessed the emergence of market-based approaches. Both of these approaches make up institutional orientation in Vurro et al.’s (2002) CSSP matrix. A policy-based approach, in which government intervention is used to resolve market failures (Scott, 1995), has historically prevailed on the principle of disruptive justice (Vurro et al., 2010), which deals with the socially just allocation of goods. Reuf (1999) highlights that such policy-based approaches are often supported by the private sector via not-for-profits. On the other hand, a market-based approach has slowly gained popularity following increased privatization, rising costs, and increased competition for donations and grants (Austin et al., 2006). Seitanidi and Crane (2009) note that companies focused on the idea of doing well while doing good have become an appropriate and preferable solution in many fields.

The outcome of Vurro et al.’s (2010) matrix is four proposed CSSP structures: instrumental CSSPs, transactional CSSPs, transformative CSSPs and participative CSSPs. The four structures help illustrate Thorton’s (2004) argument that variation in dominant institutional
logics result in different appropriateness needs by proposing an ideal CSSP that best fits its institutional context.

3.3.1 Framework for Cross-Sector Social Partnerships

Vurro et al. (2010) suggest that appropriateness needs to shape business approaches to partnering for social change. The previous section presented four proposed CSSP structures that are each best suited for a given context. These structures form the basis of Vurro et al.’s framework for CSSPs (table 4) and can be used as a business tool to evaluate a company’s options for partnering to address social issues. The framework studies nine CSSP characteristics: basis for appropriateness, motive, entry mode, role played, leadership style, partnership selection criteria, governance structure, competitive benefit and social benefit.

Table 4. Framework for cross-sector social partnerships (Vurro et al., 2010)

<table>
<thead>
<tr>
<th>Instrumental</th>
<th>Transactional</th>
<th>Transformative</th>
<th>Participative</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Basis of appropriateness</strong></td>
<td>Business project</td>
<td>Business expertise of partner</td>
<td>Social project</td>
</tr>
<tr>
<td><strong>Motive</strong></td>
<td>Increase legitimacy</td>
<td>Increase legitimacy</td>
<td>Improve internal commitment and acquire knowledge</td>
</tr>
<tr>
<td><strong>Entry mode</strong></td>
<td>Business</td>
<td>Business catalyst</td>
<td>Business</td>
</tr>
<tr>
<td><strong>Role played</strong></td>
<td>Business</td>
<td>Business broker</td>
<td>Not-for-profit</td>
</tr>
<tr>
<td><strong>Leadership</strong></td>
<td>Directive</td>
<td>Participative</td>
<td>Directive</td>
</tr>
<tr>
<td><strong>Partnership selection criteria</strong></td>
<td>Partner’s legitimacy in the market</td>
<td>Complementary provision of skills, know-how and expertise</td>
<td>Partner’s support to the cause and the model</td>
</tr>
<tr>
<td><strong>Governance structure</strong></td>
<td>Concentrated</td>
<td>Distributed</td>
<td>Concentrated</td>
</tr>
<tr>
<td><strong>Competitive benefit</strong></td>
<td>Entrance in a market</td>
<td>Development of inter-sector ties</td>
<td>Internal cohesion and endorsement</td>
</tr>
<tr>
<td><strong>Social benefits</strong></td>
<td>Business capacity creation</td>
<td>Business capacity mobilization</td>
<td>Social capacity creation</td>
</tr>
</tbody>
</table>

Instrumental CSSPs are appropriate for fields with low institutional coherence and market-based orientations where past activities have been unsuccessful. The structure is ideal for companies to access a new market and use business solutions to resolve existing social problems by exploiting institutional voids, fragmentations and contradictions as institutional entrepreneurs (Vurro et al., 2010; Thornton, 2004). Vurro et al. (2010) suggest that agents
involved in instrumental CSSPs set the rules of the game, acquire legitimacy by establishing partnerships with experienced and trusted actors such as governments, non-for-profits and international organizations, and equip the CSSP with business capacity. However, they note that a directive leadership, with power allocated to the CSSP promoter, is likely to be implemented to steer the vehicle.

Transactional CSSPs are appropriate for fields with high institutional coherence and market orientations where benchmarks and role models exist. The structure is ideal for companies to go beyond entering a new market to develop inter-sector ties by providing skills, know-how and expertise, and improve a company’s attractiveness as a partner, a value asset to gain easy access to project resources and funding (Vurro et al., 2010). Vurro et al. (2010) suggest that agents involved in transactional CSSPs serve as brokers by integrating logics, pooling established resources, and competencies, often leveraging not-for-profit networks to dispersed markets and mobilizing business capacity. However, they note that directive leadership is ill suited and a more participative approach with a distributed governance structure is preferred.

Transformative CSSPs are appropriate for fields with low institutional coherence and policy orientations where the business sector can explore new fields and prioritize social value motives over economic motives with little risk (Waddock, 1991). The structure is ideal for companies to improve internal commitments and gain knowledge by engaging indirectly, via foundations or not-for-profits, in addressing social problems and avoiding discrediting the company’s reputation while maintaining a presence in a potential market (Vurro et al., 2010). Vurro et al. (2010) suggest that agents involved in transformative CSSPs serve as social catalysts that focus on the social impact of projects and creating social capacity, and as a result select partners based on authority in the region and commitment to the cause. Similar to instrumental CSSPs, they note that the low institutional coherence should be accompanied by a directive leadership style and a concentrated governance structure.

Participative CSSPs are appropriate for fields with high coherence and policy orientations where companies need to create and sustain their legitimacy and license to operate as socially responsible partners (Seitanidi and Ryan, 2007). The structure is ideal for companies to enhance their legitimacy with local governments, communities and other stakeholders as trusted partners (Maak and Pless, 2006), and to attune for dynamic changes and risky
challenges in the market. Vurro et al. (2010) suggest that agents involved in participative CSSPs serve as brokers between governments and communities, mobilizing social capacity, and select their partners based on social legitimacy. Similar to transactional CSSPs, they note that a participative leadership style and distributed governance structure is best suited.

The CSSP framework suggests that organizations face an assortment of pressures and changing expectations, highlighting the necessity to consider the appropriateness of a partnering style. While it is a first attempt to link institutional theory to research on CSSPs, Vurro et al.’s (2010) framework provides a strong foundation for diagnosing the institutional context of a given field and selecting an appropriate intervention vehicle.

3.4 Institutional Change and Collaboration

The bulk of institutional theory has focused on the construction of institutions and the persistence of homogeneity; however, an equally important but historically neglected concept is the process of institutional change (Dacin et al., 2002). In response to such observations, a number of studies have emerged to address this expanding scope.

Extending from the preceding section that introduced the fundamental concepts of institutional theory, this section explores the process of institutional change. First, I introduce the process of deinstitutionalization to understand a portion of changing institutional environments. Then I present the link between collaboration and proto-institutions as a second portion of changing institutional environments.

3.4.1 Deinstitutionalization Process

Deinstitutionalization is concerned with the weakening and disappearance of institutions (Scott, 2001). Although it has yet to be a well-explored area, it is an important portion of institutional theory and institutional change as “the weakening and disappearance of one set of beliefs and practices is likely to be associated with the arrival of new beliefs and practices” (Scott, 2001: 184). Despite the common belief that the institutionalization of an organization’s practices is relatively stable, enduring, reproducible and sustainable in the long-term (Zucker, 1987), theorists have come to realize that institutional practices may be more fragile and more susceptible to change than previously suggested by institutional theory (Oliver, 1992).
Oliver (1992) distinguishes three categories of pressures that contribute to deinstitutionalization: political, functional, and social. First, political pressures represent shifts in the interests and power distributions that support existing institutional arrangements and occur as a result of performance crises, environmental changes and other factors that causes organizations to reconsider practices (Dacin et al., 2002). An example of such political pressures is the international community’s increased interest in environmental issues in the 1960s and subsequent political action that led to major shifts in the institutional environmental and changes in organizational structure and strategies and institutional logic employed by managers (Hoffman, 1997). Next, functional pressures arise from perceived problems (i.e. from changing consumer preferences) in performance levels or perceived utility of institutional practices (Dacin et al., 2002; Scott, 2008). Kraatz and Zajac (1996) note that institutional values and associated structures can succumb to market pressures and changing customer preferences. Finally, social pressures are concerned with normative fragmentation and cultural consensus within an organization as a result of differentiation of groups and organizational change (i.e. increasing workforce diversity), disruptions to historical continuity (i.e. mergers), and changes in laws or social expectations that hinders the continuation of institutional practices (i.e. emissions regulations) (Oliver, 1992).

Furthermore, Oliver (1992) identifies two organizational pressures, entropy and inertial, which moderate the rate of deinstitutionalization. Organizational entropy serves as an accelerator and organizational inertia serves as an impediment. Zucker (1988) argues that entropy is an appropriate acceleration pressure as organizations tend towards a gradual erosion of taken-for-granted practices. On the other hand, Oliver (1992) points out that several theorists believe inertia accurately depicts organizations tendency to maintain the
status quo and the desire for predictability (Tushman and Romanelli, 1985). Paired together with the political, functional, and social pressures, entropy and inertial pressures determine the dissipation or rejection of an institutional practice, the fate of institutional practices, and stability in society. With enough exerted pressures, institutional practices can enter the process of deinstitutionalization and eventually disappear, as illustrated by figure 7.

Oliver (1992) also identifies a set of empirical predictors of institutionalization (table 5) that can be used to gauge the likelihood of an institutional practice disappearing. The predictors are divided into two categories, inter-organizational factors and organization-environment relations. Inter-organizational factors include changes in political distributions, changes in functional necessity and changes in social consensus. Organization-environment relations include competitive environment pressures, social environment pressures, random external occurrences, and changes in constituent relations. Oliver (1992) notes that, several predictors are also “likely to interact with one another to increase the possibility of deinstitutionalization” (579).

Table 5. Empirical predictors of deinstitutionalization (Oliver, 1992)

<table>
<thead>
<tr>
<th>Inter-organizational Factors</th>
<th>Organization-Environment Relations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in political distributions</td>
<td>Changes in constituent relations</td>
</tr>
<tr>
<td>- Increasing workforce diversity</td>
<td>- Declining external dependence</td>
</tr>
<tr>
<td>- Declining performance or crises</td>
<td>- Withdrawal of incentives</td>
</tr>
<tr>
<td>- Power reallocations</td>
<td>- Rising efficiency standards</td>
</tr>
<tr>
<td>- Threat of obsolescence</td>
<td></td>
</tr>
<tr>
<td>Changes in functional necessity</td>
<td>Social environment pressures</td>
</tr>
<tr>
<td>- Increasing technical specification</td>
<td>- Changing government regulations</td>
</tr>
<tr>
<td>- Increasing goal clarity</td>
<td>- Changing societal values</td>
</tr>
<tr>
<td>Changes in social consensus</td>
<td>Random external occurrences</td>
</tr>
<tr>
<td>- Increasing turnover or succession</td>
<td>- Dissonant events and data</td>
</tr>
<tr>
<td>- Weakening socialization mechanisms</td>
<td>Competitive environment pressures</td>
</tr>
<tr>
<td>- Culturally disparate mergers or alliances</td>
<td>- Increasing resource or domain competition</td>
</tr>
<tr>
<td>- Increasing diversification or differentiation</td>
<td>- Increasing innovation pressure</td>
</tr>
</tbody>
</table>

3.4.2 Collaboration and Proto-Institutions

The arrival of new institutional practices is a logical consideration for institutional change. The concept of agency has an importance role in initiating heterogeneous practices in response to institutions. This section introduces how inter-organizational collaboration leads to the emergence of proto-institutions and can actively change an organizational field.
Collaboration is surfacing as a common practice amongst organizations and leading way to a growing assortment of governance structures. While collaborative efforts often take place to develop innovative solutions for complex issues, they can also transform institutional fields (Lawrence et al., 2000). “Strong ties with other organizations shape the path to and nature of resultant changes in practices” (Dacin et al., 2002: 47).

The definition of collaboration is the omnibus definition put forth by Lawrence et al. (2002):

...an inter-organizational relationship that is negotiated in an ongoing communicative process that relies on neither market nor hierarchical mechanisms of control (282).

According to this definition, collaboration includes a wide range of arrangements such as consortia, alliances, joint ventures, round-tables, networks and association but is distinct from other forms of inter-organizational collaborations that are governed by supplier relationships or legitimate authority. Gray (1989) and Phillips et al. (2000) emphasize the necessity of distinguishing collaborations between market transactions and hierarchical relationships that are based on highly institutionalized governance mechanisms. Lawrence et al. (2002) argue that groups of organizations, which develop mutual understandings and common practices, have institutional effects since they serve as arenas where institutions can form.

The central focus of Lawrence et al.’s (2002) research on inter-organizational collaboration and institutional change is the emergence of proto-institutions:

...practices, technologies, and rules that are narrowly diffused and only weakly entrenched, but have the potential to become widely institutionalized [...] if they are diffused through an institutional field (283).

Although new practices, technologies and rules are often formed and remain within and a given collaboration, there are also cases in which they transcend a given collaboration and are adopted by other organizations in the field (Lawrence et al., 2002). Zeitz et al. (2009) point out that not all proto-institutions become institutions; however, they represent an important first step in the process of institutionalization.
Table 6. Characteristics of collaborations (Lawrence et al., 2002)

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Types</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interactions</td>
<td>Shallow</td>
<td>Restricted to two counterparties, one per organization</td>
</tr>
<tr>
<td></td>
<td>Deep</td>
<td>Extended to multiple personnel at each organization</td>
</tr>
<tr>
<td></td>
<td>Narrow</td>
<td>Limited to participating organizations</td>
</tr>
<tr>
<td></td>
<td>Broad</td>
<td>Includes third parties</td>
</tr>
<tr>
<td></td>
<td>Donation</td>
<td>Funding or resource aid relationship</td>
</tr>
<tr>
<td>Structures</td>
<td>Partnership</td>
<td>New coalition where partners work together on activities</td>
</tr>
<tr>
<td></td>
<td>Representation</td>
<td>New coalition where partners represent each other’s interest to outside parties</td>
</tr>
<tr>
<td>Informational Flow</td>
<td>Unidirectional</td>
<td>One organization learning from another</td>
</tr>
<tr>
<td></td>
<td>Bidirectional</td>
<td>Mutual learning between two organizations</td>
</tr>
<tr>
<td></td>
<td>Multidirectional</td>
<td>Collaborating partners and third parties learn from each other</td>
</tr>
</tbody>
</table>

Lawrence et al. (2002) suggest the creation of proto-institutions through collaboration depends on two aggregate dimensions of a given collaboration: involvement and embeddedness. Both dimensions can be measured qualitatively and assigned levels of high, medium or low and are based on the characteristics of a collaborative effort (table 6). Involvement is considered an internal dimension of collaborations and deals with participating organizations interactions and relationships with each other. A high level of involvement represents two organizations that are closely involved in a collaborative effort and characterized by 1.) deep interaction among participants, 2.) partnership arrangements and 3.) bilateral information flows.

On the other hand, embeddedness is concerned with a collaborative effort’s connections with broader institutional networks and measures the depth of a collaborative effort. In turn, a high level of embeddedness represents an inter-organizational relationship in which collaboration in deeply entrenched. Such collaborations involve: 1.) interactions with third parties, 2.) representation arrangements, and 3.) multidirectional information flows.

Lawrence et al. (2002) suggest that high involvement encourages the inter-organizational learning needed to develop new practices, technologies and rules and that embeddedness encourages their diffusion beyond a given collaboration via connections with third parties. They propose that high levels of involvement and high levels of embeddedness are positively associated with the creation of proto-institutions.
3.5 Summary

The theoretical framework (figure 8) that I apply to this study draws upon all concepts and theories described in this chapter. With the guidance of institutional theory, I will use this framework to identify the underlying factors stimulating and shaping companies’ access to energy activities, and how can collaborations change the rules of the game.

Figure 8. Theoretical framework

As illustrated by this top half of the framework, I will first identify the existing institutional pressures and rules of the game in the field of access to energy. This encompasses the institutional embeddedness and institutional environment elements of the prevailing institutional framework and also account for recent political, social and functional pressures for change. These factors derived from the institution-based view can be combined with the industry-based view to understand the external factors influencing companies’ access to energy activities. Next, I will use the resource, industry and institutions-based to identify the factors stimulating and shaping companies’ access to energy activities. I will identify the reasons for first entering the field of access to energy and then subsequently the reasons for collaborating with in it. The second half of the framework focuses on the suitability of
collaborations to their institutional frameworks and the likelihood that they will produce proto-institutions and eventually contribute to institutional change. The institutional framework determined in the first half of the framework can provide sufficient grounds for assessing inter-organizational collaborations.

While I designed this specific framework to study inter-organizational collaborations in the field of access to energy, it can very well be applied to other fields, including the umbrella field of social change. I have observed that the private sector’s roles in addressing complex problems in access to energy in developing countries has increased, taking on the form of inter-organizational collaborations. However, the phenomenon remains relatively unexplained. This paper aims to contribute towards a better understanding of the field of access to energy through the lens of institutional theory.
4 Methodology

This chapter explains the research methodology I used to study the emergence of inter-organizational collaborations in the field of access to energy in developing countries. The objective of this study is to identify the rules of the game and determine the stimulating and shaping factors for access to energy activities and subsequent collaborative approaches. It also aims to identify how companies are collaborating to improve access to energy and how the partnerships can change the rules of the game.

Figure 9 illustrates the research methodology that I used in this study and describe in this chapter. In turn, in order to build a strong foundation for answering this study’s research question, I combined a qualitative academic research strategy guided by the insights of experienced researchers with institutional constructivism and theoretical considerations in a process of empirical investigation.

Figure 9. Flowchart of research methodology (Adapted from Bjordal, 2011)
4.1 Research Design

According to Cheek (2008), research design goes beyond the mere selection of methods that are used to collect data to encompass the decision on how the research itself is conceptualized, the conduct of a study, and the type of contribution intended for a particular area of study. Ghauri and Grønhaug (2005) note that three different types of research designs are common for business studies: descriptive research, causal (explanatory) research, and exploratory research. Yin (1994) highlights that the choice of a research design depends on the nature of the study and the problem at hand.

Descriptive research, as DeForge (2010) highlights, is one of the first steps to understanding a topic and is applied to research studies attempting to describe a particular phenomenon by detailing who is involved in the phenomenon, how widespread it is, and how long it has existed. This type of research design is best used for research problems that are well structured with distinct rules and procedures that must be applied for all objectives (Ghauri and Grønhaug, 2005).

Causal (explanatory) research primarily exists to test a theory and studies why variables are related to one another. DeForge (2010) defines a theory in this context as:

\[
\text{a set of logically organized and interrelated propositions, statements, principles, rules, and assumptions of some phenomenon that can be used to describe, explain, predict, and/or control that phenomenon (1254).}
\]

He further notes that while many theories describe a cause-and-effect relationship, they can also lead to research questions focused on how conditions can change. However, Yin (1994) points out that the uncertainty surrounding the possibility that other variables influence the causal relationship adds a layer of complexity.

Exploratory research is often a preferred choice when little is known about a phenomenon and is regularly deployed as a pilot study that builds a foundation for larger complex studies to determine whether a relationship exists amongst the explored variable and to provide researchers with greater insight on how to solve imprecisely formulated problems (DeForges, 2010). In other words, it aims to explain social relations, advance knowledge about the
structure, process and nature of a phenomenon, link elements of an issue, and build, test and revise theory to enables a stronger understanding of a phenomenon (Adams et al., 2007; Ghauri and Grønhaug, 2005).

As revealed in the literature review, little theory-based research exists on why and how partnerships involving companies and local not-for-profits (and social businesses) are forming in the field of access to energy. Additionally, to my knowledge, no research exists on the institutional change potential of these partnerships in the field of access to energy. As a result, this study takes the form of exploratory research and aims to be a pilot study that applies institutional theory alongside three schools of thought in strategic management to the field of access to energy and advance knowledge about the structure, process and nature of access to energy involving such partnerships. Furthermore, I have opted for a case study approach to shed light on this particular phenomenon. According to Adam et al. (2007), the case study approach is deployed to study a particular phenomenon in a particular setting and is common in business research as an analysis tool for organizations. Ghauri and Grønhaug (2005) note that the case study approach is often associated with exploratory research and is a preferred choice when the studied variables and concepts are not easily quantified. The case study in this research covers the Grameen Schneider Electric joint venture between Schneider Electric, a France-based global energy management specialist, and Grameen Shakti, a Bangladeshi access to energy social business.

4.2 Data Collection

As the ability to meet the objective of a study and answer a research question depends on the effectiveness of data collection (Adams et al., 2007), this study pays close attention to the options available for qualitative research. According to Firmin (2008a), there are four means of collecting qualitative data: interviews, field notes and memos, triangulated information, and member checks.

4.2.1 Interviews

In qualitative interviews, researchers obtain a vast amount of rich information through interactions with interview participants (respondents). This means of data collection has become recognized as one of the most widespread knowledge-producing practices for social
scientists (Brinkmann, 2008). Due to the need to obtain rich information on access to energy and organization specific information in the case study approach, I considered interviews a valuable source of primary data.

Interviews can be formally conducted in surveys or questionnaires via the Internet, telephone, and face-to-face interaction, and as a part of ethnographic fieldwork (Brinkman, 2008). Due to the geographical separation of each organization involved in the partnerships explored in the case study, I conducted interviews through both digital and face-to-face interactions.

4.2.1.1 Structured, Semi-Structured and Unstructured Interviews
In this study, I discarded the use of both structured and unstructured interviews as a result of low levels of suitability for the study. To one extreme, structured interviews follow a standardized format with pre-determined closed questions and are often used when comparing groups (Firmin, 2008b). To another extreme, unstructured interviews follow an open format often utilized with research waves (Firmin, 2008c). However, since this study explores one specific case and was designed to collect key pieces of information in a relatively short period of time, I discarded both types of interviews. Instead, I opted for the use of semi-structured interviews, which serves as a middle ground for both structure and unstructured interviews. Semi-structured interviews follow a series of pre-determined by open-ended questions and are often used to gain concrete and narrative information and build rapport (Ayres, 2008). Because the case study involves two organizations, some structure was needed to guide the interviews, but due to cultural and organizational differences, a degree of flexibility was also necessary.

4.2.1.3 Interview Guide
In order to guide semi-structured interviews, researchers write and leverage an interview guide comprised of pre-determined questions or a list of topics to be covered in an organized plan to prepare them for an interview. The researcher has the freedom to move back and forth through out the guide, revise existing questions and add new questions in response to the respondent’s answers and allow for elaborated answers. However, the questions and topics within an interview guide are based on the research question and the theories and concepts put forth in the theoretical framework used to study the phenomenon (Ayres, 2008).
The interview guide (Appendix I) that I used in this study was designed to combine an equal balance of structure and flexibility. Prior to writing the interview guide I extensively reviewed related literature and empirical data in order to broaden my knowledge and to ensure that I possessed an adequate degree of expertise of the field of access to energy and other supporting topics. Subsequently, I developed a theoretical framework grounded in institutional theory supported by three schools of thought in strategic management (resource, industry and institutions-based views) and concepts of CSR and social businesses, which formed the underlying basis of the interview guide.

Next, I proceeded to complete a preliminary draft of questions and topics. During this process, as suggested by Ghauri and Grønhaug (2005), I regularly compared the content of the interview guide to the research problem to ensure that the data collected would be relevant to meeting the objective of the study and answering the research questions. A colleague, as well as my academic supervisor with experience in conducting qualitative interviews for case studies, subsequently reviewed the preliminary draft. A management consultant at a global consulting firm in Oslo, Norway tested the interview guide in order to verify the respondents’ understanding of the research problem, questions and topics. Feedback from the reviews and test interview revealed that the interview guide was well formulated and sufficiently addressed the research objectives. In drafting the final version of the interview guide, I took into consideration the insights and comments of all co-operators. Overall, the structure of the guide followed logical order consisting of an introduction, factual questions, in depth questions, sensitive questions, and a conclusion.

Consistent with mainstream practice, I audio-recorded the interviews with the permission of the respondents in order to transcribe and document the data collected. As noted by Brinkmann (2008), the transcription rather than the interview serves as a researcher’s primary data source when interpreting and analyzing the interview. To maximize efficiency and the retention of information, I transcribed the interviews as soon as possible.

4.2.2 Field Notes and Memos
In field notes and memos, researchers document in-depth descriptions of “people, places, things, and events, as well as reflections on data, patterns, and the process of research” which form the context that shapes qualitative data into articulated, meaningful, and integrated
findings (Brodsky, 2008: 342). This means of data collection is also known as ethnographic and participant observations (Bryman and Bell, 2003). Due to the infancy of the field of access to energy, I considered field notes and memos an effective means of primary data to better understand inter-organizational collaborations in the field of access to energy and also to set the context for this study.

During November 2012, I spent two weeks in Dhaka, Bangladesh visiting Grameen Shakti’s head office and field activities with two key informants from Schneider Electric. As suggested by Brodsky (2008), I wrote the field notes and memos as soon as possible following field activity and with as much rich detail as possible. In addition, documenting observations of the organizations’ work environment, I detailed any intricacies and specifics of the operations that had not been covered in triangulated information. To my knowledge, no publicly available case studies exist on this particular joint venture, thus meriting the importance of field notes and memos in this study. In order to avoid diluting memories of the experience, I wrote each the field notes and memos prior to discussing the experience others. Additionally, I documented researcher biases, standpoint, dilemmas, possible mistakes, reactions, and responses to fieldwork and participants in reflective field notes.

4.2.3 Triangulated Information

In triangulated information, researchers seek to strengthen the integrity of their primary data and enhance the validity of their findings by comparing information (Firmin, 2008a). Due to the importance of producing a credible pilot study to introduce theory in the field of access to energy and the need to cross check information documented in interview transcriptions and field notes, I considered triangulated information a necessary source of secondary data. As a result, I collected data from industry reports, annual reports, websites, and new archives to attain different evidence and insights on the research problem and develop a more complete picture the joint venture explored in the case study. While no studies pertaining to this specific joint venture currently exists, I found adequate supporting data on each individual organization in annual reports and on websites. Additionally, I found several initial documentations of the formation of the joint venture studied in new archives.
4.2.4 Member Checks

In member checks (respondent validations), researchers return to study participants to verify findings and garner feedback as a form of analysis (Firmin, 2008a). When conceived as a means of validation, member checks may be integrated into the primary data collection process (Sandelowski, 2008). Due to the possibility of misinterpreting data resulting from cultural barriers, I considered member checks an important means of gathering primary data.

As limitations such as a participant’s capacity to understand interpretations grounded in academic theory (Sandelowski, 2008), member checks were used at discretion and only with a selected sample to validate empirical evidence and contextual information. Furthermore, time constraints did not permit for the extensive use of member checks in this study. As a result, I only validated findings that were formed on pieces of information that lacked initial clarity. However, during my two week visit to Bangladesh, I had the opportunity to continuously engage in conversation with two key informants from Schneider Electric and attain a strong understanding of the venture.

4.3 Sampling

In the sampling process, researchers select data sources from a larger set of possibilities. However, due to the infancy of the phenomenon, an extensive set of possibilities was not available. While a number of samples had the possibility of being chosen, I selected my final sample and interview participants based on a combination of non-probability and convenience sampling logic and purposive sampling logic respectively. According to Ghauri and Gronhaug (2005), defining a target population is the first important step to selecting a desired sample.

4.3.1 Defining the Target Population

The target population of this study was social partnerships involving companies in the field of access to energy in developing countries. My initial set of possibilities consisted of several collaborations, including energy MNEs collaborating with SMEs and NGOs in sub-Saharan Africa and South Asia, and small-scale social businesses collaborating with community organizations in Southeast Asia. Due to low levels of access to energy in all three regions, the formation of collaborative efforts to address the issue has gained significant attention. While I
initially considered selecting multiple samples to conduct cross-case comparisons, I decided to focus on one particular case due to time and resource constraints. Furthermore, acknowledging that information may be scarce for SMEs, I narrowed the target population to only include collaborations involving MNEs.

### 4.3.2 Selecting the Sample

To identify social partnerships involving MNEs, I browsed an internal database on access to energy organizations that I helped develop and populate during a past consulting mission and identified three possibilities for the study. After conducting preliminary research, I eliminated one candidate due to insufficient data and subsequently eliminated a second after it failed to meet the criteria for inter-organizational collaborations as specified in the theoretical framework in this study. The final candidate, Grameen Schneider Electric met all pre-established criteria.

The process of securing the sample’s participation in the study was broken down into two parts. First, I initiated communications with a personal contact at Schneider Electric and informed the company about the research project, described a tentative time line and invited them to participate in the study. After confirming the Schneider Electric’s participation, I proceeded to contact the Grameen Shakti. In this case, I emailed them the proposal for this study and invited them to participate in the study. In turn, Grameen Shakti invited me to visit their head office in Dhaka, Bangladesh. After ensuring that I would have the opportunity to interview managers working on the Grameen Schneider Electric joint venture, I accepted the invitation.

As research interviews are most often conducted to serve the researcher’s ends (Brinkmann, 2008), I deployed a purposive sampling strategy to select interview participants. The underlying criterion for selecting respondents was suitability. As a result, I invested time in connecting with and including within the case study key informants from each organization that possessed sufficient knowledge on the field of access to energy, strategic planning, and the joint venture being studied. In order to ensure that all topics of the study were covered, multiple respondents from various levels of the organizations were asked to participate in the interview process.
Table 7. List of study participants and field activity

<table>
<thead>
<tr>
<th>Company</th>
<th>Function</th>
<th>First Contact</th>
<th>Interview Length (Min.)</th>
<th>Field Visit (Days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grameen Shakti</td>
<td>Project Development Expert</td>
<td>X</td>
<td>General discussions</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Comments on collected data</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>General Manager</td>
<td>—</td>
<td>35 Min.</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>Technical Director</td>
<td>—</td>
<td>25 Min.</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>Branch Manager</td>
<td>—</td>
<td>—</td>
<td>1 Day</td>
</tr>
<tr>
<td></td>
<td>Divisional Manager</td>
<td>—</td>
<td>—</td>
<td>2 Day</td>
</tr>
<tr>
<td>Grameen Technology Center</td>
<td>Engineers (2)</td>
<td>—</td>
<td>—</td>
<td>1 Day</td>
</tr>
<tr>
<td>Yunus Center</td>
<td>Former Employee</td>
<td>X</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>Anonymous</td>
<td>—</td>
<td>25 Min.</td>
<td>—</td>
</tr>
<tr>
<td>Schneider Electric</td>
<td>Business Development</td>
<td>X</td>
<td>Part 1. 47 Min.</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>Associate – Access to Energy</td>
<td></td>
<td>Part 2. 36 Min.</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>Offer Creation Director – Access to Energy</td>
<td></td>
<td>Part 1. 37 Min.</td>
<td>4 Days</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Part 2. 46 Min.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Part 3. 11 Min.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Part 4. 15 Min.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Business Development</td>
<td></td>
<td>Questionnaire</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>Manager – Access to Energy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Deputy Manager – Access to Energy</td>
<td></td>
<td>Part 1. 10 Min</td>
<td>3 Days</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Part 2. 25 Min</td>
<td></td>
</tr>
</tbody>
</table>

4.3.3 Confidentiality and Consent

In accordance to suggestions by Ogden (2008), in order to facilitate a candid disclosure of sensitive information and protect the privacy of the interviewees and the organizations participating in the study, I assured confidentiality and anonymity. While it was agreed with the interviewees that their names would be removed from the interview transcriptions, I attained their approval to include their respective titles to strengthen relevance and validity of the information collected. Additionally, both Schneider Electric and Grameen Shakti gave permission to include their organizations’ names in the case study and the overall research project. The inclusion of both organizations’ names and the avoidance of complete anonymity helped authenticate the data collected and the findings put forth in this study. In all cases, consent was both informed and voluntary.
4.4 Analytical Approach

According to van den Hoomaard and van den Hoomaard (2008), data analysis is an integral part of qualitative research and is an essential stepping-stone to both collecting data and linking findings with higher order concepts. As this study aims to draw supported conclusions for the pilot study on social partnerships in the field of access to energy, I compared the dominant approaches to reasoning in academic research: deduction and induction.

Deduction is reasoning that works from the general to the specific and follows a top-down approach to making inferences. Researchers first identify theories that can explain a phenomenon, second, develop hypotheses that can be tested, third, collect data to address the hypotheses, and fourth, confirm or reject the initial theories (Trochim, 2000). However, as deduction is often used in purely explanatory studies (Ghauri et al., 1995), I discard deduction as dominant guiding reasoning and analytical approach in this exploratory study.

On the other hand, induction is reasoning that works from the specific to the general and follows a bottom-up approach to making inferences. Researchers first collect data, second, detect patterns, third, formulate of tentative hypotheses, and fourth, develop theories supported by the data (Trochim, 2000). This approach to reasoning is relevant in qualitative research that aims to extend existing theory into new fields or develop understanding and theory where none currently exists (Fox, 2008). The exploratory nature of this study and the lack of knowledge on the field of access to energy led to the decision to adopt an induction approach to reasoning. While induction guides the dominant reasoning in this study, it should be acknowledged social researchers often draw on both induction and deduction at some point in their study (Trochim, 2000).

With the decision to apply inductive reasoning in this study, I compared two commonly cited analysis strategies that embraced the approach: grounded theory and analytical induction. In the grounded theory strategy, theory is grounded within the data collected in order to make claims about the factors determining the activities of the sample and the categories of actors from which a sample has been drawn (Fox, 2008). This strategy was initially considered as Glaser and Strauss (1967) developed the methodology to generate theory when little is known about a phenomenon. Furthermore, as Milliken (2010) points out that grounded theory is an exploratory method, I considered this strategy an effective means of exploring and explaining
the decision to enter social partnerships in the field of access to energy and inductively derive theories from the data collected. However, as grounded theory requires theoretical sampling to conduct constant comparative analyses, a time intensive process involving multiple stages of interviews, I discarded this strategy and explored other options due to time constraints.

As a second option, analytical induction involves the development of constructs such as categories, statements of relationship, and generalizations as well as the theory from integrating categories and generalizations (Preissle, 2008). In this strategy, hypotheses are developed by inductive reasoning from existing data and systematically tested against new data to develop rules or theories for a phenomenon (Fox, 2008). While the objective of analytical induction is causal explanations (Katz, 2001), I chose to use this analytical approach due to the implicit explanatory nature of this exploratory study.

Following the steps suggested by Robinson (1951), I applied analytical induction as a research procedure, method of causal analysis, and method of proof. First, as a research procedure, I developed a rough definition of the studied phenomenon and formulated a hypothetical explanation. Second, as a method of causal analysis, I based the analysis on a case study in which the describe phenomenon occurs. However, due to time constraints, I omit the optional step of studying a case in which the phenomenon does not occur. Third, I effectively use analytical induction as a method of proof by diligently completing the first two steps. Although, analytical induction can be strengthened with multiple case studies, I opt for a single case research design due to time constraints. Xiao (2010) notes that single-case designs are commonly used and appropriate for developing or testing theories.

In coding the collected data, I deployed a two-step coding approach including: opening coding and axial coding. Opening coding refers to the first systematic analysis with the organization of raw research data into broad categories of words, actions, and perceptions (Price, 2010a). Axial coding refers to the second systematic analysis with the reassembling and disaggregating of data into subcategories to draw attention to specific concepts at play and how they produce a certain outcome (Wicks, 2010). Selective coding refers to the final systematic analysis with the unification of categories into core categories based concentrated on theoretical development supported by grounded explanations (Price, 2010b). It is not the aim of this study to develop theories.
As a result, after transcribing the interviews, I organized the data into broad categories guided by this study’s guiding research questions and theoretical framework. Next, I subcategorized the data to draw attention to their relationship to the outcome. Finally, I used the theories and concepts guiding the theoretical framework in this study to interpret the findings from the data.

4.5 Reliability and Validity

Reliability encompasses the concepts of dependability (credibility), consistency and repeatability of a study’s data collection, interpretation and analysis (Miller, 2008). To ensure dependability in the data collected, I selected the interview respondents based on their knowledge and understanding of the phenomenon being studied and used both triangulation and member checks to verify the accuracy of data. However, as I used selective member checks due to time constraints, I cannot ensure complete accuracy of the final coded data. With respect to dependability in the methodology used to collect data, as suggested by (Jensen, 2008), I carefully conducted the interviews based on open-end questions so as not to define the context and draw out biased answers. This was important for the Internet-based interview and questionnaire conducted with Schneider Electric.

To highlight the consistency of data collected, I focus on the two components, equivalency and internal consistency, as suggested by Ward and Street (2010). First, equivalency can be an issue when an individual research conducts a study, due to the possibility of introducing biases and making errors in observations and the process of coding. However, as this study is solely an individual research project, the inability to ensure equivalency is a recognized shortcoming of this study. Second, issues of internal consistency can arise from errors, inaccuracies and biases within collected data. However, as highlighted by Ward and Street (2010), collecting data through triangulation to increase confidence in the data can increase internal consistency. Accordingly, I collected data from interviews, field notes, triangulated information and member checks. By interviewing both parties of the joint venture and multiple persons at each end with the same interview guide, I was able to verify that the respondents accurately conveyed the data pertaining to the general partnership and attain a more holistic understanding of the phenomenon. The simultaneous use of triangulated information from academic journals, new archives, industry reports, annual reports, and
company websites provided sufficient means of crosschecking and preparing for the collection of data. I used triangulated information to supplement primary data used to write the initial description of the joint venture in the case study.

The issue of repeatability in qualitative research can be problematic given the reality that no two qualitative studies will be identical since all qualitative research is based on a unique set of people, locations, culture and genres. Although, researchers can locate similar participants, ask similar questions, and analyze data in a similar manner to an original study thus making replication possible in qualitative research (Firmin, 2008a), the repeatability of this study may be perceived as low due to the involvement of two geographically separate organizations situated in a dynamic field. Nonetheless, the documentation of the methodology used eases the process of replicating this study.

In addition to reliability, validity or the soundness of a study needs to be acknowledged. As the topic of validity is hotly debated amongst researchers, I address the two most basic types of validity: internal and external validity as described by Yue (2010). On the one hand, internal validity refers to the concluded causal relationships between variables and how well the described relationship can be ascertained to be the primary explanation. By exploring three schools of thought in strategic management, and not depending on one explanation, it can be argued that this study possesses a satisfactory level of internal validity. On the other hand, external validity refers to the ability to generalize the findings of a study and apply them to other cases. As this study only analyzed one case and has not been demonstrated that the argued theory explains other cases, the external validity of this study may be perceived as low. Analyzing multiple case studies could have increased external validity; however, time constraints did not permit a multi-case study approach.

4.6 Limitations

The primary limitations of this study stems from time and budgetary constraints. The first limitation was the analysis of only one case study and the interviewing of only two respondents from Grameen Shakti. Evidently, a larger number of samples and respondents would have yielded higher levels of reliability and validity, as well as possibly led to deeper insights and more supported conclusions. While this was partly a result of time and budgetary
constraints, it was also partly influenced by infancy of the phenomenon. The impact of this limitation was minimized with the use of purposive sampling in selecting interview respondents.

A second limitation of the study was the different interactive platforms used to interview each party in the joint venture. While a large amount of data was collected through face-to-face interviews, resorting to an Internet-based questionnaire with the Business Development Manager – Access to Energy at Schneider Electric resulted in an obvious limitation to retrieving data through responsive interaction.

Additionally, stemming from the field research in Bangladesh, cultural differences and language barriers may have limited the effectiveness of collecting data. Despite, meeting with colleagues and acquaintances familiar with Bangladeshi culture in order to prepare for the interviews, certain pieces of data may have been lost due to cultural differences and miscommunications. However, the inclusion of selective member checks helped minimize the negative effects to a certain degree.

Finally, the relatively broad scope of the study and the integration of multiple theories and schools of thought may have created an overly complex research project that was difficult for respondents to grasp and drew out some irrelevant information. However, due to the exploratory nature of this study all collected information was used to attain a stronger understanding of the phenomenon.
5 Case Study

This chapter presents a case study on Schneider Electric and the formation of the Grameen Schneider Electric joint venture. The case represents data collected from in-depth interviews with four key informants from Schneider Electric, two from Grameen Shakti and one from the Yunus Center. It also presents observations from spending six days in the region of Sylhet, 250 kms north east of Dhaka and visiting field operations in surrounding villages and the Grameen Technology Center. Additional data is supplemented through the use of triangulated information.

In describing the case from the study, I describe the chronological development Grameen Schneider Electric joint venture from the perspective of Schneider Electric. The case tells a story of the group’s transition from implementing general unrelated CSR activities to focused energy activities targeting the global BoP market as illustrated below.

Figure 10. Historical development of the Grameen Schneider Electric joint venture

At Schneider Electric, all key informants interviewed work within the company’s access to energy program called BipBop. The Business Development Manager – Access to Energy joined the company in 2010 and was appointed his current position in 2011. He is now responsible for managing the program. The Business Development Associate – Access to Energy joined the group in 2008 and started his current position in 2012. He now specializes on private and institutional partnership development and development aid financing. The Offer Creation Director – Access to Energy joined the company as the Manager of People Management at the India office in 2004, pioneered the BipBop program in 2008 and started his current position in 2009 for the launch of the program. He is now responsible for developing the BipBop offer globally and serves as a country CSR delegate for India office. The Deputy Manager – Access to Energy joined Schneider Electric’s Bangladesh office in 2012 and is currently responsible for training the branch offices in the area of technical
mechanics and product marketing. Prior to working at Schneider Electric, he worked as a technical trainer for two of Grameen Shakti’s top competitors.

At Grameen Shakti, the General Manager joined Grameen Bank in 1982 and held multiple positions as he helped develop the company with Professor Yunus. He started his current position at Grameen Shakti in 2012 and is currently responsible for overseeing business development activities of the entire company. The Technical Director joined the company in 2005 and is currently responsible for all technical aspects of the company’s solar home system offer. Additionally, the key informant at the Yunus Center, who asked to remain anonymous, joined the center in 2006 when it was founded and also currently holds positions at other Grameen family companies.

5.1 Overview - Grameen Schneider Electric
Dedicated to improving access to electricity and other related energy services to Bangladesh’s base of the pyramid (BoP) market, Grameen Schneider Electric is a social business joint venture between Schneider Electric and Grameen Shakti. As a social business, the joint venture meets the principles of a social business as defined by Muhammad Yunus (“Professor Yunus”), the 2006 Nobel Peace Prize recipient and founder of Grameen Bank, to refrain from generating losses and paying out dividends for its shareholders in the process of adapting the mechanisms of a market-based approach to Bangladesh’s poorest people in order to create a sustainable solution to address the country’s energy situation. Accordingly, the profits are reinvested to develop and expand the joint venture’s offerings and reach throughout the country (Schneider Electric, 2012a; The Daily Star, 2012).

By 2013, the joint venture aims to equip 200,000 Bangladeshi households with solar home systems (SHS) that Schneider Electric has already developed and implemented in Senegal, Nigeria, India and Madagascar. However, to ensure that they meet the needs of the people, Grameen Schneider Electric will build on both companies’ teams to conjointly conceive innovative solutions to providing access to energy such as renewable off-grid power generation and other energy related services such as water pumping. Funding is provided by the Schneider Electric Energy Access Fund, which supports the development of
entrepreneurial initiatives for access to energy that impacts the lives of the people in BoP markets (Schneider Electric, 2012a; The Daily Star, 2012).

5.1.1 Schneider Electric

Schneider Electric was founded in 1836 and is a France-based global specialist in energy management that offers integrated products and solutions for safe, reliable, efficient, productive and green energy. The group holds leadership positions in five major sectors: utilities and infrastructure, machine industry and manufacturers, commercial buildings, data centers and networks and residential buildings (Schneider, 2012b). Operating in over 100 countries, Schneider Electric consists of over 130,000 employees. In 2011, the group generated 22.4 billion Euros in revenues (Schneider, 2012a).

The group has approximately thirty employees working on access to energy activities of which two employees are dedicated to the Grameen Shakti partnership in Bangladesh. As a whole, Schneider Electric is an active participant in multiple associations and organizations pertaining to access to energy and social businesses. For example, the group is currently the co-chair of the World Business Council for Sustainable Development’s (WBCSD) access to energy initiative designed to help companies and other stakeholders how the business contribution to access to energy can be maximized (Sustainability Report, 2012). They are also a member of the HEC Paris Social Business and Poverty Action Tank, which aims to develop innovative business approaches that can help reduce poverty and exclusion around the world.

5.1.2 Grameen Shakti

Grameen Shakti was founded in 1996 and is Bangladesh’s largest renewable energy company and one of the world’s largest and fastest growing rural based renewable energy companies (Grameen Shakti, 2012). As a sister company of Grameen Bank, the world famous microfinance institution, Grameen Shakti is a well-established and recognized social business operating in Bangladesh. The company has developed one of the most successful socially driven market-based programs that aims to popularize the use of SHSs, as well as biogas systems and improved cook stoves in remote rural villages in Bangladesh. Grameen Shakti consists of over 10,000 employees including engineers and technicians. In November 2012, the company installed its 1 millionth SHS in Bangladesh (Energy for All, 2012).
With regards to their partnership with Schneider Electric, the company currently has multiple representatives that work on the collaboration. While the Managing Director and his direct reporters work on the formalities at the headquarters, the divisional, regional, and branch managers all actively interact with Schneider Electric’s two representatives.

### 5.2 Overview - Global Field of Access to Energy

The focus for access to energy activities is in developing countries, which naturally lack formal institutions to guide companies. The environment is unpredictable and governments can often create unfavourable and constraining environments.

Society is beginning to pressure companies to address the lack of access to energy in developing countries. The 2012 Sustainable Energy for All (SE4A) initiative and increasing number of conferences on access to energy is a major indicator. In 2012, thirty-five events pertaining to the access to energy were posted on the SE4A website and took place with a wide range of participants. The initiative has also led to the formation of several practitioner networks and has supported the development of access to energy programs.

Nonetheless, little expectations and approaches that are deemed the appropriate way for companies to address the issue exist. Energy impoverishment is a pressing issue in many countries; however, due to the geographic spread of the countries and their different stages of development, there is not a common approach to addressing the issue. Traditionally, improving national access to energy has been a responsibility of the government. Today, the approach differs from country to country as a trend towards giving more responsibility to the private sector is surfacing. In some countries, improving access to energy has a policy-based orientation, whereas in other countries, it has a market-based orientation.

Over the past few years, it has become apparent that the access to energy BoP market still requires high quality products and technological features such as mobile charging capabilities. Despite targeting low-income people, active players share a common logic of action that products should be of high quality and include modern features.
5.3 Developing an Access to Energy Program

Schneider Electric currently operates an access to energy program, BipBop, which stands for Business, Innovation and People at the Base of the Pyramid. The program targets three key issues in providing sustainable access to energy: the lack of appropriate equipment, the lack of financial resources, and the lack of skills and expertise all in the BoP market. The group innovates and sells new products, invests in local entrepreneurs and trains local technicians.

5.3.1 From Generic to Focused Corporate Social Responsibility

Corporate social responsibility (CSR) is not new to Schneider Electric, or any other French company. Since 1997, all French companies with more than twenty wage earners have been required, under French law, to report on an array of social issues in the form of le bilan social, a social balance sheet. Schneider Electric established a sustainable development department in 2000. This served as a milestone within the group as it marked the starting point of and is now a home base for the group’s access to energy activities. Through out the early 2000s, the global business community saw the resurgence of CSR and its expansion to encompass the triple bottom line of business. As a result, Schneider Electric, as well as other companies around the world, began to expand their generic CSR initiatives to include CSR initiatives more related to the group’s direct impact on stakeholders and its environment. Initially, the group sponsored NGOs, associations and events unrelated to their core business. This was financed by the Schneider Electric Foundation, which was established in 1998.

As society’s expectations of CSR changed, so did Schneider Electric’s practices. To demonstrate the group’s commitment to CSR, Schneider Electric became a signatory of the United Nations Global Compact in 2002 (Schneider Electric, 2012b). The group also became recognized in three major socially responsible investment index families in 2006, the Dow Jones Sustainability World Index, the Ethibel Investment Register, and the Vigeo ASPI Eurozone (Schneider Electric, 2007). Responsible investors demonstrated an interest in the group. In 2008, Schneider Electric announced that they joined the Alliance to Save Energy, “a coalition of prominent business, government, environmental, and consumer leaders working together to promote energy efficiency worldwide to achieve a healthier economy, a cleaner environment and greater energy security” (Schneider Electric, 2012c: para 3). These formal pressures and support pillars helped guide the group’s CSR practices.
During this period, Schneider Electric refined its CSR practices as the group realized that they could be more efficient and have a larger impact by leveraging their competencies as a global energy management specialist. As a result, the group began to align their CSR activities with their core business, competencies and vision. Schneider Electric focused its attention on improving energy efficiency in households in Northern countries, as the group believes that energy efficiency is the quickest, cheapest and most effective way to reach the global emissions targets (Schneider Electric, 2012c).

5.3.2 Developing and Implementing a Focus on Access to Energy
In 2008, Schneider Electric’s sustainable development department came up with the idea of targeting the field of access to energy; however, the group did not have a clear idea of how they could address this issue. They saw their market in India as a suitable test field and asked the current Offer Creation Director – Access to Energy, who is also India’s CSR delegate, to develop a program for the group’s access to energy program. He and his team discovered that the current access to energy issue is linked to three problems: the lack of appropriate equipment, the lack of financial resources, and the lack of skills and expertise all in the BoP market. As a result, they decided to develop a program that innovates and sells new products, invests in local entrepreneurs, and trains local technicians. These activities would form the three components of the access to energy program and the basis of the name BipBop, which stands for Business, Innovation and People at the Base of the Pyramid. While the innovation component is run as a business based on the sales of products, the business and people components are seen as support pillars via traditional investments and charity respectively.

The program was tested in India and received positive feedback. As a result, the group officially launched the BipBop program under a dedicated branch of their sustainable development department in 2009. Thanks to group’s internal R&D capabilities, Schneider Electric developed the first model of its BoP solar powered LED lighting system, the In-Diya lamp for the innovation component of the BipBop program.

Between 2009 and 2011 the BipBop program quickly expanded to reach key energy impoverished countries such as Madagascar, Senegal, South Africa and Tanzania, amongst others. The In-Diya lamp provided a strong foundation for entering each country. However, the In-Diya lamp was not the only actively implemented component of the BipBop program.
While it varied from country to country, Schneider Electric implemented all three components of the BipBop program in developing countries around the world as they saw a clear need to contribute to developing the field is all respects. The group deemed it necessary to enter the field of access to energy in its early stages of development in order to lay the groundwork for the future of BoP markets. By the end of 2011, the group had implemented components of the program in more than twenty countries.

As the program expanded the group began to experience several indirect benefits. Schneider Electric noticed that the program was improving its brand image and reputation, creating new intimacy with non-traditional customers, attracting talent, motivating employees, and supporting the innovation process by interacting and learning from partners.

However, as the program expanded, Schneider Electric also realized that they could not have one unique approach to implementing the BipBop program. Depending on the country, the In-Diya Lamp was sold using different models. Schneider Electric practiced direct selling, government purchases, and pay-per-use rental systems operated by local entrepreneurs.

### 5.4 Improving Access to Energy in Bangladesh

In 2011, Schneider Electric decided to implement its BipBop program in Bangladesh. With a population of over 150 million and only 49% of the country connected to the electricity grid (Grameen Shakti, 2012), the country was and still is in dire need of improved access to electricity. However, the country dynamics were new and unfamiliar to Schneider Electric.

#### 5.4.1 Overview - Field of Access to Energy in Bangladesh

Within the global access to energy arena, Bangladesh stands out as a country that has allowed companies to effectively deploy market-based solutions to improving access to energy, despite having many of the informal constraints of other developing countries.

#### 5.4.1.1 Micro-Financing

Companies operating in Bangladesh reap the benefits of the micro-finance mentality that Professor Yunus has developed for the country through the establishment of Grameen Bank. Over several decades, micro-finance has engrained itself into the field of international
development and poverty alleviation as an effective financing tool. Since its formal recognition as a development tool in 2006 when Professor Yunus received the Nobel Peace Prize, the tool has taken on a very refined and specified role.

As a result, one particular formal system in Bangladesh that has helped make the sales of SHSs possible is a grant and loan system administered by a local autonomous government agency called Infrastructure Development Company Ltd. (ID co.). The agency provides loans to companies to encourage micro-financing mechanisms in Bangladesh. ID co. receives government funding to be distributed to organizations with customers or clients that require micro-finance. So for the sales of SHSs, ID co. give 20% of the purchasing cost to the organization buying a product as a grant, and the other 80% of the costs as a loan with an interest of 6-8% annually for ten years. The organization does not have to start paying back the loan until year three and has enough money to buy from its suppliers and cover its operating costs, while it receives payment installments from its customers.

The result of the financial mechanism put forth by ID co. has been the widespread adoption of the payment installment model for SHSs that was pioneered by Grameen Shakti. Virtually all companies selling SHSs to the BoP market in Bangladesh receive payment installments for the systems over an elongated period of time, approximately three years.

5.4.1.2 Social Businesses
A lack of confidence in the government has resulted in a normative preference for market-based solutions to address social issues exists in Bangladesh. The situation is slightly different in neighbouring countries, such as India, where policy-based solutions are more widely used to address social issues.

Observations reveal that the market-based solutions have been largely leveraged through the growing niche of the social businesses as defined by Professor Yunus. However, it does not appear to be the result of the country’s preference, but instead the result of foreign companies embracing the concept of the social business and implementing them in Bangladesh. There are hubs of social businesses emerging around the world and Bangladesh is one of them.
While the concept of the social business is young, there is a positive trend towards the widespread use of social businesses as a lever to address social issues. Many people and a multiplicity of organizations such as businesses, NGOs, and universities are embracing the concept and demonstrating traces of a new global movement.

5.4.1.3 Government Constraints
The current government of Bangladesh does not see eye to eye with Professor Yunus and consequently all Grameen family organizations. In 2011, a political campaign, based on rumours, lies, and legal manipulations, targeting Professor Yunus climaxed and led to a forced resignation from his position as the Managing Director of Grameen Bank (Friends of Grameen, 2011). As of 2012, organizations such as Grameen Shakti still experience constraints with the government, which can translate into constraints for Grameen partners.

Additionally, an unfavourable formality is high import duties on finished goods, particularly in SHS manufacturing. Such constraints highly impact the ability of companies to sell products to the BoP market at affordable rates. While lobbying is an option, it is unlikely that the current government will revise formal laws to favour an industry or a company.

5.5 Developing the Grameen Schneider Electric Joint Venture
Schneider Electric’s activities in Bangladesh has taken the spot light in the field of access to energy since the Grameen Schneider Electric joint venture serves as a milestone in the field of access to energy and social business. The joint venture involves two of the biggest players in the field of access to energy. The operations of Schneider Electric and Grameen Shakti’s collaboration in the field of access to energy are best explained through visual depictions. Figure 11 and figure 12 illustrate the value chains before and after the formation of the Grameen Schneider Electric joint venture.

Schneider Electric is primarily responsible for the upstream activities within the value chain. The group’s activities include research and development (R&D) and product manufacturing for two product lines, energy efficient lighting products and solar charge controllers. The group develops both product lines through incremental changes and deploys a continuous innovation strategy to create new cutting edge products. However, differing from a traditional
supplier, Schneider Electric actively engages in direct contact with both Grameen Shakti and the end consumer. First, they provide Grameen Shakti’s branch staff with technical and marketing training to ensure that they fully understand the products. Second, they directly interact with the end consumer in order to co-create products and ensure that products are tailored to the needs of Bangladesh’s BoP market.

Grameen Shakti is responsible for the downstream activities. The company’s activities include assembling, selling and distributing, and providing after sales services for complete SHS which consists of lighting systems (LED or CFL), solar photovoltaic panels and a battery. While Schneider Electric is Grameen Shakti’s primary supplier of LED lighting systems, they are not the only supplier within the Grameen Shakti supply chain. Solar photovoltaic panels and conventional lighting products are bought from third parties. Grameen Shakti also designs and manufactures its own in-house solar charge controllers.

Next, Grameen Shakti’s field teams sell and install the SHSs throughout households in rural villages. Each member of a team is trained as a sales person and a technician. Training as a technician allows Grameen Shakti to provide after sales services for the products backed by warranties from Schneider Electric. Additionally, Grameen Shakti’s field teams are responsible for collecting payment installments. Grameen Shakti pioneered the payment installment financing mechanism used to sell SHSs in Bangladesh. While the terms can vary depending on the size of the light SHSs, the mechanism allows the end consumer to make a small down payment and then pay off the remaining balance through 36 monthly installments. Each installment is an amount similar to the household’s regular expense for kerosene. Schneider Electric and other suppliers are paid in full as ID co. provides Grameen Shakti with grants and loans to purchase the products.

Although the Grameen Shakti joint venture has not yet been formally established, it is the intention to change the location and roles of manufacturing activities. Under the original partnership, Schneider Electric’s R&D and product manufacturing activities take place globally and in India respectively, while Grameen Shakti’s activities take place in Bangladesh. Under the joint venture, product manufacturing will take place in Bangladesh in order to develop local capacity and reduce import taxes. This specific activity will be the responsibility of the Grameen Schneider Electric joint venture.
Figure 11. Value chain before forming the Grameen Schneider Electric joint venture.

Schneider Electric → Grameen Shakti → BoP Market

- Research and Development
  - Product Development
  - Continuous Innovation
- Product Manufacturing
  - Energy efficient lighting products
  - Solar charge controllers
- Assembly Line
  - Complete Solar Home Systems
  - Product Refinements
  - In-house solar charge controllers
- Distribution
  - Door-to-door sales
  - Proximity distribution
  - System installations
- Consumption
  - Solar power
  - Electricity consumption
  - Lighting, mobile charging, etc.
- After Sales Services
  - Maintenance and repairs
- Third Party Suppliers
  - Product Manufacturing
    - Solar photo-voltaic panels
    - Conventional lighting
    - Televisions
- Training
- Infrastructure Development Company Ltd.
  - Grants and Loans
  - Payment Installments

Global India

Bangladesh

Co-Creation
- Tailored solutions
  - Direct contact
  - Test products
  - Feedback

Full Payment
Figure 12. Value chain after forming the Grameen Schneider Electric joint venture

Schneider Electric

- Product Development
  - Continuous Innovation
- Research and Development
  - Technical
  - Marketing
- Product Manufacturing
  - Energy efficient lighting products
  - Solar charge controllers
- Assembly Line
- Training
- Full Payment
- Infrastructure Development Company Ltd.
  - Grants and Loans
  - Payment Installments

Grameen Shakti

- Complete Solar Home Systems
- Product Refinements
- In-house solar charge controllers
- Door-to-door sales
- Proximity distribution
- System installations
- Solar power
- Electricity consumption
- Lighting, mobile charging, etc.

BoP Market

- Maintenance and repairs

Third Party Suppliers

- Product Manufacturing
  - Solar photo-voltaic panels
  - Conventional lighting
  - Televisions

Grants and Loans

Consumption

- Payment Installments
- Co-Creation
  - Tailored solutions
  - Direct contact
  - Test products
  - Feedback

Global

Bangladesh

Grameen Schneider Electric

Full Payment

Training
5.5.1 Forming the Schneider Electric and Grameen Shakti Partnership

Schneider Electric entered 2011 with much more relevant experience and knowledge than when they first commenced. Although Schneider Electric knew that they had a suitable product and the R&D capabilities for the BoP market in Bangladesh, the group also realized that they could not adequately launch the program in Bangladesh alone.

With only a small Schneider Electric licensing office in Bangladesh, the group lacked the necessary knowledge of Bangladesh’s BoP market, the physical distribution channels required to reach households in remote rural villages and the experience with the financing mechanisms. The group could not depend on its strong global reputation, as Schneider Electric was not known throughout the country. However, the group had a clear offer and solution for the people of Bangladesh, the In-Diya lamp that it developed and launched in India, Nigeria, South Africa and Madagascar.

When searching for a local partner, Schneider Electric saw an opportunity to launch its BipBop program in Bangladesh by establishing a partnership with Grameen Shakti instead of their initial consideration to enter Bangladesh alone. The group realized that instead of investing in acquiring the knowledge of the market and establishing its own distribution network, which would be expensive, they could reach out to existing organizations working with the BoP market. For Schneider Electric, Grameen Shakti was an obvious choice.

Grameen Shakti was a large, reputable and successful renewable energy company with substantial experience in SHS installations. The company had more than 10,000 employees and a physical presence in the remote rural villages like no other company in Bangladesh as it has already established over 1,200 branch offices with trained technicians and salespersons. Additionally, the company pioneered the micro-finance payment installment model used in Bangladesh. After fifteen years of building up the company, Grameen Shakti was familiar with the BoP market and the BoP market was familiar with Grameen Shakti.

Grameen Shakti also realized that it could benefit from collaborating with Schneider Electric as it lacks production capacity. However, in order to convince Grameen Shakti that the partnership was worthwhile, Schneider Electric had to demonstrate its ability to customize its offer to make the In-Diya lamp more affordable (Schneider Electric, 2011). Schneider Electric’s demonstration of its commitment to developing solutions for the BoP market
resulted in the formation of a partnership with Grameen Shakti. The outcome of the partnership was a unique approach for Schneider Electric’s BipBop program.

5.5.2 Growing Beyond a Supplier-Buyer Partnership

Working alongside Grameen Shakti, Schneider Electric also adopted a social business structure for its access to energy activities in Bangladesh. Additionally, the use of Grameen Shakti’s micro-financing and payment installments for the sales of SHSs was completely new to Schneider Electric. With Grameen Shakti as the Schneider Electric’s distribution channel, the group had to adapt to a payment system that differed from other BipBop programs. In most other countries in which the BipBop program has been implemented, Schneider Electric has partnered with local entrepreneurs to implement pay per use rental stations as opposed to a micro-financing approach. However, the formal support of the government agency in Bangladesh and the widespread use of the payment installment method caused Schneider Electric to discard the model despite its success in other countries.

Over time, Schneider Electric’s collaboration with Grameen Shakti developed far beyond a traditional market-based supplier-buyer relationship. Today, the companies continuously work together and rely on constant communication in providing remote rural villages in Bangladesh with SHSs. While Schneider Electric initially tried to introduce its pre-existing In-Diya lamp from India into the market in Bangladesh, the group quickly realized that it needed to adopt a more user-centric approach to R&D. Through co-creation and direct contact with the BoP market to develop innovative suitable products demonstrated that the group was not a traditional supplier. For Schneider Electric, this process was a necessity. Constantly receiving market feedback and directly asking the BoP market about their needs allows the group to develop more suitable products and increase its impact. Schneider Electric’s commitment to quality and constant innovation helped the group maintain a strong partnership; however, price continued to be a challenge. By the end of 2012, the two companies had sold and installed just over 70,000 In-Diya lamps in Bangladesh.

5.5.3 Creating the Grameen Schneider Electric Joint Venture

The idea of creating the Grameen Schneider Electric joint venture developed at the Social Business and Poverty Chair Action Tank at HEC Paris, where both Schneider Electric and Professor Yunus are active members. The decision was highly influenced by Danone’s (a
France-based food products multi-national) creation of the Grameen Danone joint venture as Schneider Electric and Danone have a close relationship. However, the basis for creating a joint venture between Schneider Electric and Grameen Shakti was not always clear.

As Schneider Electric continued to work with Grameen Shakti, it became increasingly evident that they need to find a method to increase the affordability their products. Furthermore, with increasing competition in the form of new entrants and subsequently new low cost substitute products from China, Schneider Electric’s In-Diya lamp, despite already having undergone tailoring and re-conceiving, has become less competitive in terms of price but continues to outperform the competition in quality. As a result, the group decided to fully leverage its partnership with Grameen Shakti to address the affordability issues.

The official signing of the joint venture took place on June 19, 2012 in Rio de Janeiro, Brazil by Jean-Pascal Tricoire, the President and CEO of Schneider Electric, and Professor Yunus, the founder and Chairman of Grameen Shakti, on the sidelines of the United Nations Conference on Sustainable Development (Schneider Electric, 2012a; The Daily Star, 2012).

As of the end of 2012, organizations such as Grameen Shakti still experience constraints with the current government. This translates into constraints for Schneider Electric’s BipBop program in Bangladesh. At the current state, both companies are waiting to resolve unclear government constraints, which has hindered the formal registration and establishment of the Grameen Schneider Electric joint venture in Bangladesh. Nonetheless, the both companies expect the partnership to be successful. Schneider Electric continues to innovate new cutting edge technologies and has plans to release a new In-Diya Lamp in 2013. Additionally, Grameen Shakti’s network continues to expand at the company establishes new branch offices and enters new villages. The creation of the Grameen Schneider Electric joint venture is a milestone in the global social business movement (Convergences, 2012).
6 Analysis and Findings

This chapter presents the analysis and findings from the case study, interviews and field observations. It includes direct quotations from interviews with the participants described at the beginning of chapter 5. The findings are categorized according to the five underlying research questions in this study. Chapter 7 presents the interpretation of the findings in light of the literature reviewed in chapter 2 and the theories and concepts explored in chapter 3.

6.1 What are the rules of the game in the field of access to energy?

The case study, interviews and field observations reveal that the rules of the game are under development in the field of access to energy. There is still a mix between policy and market-based solutions; however, the first global rule that has emerged is that products sold to the BoP market need to be high quality. A second global rule is that companies need to partner with local organizations. Within countries that prefer market-based solutions to address social issues, companies and society are embracing the social business structure. In the specific case of Bangladesh, the payment installments model for selling SHSs has become a common practice. Table 8 illustrates the observed rules of the case in the field of access to energy.

<table>
<thead>
<tr>
<th>High quality products</th>
<th>Local partnerships</th>
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<td>Policy-based solutions</td>
<td>Market-based solutions</td>
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<tr>
<td></td>
<td>Social business structure</td>
</tr>
<tr>
<td></td>
<td>Payment installments model</td>
</tr>
</tbody>
</table>

There is a mixed preference between policy and market-based solutions globally. The Business Development Associate states that “it is difficult to comment if there is a global preference for access to energy because it really depends on the country” but observes that in conferences, “the role of the private sector is being pushed more and more by the speakers and year after year, countries are giving more space to the private sector.” The Offer Creation Director notes that in countries like India and Senegal “the solutions are more policy-based”
but “in Bangladesh, the market has been helping to address social problems like access to electricity [while] the government does not do much to address [these] issues.”

Nonetheless, the data reveals that the social business model is becoming an accepted model to address social issues. Globally, society and companies, including Schneider Electric, are embracing the principles defined by Professor Yunus. The Offer Creation Director states “the BipBop [program] in Bangladesh works as a social business. It is not our objective to make profits for Schneider Electric’s shareholders. Here our objective is to solve a social problem while profiting. [So] we embrace the principles of a social business model [as defined] by Professor Yunus.” Grameen Shakti’s shift from a non-for-profit model to a social business model also exemplifies this acceptance within the field of access to energy.

An interview with the key informant at the Yunus Center indicates that a global movement is forming and developed countries are embracing the social business. The following passage is a compilation of supporting statements from the interview.

I think that in the West people are more ready for [social business]. People have already seen prosperity and people have seen that there is a lot of wealth that can go around, [but] I think that [social business] has global applicability. Social business is emerging on many fronts. [...] the way that Professor Yunus defines social business has come a long way in a short period of time. I think one of the reasons is that it has really caught on with today’s young generation and this age of social media and communications, the message get carries to people very quickly. Just comparing it to micro-finance, look at how long that took to become a global movement. For social business you are already beginning to see it become a global movement but in a much shorter period of time. [...] there are a lot of social businesses now but they are still in a phase of getting started and establishing themselves. So it is very early to say that it is becoming institutionalized, but the trend is very positive. Because universities, businesses, foundations, and NGOs are picking it up, it is obvious that social business is resonating. Young people are organizing themselves to promote this in their own spontaneous way. There are these little hubs showing up and it is all different kinds of people mobilizing their own resources to promote this idea. So in that sense, it seems that it is obviously addressing something that is missing (Anonymous, Yunus Center).
However, there is no common market-based global solution to improving access to energy. The Offer Creation Director observes that “the same business model cannot be adapted everywhere” and states that “Schneider Electric cannot have a unique business model that is suitable for all countries because the solution depends on many factors such as the geography of the land, the population, the purchasing power of the customer and the availability of micro-financing.” The Business Development Associate explains that, “there are still very diverse practices and strategies for access to energy. At least right now, there is not a common way that companies behave. Practices are more mature than ten years ago, but there are many accepted ways of alleviating poverty through access to energy […] there is not a common view on addressing access to energy yet.”

Nonetheless, both companies and end consumers agree that products sold to the access to energy BoP market need to be high quality. The Offer Creation Director conveyed this expectation in the following statement in an interview.

*What I see as a best practice that everyone knows is that we should not sell low quality products for access to energy activities in the BoP [market]. It ruins the market and that creates a bad impression on the people of the product and company. If you sell a low quality SHSs to a village and someone buys it because it is cheap, after 6 months the system will be spoiled. [In turn], other people will never buy it because they lose confidence in SHSs (Offer Creation Director – Access to Energy, Schneider Electric).*

Moreover, a repeated emphasize on the need to establish local partners to acquire knowledge and attain a strong reputation suggests that forming local partnerships has also become an informal rule of the game.

In the case of Bangladesh, selling SHSs via a payment installments model has also become a common practice and market norm. According to the Offer Creation Director “Grameen Shakti first started the installment business model for SHSs in Bangladesh and now everyone has started to use [it], particularly for SHS sales. In Bangladesh, around 95% of SHSs are sold using micro-financing.” He further explained that this is result of the financing mechanism administered by ID co. as it renders the collection of payments on a monthly basis feasible. As stated by the key informant at the Yunus Center, “micro-finance really developed, became
a global movement and became very refined in how it is designed, delivered and measured, like a precise science.” It serves a specific purpose in addressing social issues.

6.2 Why are companies entering the field of access to energy?

The case study, interviews and field observations reveal that Schneider Electric entered the field of access to energy because of both internal and external considerations that can be sub-categorized into company resources, market characteristics, and institutional pressures. Table 9 summarizes the factors that caused Schneider Electric to reconsider its CSR practices and to enter the field of access to energy. Internal resources constituted the largest portion of the considerations. Market characteristics and institutional pressures followed way respectively.

Table 9. Factors for entering the field of access to energy

<table>
<thead>
<tr>
<th>External</th>
<th>Institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expectations and responsibility</td>
<td></td>
</tr>
<tr>
<td>Index criteria (Dow Jones, Ethibel and Vigeo)</td>
<td></td>
</tr>
<tr>
<td>Guidelines and support (UN Global Compact, SE4A and conferences)</td>
<td></td>
</tr>
<tr>
<td>Long-term market potential (Fortune at the bottom of the pyramid)</td>
<td></td>
</tr>
<tr>
<td>Non-traditional customers</td>
<td></td>
</tr>
<tr>
<td>Low competition</td>
<td></td>
</tr>
<tr>
<td>Lack of development (equipment, finances and skills)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Internal</th>
<th>Resource</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vision, mission and culture</td>
<td></td>
</tr>
<tr>
<td>Knowledge and expertise</td>
<td></td>
</tr>
<tr>
<td>Technical skills and competencies</td>
<td></td>
</tr>
<tr>
<td>R&amp;D facilities and capacity</td>
<td></td>
</tr>
<tr>
<td>Relevant Products</td>
<td></td>
</tr>
<tr>
<td>Funding (Schneider Electric Foundation)</td>
<td></td>
</tr>
</tbody>
</table>

6.2.1 Company Resources

In the case of Schneider Electric, the company resources rendered access to energy a field in which Schneider Electric can maximize efficiency and impact. When asked why Schneider Electric started to focus on issues such as improving access to energy, the Business Development Associate responded with, “at Schneider Electric we started working on energy efficiency in the Northern countries and access to energy activities in the Southern countries because we have the right products, know-how, engineering skills and vision.” As a global energy management specialist, access to energy is aligned with Schneider Electric’s vision, and mission. The group saw their knowledge, expertise, technical skills and competencies as
powerful levers for the field of access to energy. Moreover, R&D capabilities and relevant products highlighted the potential for the group to provide solutions. Both the Business Development Associate and Offer Creation Director emphasize the suitability of Schneider Electric’s products. Funding from the Schneider Electric foundation was also mentioned as a supporting resource for the access to energy program. The following statement by the Offer Creation Director summarizes Schneider Electric’s resource considerations.

*We realized that we are energy management specialists. If our CSR activities are more aligned with our core business, we can be more efficient and simply do more with our resources. And the resources that I am referring to are all types of resources, not just financial resources. We have the right products and solutions and need to continue to create innovative offers. This can be addressed with the group’s R&D capabilities and knowledge (Offer Creation Director – Access to Energy, Schneider Electric).*

### 6.2.2 Market Characteristics

The market characteristics specifically highlighted the potential of the field of access to energy, as the activities fall within BoP markets in developing countries. The group saw the long-term potential of securing a large customer base and attracting non-traditional customers as an attractive characteristic and that compensates the smaller returns today. Similarly, the low level of competition highlighted the possibility to gain first mover advantages and build customer loyalty as the market grows. The Offer Creation Director conveyed all aforementioned considerations, as well as the reasoning behind Schneider Electric’s three-pronged approach to improving access to energy with the following statements.

*The Fortune at the Bottom of the Pyramid by Prahalad [and Hart (2002)], that is why access to energy is attractive. It is a long-term approach and if we are able to enter the market now, it has great potential in the future because right now [neither] Schneider Electric [nor] other companies are known by these people. We are not trying to sell our products and make huge margins. [...] if we can make a presence in the market, [as the] people develop and progress, they will buy more Schneider Electric products because Schneider will become family to them (Offer Creation Director – Access to Energy, Schneider Electric).*
We find that there are three main reasons [behind the current] access to energy problem. The first one is a lack of affordability. The poor cannot afford suitable products. However, imagine someone who does not have access to electricity. They do not sit in the dark. They use kerosene, and if they could buy a different product for the same price, they definitely will. The second one is there are not enough entrepreneurs doing business in the field and providing electricity to the villages. The third one is a lack of skills. Without skilled electricians, [there will be] no one to do installations. For these three reasons, the BipBop program has three dimensions (Offer Creation Director – Access to Energy, Schneider Electric).

6.2.3 Institutional Pressures

The institutional pressures were partially directed at general CSR activities and partially directed at specific access to energy activities. As indicated by the Business Development Associate, he feels that they have a responsibility as a multinational to engage in activities that benefit society and even more so now as the company has attracted responsible investors. He observes that “there is a kind of social pressure for Schneider Electric to be doing access to energy activities, [but] it is not precisely formalized.” However, “Schneider Electric must acknowledge that as a multinational, [they] often have responsible investors who invest according to sustainability practices [and] there are big issues in society that are considered, more now than before, the responsibility of multinationals.”

Both the Business Development Associate and Offer Creation Director feel that the group was not pressured into focusing on access to energy, instead the group identified it as an appropriate avenue to maximize Schneider Electric’s impact.

There does not seem to be pressure on companies to do CSR programs on access to energy specifically. It was a voluntary decision on Schneider Electric’s part to align our CSR program to focus on access to energy. In fact, Schneider Electric hopes to become a champion in sustainable development rather than follow norms and pressures. If you take a look, there are many companies that are as us but do not have any such program (Offer Creation Director – Access to Energy, Schneider Electric).
We see [access to energy] as our responsibility and consider [it] a way of being more responsible in our business area (Business Development Associate – Access to Energy, Schneider Electric).

Additionally, guidelines from initiatives such as the Global Compact provide the group with insight to help shape the group’s CSR practices. Specific initiatives, such as the 2012 SE4A initiative, and related conferences also provided direct support for access to energy activities. The Offer Creation Directors states that Schneider Electric is “benefiting from the [Sustainable Energy for All] initiative because it is helping the group take the BipBop program to the next level.” The following statement by the Business Development Manager summarizes the influence of the Global Compact and the SE4A initiative.

The Global Compact is a very broad framework in terms of sustainable development. It can provide [us with] insights on our activities. On the other hand, the International Sustainable Energy for All initiative is clearly aligned with the ambitions of the access to energy program and the group. That is why we reaffirmed our engagement by setting new goals to provide access to energy to 1 million new households before the end of 2014. Schneider Electric takes advantage of such initiatives and consortiums to exchange with other practitioners and learn. It helps finding new partners, gathering players pursuing the same goal and advocating all together to improve the conditions of creating business principles to serve the people who need it the most (Business Development Manager – Access to Energy, Schneider Electric).

6.4 Why are companies collaborating on access to energy activities?

The case study, interviews and field observations reveal that Schneider Electric is collaborating across sectors on access to energy activities because of both internal and external considerations sub-categorized into company resources, market characteristics, and institutional pressures. In this context the decision also includes the resources of external companies. Table 10 summarizes factors of collaborating on access to energy activities in BoP markets. Internal company characteristics constituted the largest portion of the
considerations, particularly when accounting for the external company resource considerations. Again, external market and background conditions followed way respectively.

Table 10. Factors for collaborating on access to energy activities

<table>
<thead>
<tr>
<th>External</th>
<th>Internal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supporting financing mechanisms</td>
<td>Vision, mission and culture</td>
</tr>
<tr>
<td>Social business movement</td>
<td>Knowledge and expertise</td>
</tr>
<tr>
<td>Short-term price sensitivity (Fortune at the bottom of the pyramid)</td>
<td>Technical skills and competencies</td>
</tr>
<tr>
<td>Non-traditional customers</td>
<td>R&amp;D facilities and capacity</td>
</tr>
<tr>
<td>Increasing competition</td>
<td>Relevant Products</td>
</tr>
<tr>
<td>Vision, mission and culture</td>
<td>Funding (Schneider Electric Foundation)</td>
</tr>
<tr>
<td>Established distribution channels and reach</td>
<td></td>
</tr>
<tr>
<td>Strong reputation and physical presence</td>
<td></td>
</tr>
<tr>
<td>Substantial local knowledge</td>
<td></td>
</tr>
<tr>
<td>Insufficient local knowledge</td>
<td></td>
</tr>
<tr>
<td>Weak reputation and presence</td>
<td></td>
</tr>
<tr>
<td>No distribution channels and reach</td>
<td></td>
</tr>
</tbody>
</table>

6.4.1 Company Resources

In the case of Schneider Electric’s collaboration with Grameen Shakti, the group felt that their internal company characteristics did not adequately equip themselves to enter the field of access to energy in Bangladesh alone. The group possessed the same company resources they did when they entered the field; however, in Bangladesh, key resources were missing. One resource missing was the knowledge of the local market. The Business Development Associate illustrates impact of this lack of knowledge in the following statement.

_Schneider Electric cannot act alone on access to energy activities. We need local partners. We should not and do not have the knowledge to replace organizations who study and work closely with the people in BoP markets. They know their needs and behaviours [so] we need to partner with local actors to better understand what we can do locally […] it is not our role to decide what regions and villages need to be targeted. There are local organizations that are more legitimate than us to do this (Business Development Associate – Access to Energy, Schneider Electric)._
The Business Development Associate, Business Development Manager, and Offer Creation Director specifically highlighted Schneider Electrics the lack of knowledge and experience with financing mechanisms such as micro-finance payment installment model in Bangladesh.

Schneider Electric also acknowledged that they had no presence in the market and had no access to distribution channels in Bangladesh. The Business Development Manager stated that, “partners help [the group] make [their] products and solutions physically available in remote places.” As Offer Creation Director emphasized, “Schneider Electric has a good product and offer for the BoP market, but just having a good product is not enough. [The group] also needs to have a good distribution channel. Existing organizations like Grameen Shakti already have those channels in place.” He also added that, “it is not possible for Schneider to develop such a network and acquire local knowledge. It would take too much time and be expensive.” The following statement by the General Manager of Grameen Shakti confirms that the development of such resources requires a lot of time, money, and physical presence in Bangladesh.

_Grameen Shakti started in 1996 and at that time no body in the company and in the villages knew about solar power. [The staff] had to do hard work to motivate and educate the people in the villages to buy the solar home systems. It was very hard and very costly. But the staff went [to the villages] frequently and convinced the people that if they have electricity, if they have solar power, it will help them and their children. They can live in the night and can do something. They can do business. After many years, they finally got the idea. [...] there is no alternative way to motivating the end consumer. Motivating and educating the people is the main task if you want to market a new product. Schneider Electric is new to Grameen Shakti and our customers. At first no one knew about the product and its quality. We had to train our office staff, who train our divisional offices, who train our regional offices, who train our branch offices. Then the customers know about the products. Even now with the BoP market, you have to visit the households multiple times until they decide to purchase a system. This can take several months (General Manager, Grameen Shakti)._

Overall, the data indicates that Schneider Electric’s decision to partner with Grameen Shakti was highly based on Grameen Shakti’s possession of resources that Schneider Electric lacks.
Additionally, both companies deemed the partnership compatible as their visions and objectives were aligned with each other’s. At a conference titled “How can firms help alleviate poverty?” hosted by the HEC Paris Social Business and Poverty Chair on October 29th 2012, Professor Yunus stated that Grameen Shakti wants to bring clean energy to Bangladesh, but does not have the knowledge about solar energy. The following series of statements best illustrate Schneider Electric’s thoughts on partnering with Grameen Shakti.

We first approached Grameen Shakti because [they] are the biggest player in the world for selling SHSs to poor people in villages. Grameen Shakti has more than 10,000 employees in Bangladesh and going to villages to sell the products and generate revenues everyday requires a lot of human resources. It is important that our partners are local enough to sell products to villages, to affirm micro-credits and to regularly visit villages to collect payments. Grameen Shakti [also] benefits from the mission, fame and reputation of Professor Yunus. For Schneider Electric, it is interesting and beneficial to partner with such a big and well-known player in the same field (Business Development Associate – Access to Energy, Schneider Electric).

We do not have any presence in the villages [and] I do not think that we will be able to develop a sales force that can go to each village. If we put up a shop in a town, do you think that people from the villages will come to pick up a system? This will never happen. Grameen Shakti’s sales model addresses this issue. It is a direct selling model. This requires a strong a physical presence so a sales force can cover an area of 10kms. It is not possible for Schneider to develop such a network. So we are trying to build partnerships with companies with existing networks to reach the people for the purpose of our program. Our objective is to provide safe and reliable electricity to the people in the BoP market (Offer Creation Director – Access to Energy, Schneider Electric).

A multinational like Schneider Electric recognizes that it does not have the competencies and capabilities to overcome all the barriers of BoP markets. Grameen Shakti is a great example of an organization [with a] combination of knowledge and capabilities. They have a strong network of distribution and can add micro-finance services to make the end-customers the most of such modern energy access products (Business Development Manager – Access to Energy, Schneider Electric).
6.4.2 Market Characteristics

While Schneider Electric saw Bangladesh and other developing countries as attractive markets, they also saw some of the characteristics as barriers. These characteristics actually highlighted the missing resources mentioned above. Both the Business Development Associate and Business Development Manager noted that new and unfamiliar customer and market characteristics were a major reason the group looked for local partners.

Regarding Schneider Electric’s lighting offer, both the Business Development Associate and Offer Creation Director mentioned that competition was increasing. The Business Development Associate notes globally, “there are many players in the areas where the group wants to operate but there was not when they first started.” As Offer Creation Director illustrates, the market became more competitive after they entered, particularly in Bangladesh.

*There is huge competition, but where? There is no competition for our training program because it is charity. [There is also] no competition for our investment program because there are a lot of companies to invest in. The competition is in the development of the right product and selling the right product. When we first launched the In-Diya lamp in Bangladesh in 2011, there was no competition. There was nobody here, but today there are hundreds of companies [...] from China and they sell their models for half the price of ours (Offer Creation Director – Access to Energy, Schneider Electric).*

According to the Deputy Manager, “there are many lamp suppliers for Grameen Shakti’s competition and most of them are in China. [Grameen Shakti’s competition] is buying their lamps from China at a lower price but the quality of the product is not high. […] Schneider Electric’s product is high quality, but sometimes price is still a challenge.” The Technical Director at Grameen Shakti reaffirmed this view with the following statement.

*Right now price is the main barrier for Schneider Electric’s product. Their product is of high quality but costly. If they can match the prices of others, the people will benefit because if we get lower prices, then they get lower prices. I say this, but quality is also a very important factor. People in Bangladesh are very interested in Schneider Electric’s product. The intensity of the light is great, the system includes mobile charging features and there is a long warranty (Technical Director, Grameen Shakti).*
All key informants at Schneider Electric, Grameen Shakti and the Yunus Center stated that the issue of affordability formed the basis of the decision to establish the Grameen Schneider Electric joint venture. At the previously mentioned conference hosted by the HEC Paris Social Business and Poverty Chair, Professor Yunus emphasized that the objective of the Grameen Schneider Electric joint venture is not to ensure that Grameen Shakti sells Schneider Electric’s products, instead it is to ensure that some of the parts are manufactured locally in an effort to make Schneider Electric’s product more affordable to the BoP market in Bangladesh. Schneider Electric also shares this view.

A social business should never be like a monopoly business in the sense that a company should not be obliged to buy everything from another company. For Schneider Electric, this is understood (Anonymous, Yunus Center).

We are not building the joint venture to secure our place as [Grameen Shakti’s] partner or to create a partnered sales force. The important objective of the joint venture is to build and develop manufacturing capabilities in Bangladesh together. If we are importing complete products from outside the country, you have to pay a lot of duties. But if we bring in semi-finished goods there will be fewer taxes, which will affect the people, as we can make the product more affordable. Even if we secured a joint venture with Grameen Shakti under the current model, some people still might not buy the products. We need to build local competencies and capacity to make the products much more affordable (Offer Creation Director – Access to Energy, Schneider Electric).

6.4.3 Institutional Pressures

Schneider Electric’s decision to partner with Grameen Shakti was influenced by institutional pressures such as the micro-financing environment in Bangladesh and the growing movement of social businesses. First, it was highlighted that the group lacked knowledge on micro-finance; however, this did not serve as a challenge in other countries. The Offer Creation Director stated that, “when a government provides a country with support to stimulate micro-finance, the BoP market will leverage it. In Bangladesh, the government supports the payment installment model and the BoP model is happy with it. Companies need to sell using an installments model.” For this reason, it was essential that Schneider Electric partnered with an organization that provides a micro-finance option for customers.
Second, the case study reveals that Schneider Electric’s initial idea of creating a joint venture with Grameen Shakti was influenced by the desire to create a social business in a similar manner as Danone and partake in the global social business movement. According to the key informant at the Yunus Center, [Schneider Electric] saw the Grameen Danone partnership and wanted to work with Grameen. [...] they said they would like to do a social business and loved the whole idea about a social business that uses the company’s competencies and couples it with the competencies of Grameen. They wanted to find something we could do together to benefit ordinary people.”

6.4 How are companies collaborating to improve access to energy?

The case study, interviews, and field observations reveal that Schneider Electric is improving access to energy by forming an instrumental cross-sector social partnership (CSSP). Table 11 depicts the framing of the partnership. Overall, the partnership also possesses qualities of transactional, transformative and participative partnerships. Additionally, the data reveals that the two companies are improving access to energy in a highly collaborative manner, and extending their partnership with Grameen Shakti beyond a traditional supplier-buyer relationship. This extension includes both companies embracing the concept of the social business and working together to create shared value. Table 12 summarizes the practices present in the partnership. Together they are improving access to energy by operating as a social business that focuses on creating buying power, shaping aspirations, tailoring local solutions, and improving access.

6.4.1 Collaboration Characteristics

Observations from the field reveal that Schneider Electric’s collaboration with Grameen Shakti operates as an instrumental CSSP, though the partnership possesses certain characteristics of transactional, transformative and participative partnerships.

The basis of the partnership with Grameen Shakti is clear. There is an opportunity for Schneider Electric and Grameen Shakti to combine forces to better access the BoP market in Bangladesh and address the country’s lack of access to energy through a business approach. However, interviews with Schneider Electric’s employees reveal that the appropriateness of
the partnership did not have to be significantly justified as the BipBop program represents only a small fraction of Schneider Electric’s turnover.

Table 11. Categorization of Schneider Electric and Grameen Shakti’s collaboration

<table>
<thead>
<tr>
<th></th>
<th>Instrumental</th>
<th>Transactional</th>
<th>Transformative</th>
<th>Participative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basis of appropriateness</td>
<td>√</td>
<td></td>
<td></td>
<td>√</td>
</tr>
<tr>
<td>Motive</td>
<td>√</td>
<td>√</td>
<td></td>
<td>√</td>
</tr>
<tr>
<td>Entry mode</td>
<td>√</td>
<td>√</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Role played</td>
<td>√</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leadership*</td>
<td>—</td>
<td>—</td>
<td></td>
<td>—</td>
</tr>
<tr>
<td>Partnership selection criteria</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>Governance structure</td>
<td>√</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competitive benefit</td>
<td>√</td>
<td>√</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social benefits</td>
<td>√</td>
<td>√</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total indicators</td>
<td>8</td>
<td>5</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

*Leadership was omitted due to the sensitivity of the topic.

As illustrated in this chapter, some of the motives of the partnership are to increase Schneider Electric’s presence in the Bangladesh and also acquire knowledge of the BoP market. More recently, the Business Development Manager noted that indirect benefits such as “attracting talents and motivating employees” have also surfaced as motives. By entering Bangladesh as a business, instead of a not-for-profit, Schneider Electric has a clear business oriented role in the partnership. The group innovates and develops the products that form the basis of much of Grameen Shakti’s sales. Both parties were aware Schneider Electric’s capability when forming the partnership. Schneider Electric chose Grameen Shakti as its partner due to its reputation, complementary skills, and support for the same cause. It was observed in meetings between both Schneider Electric and Grameen Shakti that the governance structure is relatively concentrated with a few key decision makers in each organization. In the field, Schneider Electric makes decisions with primarily the divisional managers. However, at Grameen Shakti’s headquarters, Schneider Electric primarily interacts with the Managing Director and direct reporters. The governance structure of the actual joint venture has not yet been established.
The partnership has allowed Schneider Electric to enter the BoP market in Bangladesh and develop an informal license to operate in rural villages. While the diffusion of Schneider Electric’s presence is still pre-mature, it was observed at a promotional event in a local village market and visits to households that Schneider Electric’s product is being well received. Additionally, the partnership allowed both Schneider Electric and Grameen Shakti to create new levels of business capacity and mobilize their internal resources. The creation of the joint venture is a clear example of a new level of business capacity between the two companies.

6.4.2 Collaborative Activities

According to the Business Development Manager, the group wants to improve access to energy with “an approach that creates shared value and reasserts the innovation capacity of the group, which is core to Schneider Electric’s strategy.” The data reveals that Schneider Electric engages in multiple activities that help create shared value. The companies work together and rely on constant communication in providing remote rural villages with SHSs. The following statement affirms this view on collaboration.

*Our activities with Grameen Shakti are not so much projects. They are continuous activities with continuous sales with long-term objectives and we need to constantly work with them to improve our offer (Offer Creation Director – Access to Energy, Schneider Electric).*

<table>
<thead>
<tr>
<th>Creating buying power</th>
<th>Shaping aspirations</th>
<th>Tailoring local solutions</th>
<th>Improving access</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building ties with ID co.</td>
<td>Educating local staff</td>
<td>Continuously innovating</td>
<td>Leveraging channels</td>
</tr>
<tr>
<td>Manufacturing locally</td>
<td>Hosting promotions</td>
<td>Co-creating products</td>
<td>—</td>
</tr>
</tbody>
</table>

First, to create buying power for the BoP market, both Schneider Electric and Grameen Shakti work closely with ID co. to ensure that financing in available to offer a payment installment model for the BoP customers. Schneider Electric registers its products at ID co. so Grameen Shakti can receive funding and purchase the products. Additionally, creating a joint venture to manufacture products locally allows Schneider Electric and Grameen Shakti to increase the affordability of products.
Second, to shape the aspirations of the BoP market, Schneider Electric educates Grameen Shakti’s local staff and ensures that the technicians and sales force can answer all of the end consumers’ questions. Conjointly hosting promotion events in local villages also helps to inform the market about the importance of electricity. While attending both types of activities, it was observed that they are interactive and effective.

Third, to tailor local solutions, Schneider Electric continuously creates incremental innovations to existing products in response to feedback from Grameen Shakti. During a visit to a Grameen Technical Center, it was observed that the local technicians have the capacity to install the new features on the existing products. Moreover, co-creating products with the end consumers ensures that Schneider Electric’s products meet the needs of the BoP market. Schneider Electric engages in this process by visiting the villages and interacting with the households. The following statement by the Offer Creation Director illustrates the importance of interacting with the locals.

_We do not know the problems faced by Grameen Shakti’s sales force. We also do not know the needs of the people in the villages. We can only understand if we spend time with the persons in the field who are selling to the customers and also if we spend time with the customers. That's the only way. By sitting in Dhaka, by sitting in meetings in the offices here at Grameen Shakti, we do not get this information. So that is the reason [we] go the villages (Offer Creation Director – Access to Energy, Schneider Electric)._  

Finally, to improve access, Schneider Electric leverages Grameen Shakti’s existing distribution channels. According to the Business Development Associate, Schneider Electric intends to “remain in [their] area of added value” as “both Schneider Electric and Grameen Shakti have complementary roles and complementary added value.”

### 6.5 How can collaborations set the rules of the game in the field of access to energy?

The case study, interviews and field observations reveal that Schneider Electric’s collaboration with Grameen Shakti has moderate capacity to set the rules of the game in the field of access to energy under the partnership. The collaboration has a high capacity to create
unique practices. It currently consists of three effective and unique practices and one technology, but it is not interacting and sharing enough information with third parties to diffuse to practices and technologies.

5.4.1 Effective and Unique Practices

Within the Schneider Electric and Grameen Shakti collaboration, three practices and one technology have emerged that have yet to become to legitimate rules of the game within the global field of access to energy. The first is the adoption of a social business structure to address access to energy needs. While the structure was not created within the collaboration, it was created within the Grameen family. The Grameen Schneider Electric joint venture serves as one of many avenues in which the structure can diffuse into the broaden field of social change.

The second practice is the use of micro-financing and payment installments for the sales of SHSs. The practice has already demonstrated hints of becoming institutionalized within Bangladesh; however, it is far from becoming an institutionalized practice on the global front as a method to address affordability. Although the use of payment installments was not formed within the collaboration, Schneider Electric and Grameen Shakti’s partnership fully leverages to the mechanism and, because of company characteristics, has the potential to diffuse it. The Offer Creation Direction stated that, “for the BipBop program, the selling of [SHSs] with installments is unique to Bangladesh. It does not happen in other countries operation to the extent as in Bangladesh. [In other countries] it is not the installment process.”

The third practice is the use of co-creation and direct contact with the BoP market to develop innovative suitable products. This process plays an important role in the partnership. By constantly receiving market feedback and directly asking the BoP market about their needs, Schneider Electric is likely to develop more suitable products. According to the Deputy Manager, co-creation is not practiced by the competition and “most companies have normal supplier-buyer relationships [where] companies just buy the products from China and that is it. They never see the supplier.” The Technical Director at Grameen Shakti notes that, “Schneider Electric uses its position in the supply chain very well [and] so far they have benefited the customers by [maintaining] quality and listening to customer opinions, especially [with regards] to demands for warranties
The fourth is the development of a specific technology that for confidentiality reasons cannot be divulged. However, as a unique technology, the creation of this product within Schneider Electric’s partnership with Grameen Shakti illustrates the potential benefits of co-creation and direct contact with the BoP market.

5.4.2 Capacity to Create and Set the Rules of the Game

The data reveals that six predictors for changing institutions exist within the collaboration. Two predictors stem from inter-organizational factors and four predictors stem from organization-environment relations.

Table 13. Checklist of predictors of deinstitutionalization for the field of access to energy

<table>
<thead>
<tr>
<th>Inter-organizational Factors</th>
<th>Organization-Environment Relations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in political distributions</td>
<td>Changes in constituent relations</td>
</tr>
<tr>
<td>• Increasing workforce diversity</td>
<td>Declining external dependence</td>
</tr>
<tr>
<td>• Declining performance or crises</td>
<td>Withdrawal of incentives</td>
</tr>
<tr>
<td>• Power reallocations</td>
<td>Rising efficiency standards</td>
</tr>
<tr>
<td>• Threat of obsolescence</td>
<td>Social environment pressures</td>
</tr>
<tr>
<td>Changes in functional necessity</td>
<td>Changing government regulations</td>
</tr>
<tr>
<td>• Increasing technical specification</td>
<td>Changing societal values</td>
</tr>
<tr>
<td>• Increasing goal clarity</td>
<td>√</td>
</tr>
<tr>
<td>Changes in social consensus</td>
<td>Random external occurrences</td>
</tr>
<tr>
<td>• Increasing turnover or succession</td>
<td>• Dissonant events and data</td>
</tr>
<tr>
<td>• Weakening socialization mechanisms</td>
<td>Competitive environment pressures</td>
</tr>
<tr>
<td>• Culturally disparate mergers or alliances</td>
<td>Increasing resource competition</td>
</tr>
<tr>
<td>• Increasing diversification or differentiation</td>
<td>Increasing innovation pressure</td>
</tr>
</tbody>
</table>

In the case of Schneider Electric, the group’s increasing clarification of their social impact goals adds another dimension to the group’s dynamics. These dynamics are likely to change when Grameen Schneider Electric joint venture is formed. While the companies have similar visions and objectives, they come from very different cultural background, which may disturb current stability. Additionally, the data reveals that there are many external signs of deinstitutionalization. Expectations of corporate responsibility and increased awareness on issues of access to energy have translated into pressures from society and investors. Moreover, new events and initiatives focused on access to energy are surfacing and constantly advancing knowledge in the field. Finally, the competitive pressures driven by the need for innovation and cost effective solutions are more apparent than ever within the field.
Table 14. Characteristics of the Schneider Electric and Grameen Shakti collaboration

<table>
<thead>
<tr>
<th>Notes</th>
<th>Type</th>
<th>Internal Involvement</th>
<th>External Embeddedness</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interaction</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Schneider Electric - 2 parties</td>
<td>Deep</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Grameen Shakti - 2+ parties</td>
<td>Semi-Broad</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Involves Schneider Electric, Grameen Shakti, Yunus Center, HEC Action Tank</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Structure</strong></td>
<td>Partnership</td>
<td></td>
<td>High</td>
</tr>
<tr>
<td>New joint venture where both companies work together</td>
<td></td>
<td></td>
<td>Medium</td>
</tr>
<tr>
<td><strong>Information</strong></td>
<td>Bidirectional</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Mutual learning via constant communication</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Both companies active in the field and well connected with outside organizations but not together as one unit</td>
<td>Multidirectional (potential)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Proto-institutions</strong></td>
<td>Social business structure</td>
<td></td>
<td>Medium</td>
</tr>
<tr>
<td>Installment payment approach for SHSs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Co-creation and direct customer feedback</td>
<td></td>
<td></td>
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<tr>
<td>Innovative Technologies</td>
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</table>

The collaboration demonstrates a high level of internal involvement and a medium level of external embeddedness. The high level of internal involvement is the result of involving multiple parties of each company in the collaboration, working together on a new activity and sharing information between both companies. The collaboration is characterized by deep interaction, a partnership structure and a bi-directional flow of information. The medium level of external embeddedness is the result of involving affiliated organizations, no demonstration of representing the other party beyond the collaboration and primarily containing the collaboration to the Schneider Electric and Grameen Shakti. The collaboration is characterized by semi-broad interactions with third parties, a lack of representation, and bi-directional flows of information.
7 Discussion

This chapter interprets the findings from the case study in light of the theories and concepts presented in chapter 3 and presents the interpretations in a logical order that follows the theoretical framework (figure 8) guiding in this study.

7.1 Reviewing the Rules of the Game

The research findings indicate that the rules of the game in the field of access to energy are under development. Although organizations in the field are exhibiting some signs of homogeneity, they are still highly heterogeneous in their behaviours.

7.1.1 Homogeneity

The research findings indicate that companies in the field of access to energy are beginning to behave similarly. A review of the institutional levels (Williamson, 2000) reveals that informal institutions (institutional embeddedness) play an important role in the way organizations operate in the field of access to energy as the field lacks of formal institutions (institutional environment) to shape the behaviours (Peng and Heath, 1996). Additionally, illustrating the interconnectedness of institutional levels (Williamson, 2000), the importance of informal institutions has shaped the institutional arrangements and institutional actions within the field.

As indicated in the case, the focus of access to energy activities falls within developing countries. According to Peng and Heath (1996), informal institutions play an important role in shaping organizations practices in developing countries and often serve as informal constraints. They argue that because of the importance of informal institutions in developing countries, organizations are faced with three constraints. They need to form interpersonal relationships, establish external connections, and build a reputation. The objective of each constraint is to attain reliable market knowledge, combat environmental uncertainties, and increased the end consumers’ trust in the organization. While the research findings did not explicitly indicate that these three informal constraints exist in the field of access to energy in Bangladesh, each of these three issues were apparent and revealed an overarching informal constraint to partner with local organizations, which serves as an institutional arrangement.
The emergence of an institutional arrangement in response to the informal institutions illustrates the interconnectedness of institutional levels observed by Williamson (2000).

Extending the discussion of institutional forces beyond the countries in which access to energy activities take place, the case study indicates that the informal institutions in developed countries partly induced the emergence of the field of access to energy. Informal institutions have pressured large multinationals such as Schneider Electric to implement CSR activities. These pressures are appearing in the form of informal pressures from society and other stakeholders and fit the criteria of an institution under the normative pillar (Scott, 2008). There is an expectation that companies need to engage in CSR and it is the responsibility of companies like Schneider Electric to implement activities that benefit society. The establishment of the group’s sustainable development department in 2000 goes hand in hand with several authors’ observations that CSR re-emerged as a common practice at the turn of the millennium (Bakhtina and Goudriaan, 2011; Gray et al., 2001; KPMG, 2011; Kolk, 2005, Nehme and Wee, 2008). The case also supports Windsor’s (2006) argument that CSR can partly be explained through duties presented by corporate citizen conceptions and also strengthens Takala and Pallab’s (2000) claim that CSR may merely be the rules of the game.

The case of Bangladesh indicates governments do not provide regulatory frameworks for companies to follow in some developing countries. This is in line with Peng and Heath’s (2009) observation that developing countries often lack formal institutions. In the Bangladesh, the only formal political influences were import duty regulations and a financial support stimulating micro-finance. While the former is legally binding and has influenced the formation of the Grameen Schneider Electric joint venture, the latter has resulted in the widespread use of payment installments as a financing tool for in Bangladesh. The IFC (2012) suggests that if governments wish to improve access to energy, they should decrease import taxes on related products. The case illustrates that establishing a local venture is one way to circumvent high import duties. Additionally, the case of ID co. illustrates that providing grants and loans can remove first mover costs and help develop a company.

In other countries that favour policy-based solutions, it can be inferred that more formal institutions guide behaviours as Haanyika (2006) notes that precise institutional linkages and roles between and amongst governments, utilities, rural electrification authorities and
regulator authorities have been the result of reforms. Further research into countries with policy-based solution can provide insight into the role of formal institutions in the field.

The formal institutions that largely govern the umbrella field of CSR have surfaced in the form of legal regimes (i.e. le bilan social in France) and guidelines (UN Global Compact principles) and subsequently caused companies like Schneider Electric to explore the field of access to energy. These formalities are calling for companies to engage in activities that benefit society but only provide general guidance. As described by Vurro et al. (2010) and Thornton (2004), the lack of guidance can be seen as an institutional void. While several authors reference the Global Compact as perhaps the most influential multinational development institution to date (Fox, 2004; Harcourt, 2004; Kuber, 2004, Vives, 2004), the case illustrates that it is a broad framework that provides companies with general insights. However, it also supports Kuber’s (2004) arguments that the existence of hyper-norms and a learning network provides guidance to organizations that wish to behave well.

The institutional arrangements and actions are forming in the field of access to energy. While the preference between policy and market-based solutions is still mixed globally, the institutional orientation (Vurro et al., 2010) is beginning to favour market-based solutions as it was mentioned that countries are giving more room to companies. According to Scott (1995), traditionally policy-based solutions have been used to account for market failures. As Bangladesh exemplifies, the reverse is also true as the country uses market-based solutions to account for government failures. Several researchers have found that market-based solutions in the power sector have been the result of governments’ poor financial performance, low technical efficiency and the inability to expand access to energy to rural areas (Bhagavan, 1999; ESMAP, 2005; Haanyika, 2006; Karekezi and Kimani, 2002). The case also supports Austin et al.’s (2000) suggestion that market-based solutions slowly become popular after reforms aimed at privatization. Bacon and Besant-Jones (2001) and Kessides (2004) found that reforms positively contribute to increasing private investments in the power sector. With most developing countries having undergone power sector reforms by 2004 (GNESD, 2004), the growing popularity of market-based solutions is emerging accordingly.

Within the market-based solutions in Bangladesh, the case hints that the dominant institutional arrangement is the traditional contractual supplier-buyer relationships. Interviews
revealed that Schneider Electric is the only supplier that interacts with stakeholders throughout the value chain. However, it is evident that partnerships are becoming a requirement in the field of access to energy in order to account for foreign companies’ lack of knowledge of the informal institutions within developing countries.

Interestingly, organizations addressing social issues are increasingly opting for social business structures and embracing the principles defined by Professor Yunus. As stated in the findings, the global social business movement has come along way in a short period of time and is positively trending towards becoming an institutionalized structure for organizations looking to address social issues. One possible explanation for the rapid diffusion of the social business that Professor Yunus, the driver of the movement, has becoming increasingly powerful and reputable since his reception of the Nobel Prize in 2006. According to DiMaggio (1988), institutionalization depends on the power of the person steering it.

Additionally, the institutional actions include high quality products to build confidence in the end consumer. Such a practice has become common knowledge and expectations within the field of access to energy. It also serves as another avenue to address the informal reputation constraint described by Peng and Heath (1996). As seen in the case study, not conforming to the product expectations can threaten a company’s survival and not just because of the characteristics of the end consumer. Schneider Electric demonstrated that it had to establish legitimacy in the eyes of Grameen Shakti in order to form its partnership. Scott et al. (2000) highlights that organizations need to establish legitimacy in order to survive, so they often adopt the common behaviours of a field, as they are deemed appropriate.

The payment installment model has also emerged as an expected and homogeneous practice in Bangladesh. This is the result of formal support that has facilitated the use of micro-finance approaches. However, it can be inferred that the practice has been highly influenced by the long-history of micro-finance in the country and the widespread acceptance of the practice by society. Micro-finance has become a norm and tradition in Bangladesh and this is apparent as almost all access to energy, as almost all companies in the country deploy this practice.

Overall, the case indicates that the short-term internally oriented institutional levels have started to develop for the field of access to energy, particularly in the Bangladesh, but the long-term externally oriented formal institutions, have not yet formed for access to energy.
The research findings indicate that companies in the field of access to energy are deploying heterogeneous practices. The geographical spread of activities highlights the possibility of differentiated practices in response to different institutional forces as argued by Meyer and Scott (1983). Low institutional coherence further highlights the possibility for companies to exploit institutional voids as suggested by Vurro et al. (2010) and Thornton (2004).

The case study reveals that companies do not have one unique solution that can be applied uniformly across all developing countries and hints that the institutional forces in each country are not identical. This is most apparent when reviewing the use the payment installment model for the sales of SHSs. Companies in Bangladesh opt for the practice because it benefits from the tradition of micro-finance in the country, which has been formalized through political and social support. However, in other countries, companies opt for different practices such as upfront payments from government tenders. While these countries were not studied, traditions and customs are likely to be different. As a result micro-finance has not gained equal levels of formal support. This largely supports Meyer and Scott’s (1983) suggestion that different institutional forces can result in different practices. According to Fox (2004), in order to better allow CSR to focus on development issues, legislation and regulation, labels and certificates, codes of conduct, partnerships, guidelines, management systems, and awards need to point in the same direction as the development issue.

As highlighted by the Business Development Associate, there is the perception that there are many appropriate practices in the field of access to energy and no common way to behave. As a result, the field of access to energy can perceived to have a low level of institutional coherence as described by Vurro et al. (2010). Under these circumstances, they argue that companies that exploit such fragmented institutions and institutional voids to deploy differentiated practices. Section 7.2.3 looks deeper into how companies are exploiting these voids and differentiating their practices. Similarly, existing literature suggests that fragmented institutions exist for policy-based solutions as Haanyika (2006) and Foley (1992) agree that these formal institutions arrangements are not uniform across countries.
To summarize, the case supports the extension of neo-institutional theory that focuses on illustrating the heterogeneity amongst organizations. Research findings confirm that differing institutional forces and institutional voids can result in differentiated practices.

### 7.2 Role of Internal Resources, Market Forces and Institutions

The research findings indicate that companies operating in the field of access to energy base their decisions on the strategy tripod as described by (Peng et al., 2009). Internal resources (Barney, 2002), market forces (Porter, 1980) and institutional forces (Peng, 2000; Peng et al., 2009) all play a role in the decision making process.

Figure 13. Impetuses affecting strategic decisions (Adapted from Bjordal, 2011)
7.2.1 Internal Resources

The research findings indicate that internal resource considerations have an important role in the global sphere of CSR and the emerging field of access to energy. In conforming to Barney’s (2002) resource-based view, it is clear that Schneider Electric consulted the group’s possession of internal resources when deciding to enter the field of access to energy and when deciding to partner with Grameen Shakti.

As revealed in the case, the initial decision to enter the field of access to was heavily influenced by Schneider Electric’s possession of human capital in the form of relevant knowledge, skills, competencies and experience as defined by Barney (2002). The group felt that, given its position as a global energy management specialist, access to energy was a field in which they can maximize its impact and attain a competitive advantage in the industry. This was exemplified by the Offer Creation Director’s comment on Schneider Electric’s aspiration to champion the field of sustainable development and his acknowledgment that many other multinationals are not engaging in access to energy activities. Schneider Electric’s possession of the right knowledge and the right products was repeatedly emphasized as one of the main reasons for launching the BipBop program. This research finding fulfills the IEA’s (2001) claim that the field of access to energy provides the private sector with opportunities to use its skills, experience and resources to support energy and development needs in developing countries. Schneider Electric’s leveraging of its existing products to enter to the field of access to energy supports Gradl and Knobloch’s (2012) claim at suitable technologies already exist and just need to be test for suitability.

However, as stated by the Offer Creation Director, the group was also in possession of the right financial, physical and organizational capital as defined by Barney (2002). In addition to funding from the Schneider Electric Foundation, the group had access to state of the art R&D facilities to innovate products, and a supporting vision and culture. In this context, it can be inferred that the group’s wide range of internal resources adequately allow them to implement a three-pronged approach to access to energy that differs them from other companies. Barney (2002) argues that differences in companies’ resources drive differences in practices.

It is recognized that creation of the BipBop program sufficiently conforms to the concept of strategic CSR (Porter and Kramer, 2006). The charity-based people component of the
program can be described as strategic philanthropy that leverages the financial and human capital to improve global energy-related trades while the innovation component of the program can be described as the transformation of the company’s value-chain activities to benefit society. As a result, the BipBop program is also an illustration of Schneider Electric making the right choices about CSR activities. By aligning BipBop program with the group’s core strategy for growth, innovation and value creation, Schneider Electric is more likely to have a lasting impact as argued by Accenture (2012) and IFC (2012).

The role of internal resource considerations was further highlighted in Schneider Electric’s decision to partner with Grameen Shakti. However, in this case, the findings reveal that the motive for partnering was based on the group’s lack of key resources and recognition that attaining the missing resources would be expensive (Barney, 2002). Schneider Electric recognized that it had the human capital in the form of technical skills and expertise and physical capital in the form of R&D facilities; however, they also recognized that they lacked vital aspects of human and physical capital, as well as organizational capital. These consisted of local knowledge, distribution channels, and reputation, respectively. Grameen Shakti possessed these three resources. The argument that the decision to collaborate was based on internal resource considerations is reaffirmed with Grameen Shakti’s indication that they were also motivated to form a partnership because Schneider Electric possessed the manufacturing capacity and technical know-how that Grameen Shakti lacks. This aspect of the case is an active illustration of companies addressing the need to building human capacity in organizations in Southern countries as advocated by Fox (2004). It also illustrates the opportunity to partner with organizations to combine capabilities in the field of access to energy as observed by Gradl and Knobloch (2012) and the opportunity to leverage existing distribution channels to accelerate the diffusion of products as suggested by the IFC (2012).

Findings also indicated that both Schneider Electric and Grameen Shakti deemed the partnership appropriate as they shared the same vision and attitude towards access to energy. The consideration of the compatibility of such organizational capital supports Austin’s (2000) argument that alignment of strategy, mission, and values are all drivers of CSSPs. The topic of CSSPs is further discussed in section 7.3.
As a result, the research findings support Barney’s (2002) resource-based view. The case reveals that companies operating in the field of access to energy consult their possession of internal resources and aim to leverage them in a manner that allows them to maximize their impact and differentiate their practices. It also indicates that internal resource considerations partly shape companies’ choice of CSR activities and drive companies’ decisions to enter the field of access to energy and collaborate with other organizations within it.

7.2.2 Market Forces

The research findings indicate that market considerations also have an important role in shaping CSR and the field of access to energy. Through the perspective of Porter’s (1980) industry-based view, it can be inferred that Schneider Electric based their decision to enter the field of access to energy and subsequently form a joint venture with Grameen Shakti because of the market prospects and competitive forces at hand.

As revealed in the case, Schneider Electric’s initial decision to enter the field of access to energy was partially influenced by the group’s observation that they can obtain first mover advantages by commencing activities in the field’s early stages of development. Multiple informants at Schneider Electric indicated that in the beginning, the overall level of competitiveness in the field was low. This was largely influenced by the lack of competitors in the field at the time.

In assessing the overall attractiveness of the field at the beginning stages in 2009, using Porter’s (1980) five forces, it is apparent that the threat of new entrants was moderate as companies were not yet active in the field but there were some explicit barriers to entry. The threats of substitutes were low as the BoP market has few substitutions for Schneider Electric’s In-Diya lamp. At the time, substitute product included conventional lighting systems, kerosene and a few number of solar power light systems. Additionally, given Schneider Electric’s position as a global multinational, the bargaining power of the suppliers can be perceived as low, especially since the group already had access to the necessary parts for manufacturing its existing products. On the other hand, the bargaining power of the buyer can be perceived as high as the BoP market is highly price sensitive.
As indicated by the Offer Creation Director, the group saw the opportunity to enter the field early and attain first mover advantages such as establishing customer loyalty. Without taking initiative to pioneer the development of complementary businesses in the industry and the training of electricians, Schneider Electric would have to wait a substantially longer period of time before it can adequately enter the market. While it cannot be stated with certainty, it may be the case that incurring such initial costs pays off in the long run. As the BipBop program operates as a social business, this effectively translates into growing operations and impacts on the BoP market. The group aims to become family in the eyes of the BoP market and sufficiently conveyed their intention to adopt a long-term strategy. While the BoP market lacks development, it was precisely the lack of development in the industry in all respects that allowed Schneider Electric to design and implement the unique BipBop program and differentiate the group from future competition. Interestingly, the consideration of Schneider Electric’s social business structure and its aspirations to capitalize on the fortune at the bottom of the pyramid as described by Prahalad and Hart (2002) suggests that a multinational social business is a structure that satisfies both Prahalad and Hart’ (2002) view that the BoP is an opportunity for multinationals and Karnani’s (2007) view that the BoP is an opportunity for companies not driven by economic profits. Mahama (2012) argues that the bottom up business approach advocated by Prahalad and Hart (2002) holds substantial potential.

The industry in Bangladesh was initially characterized just as any other country in the general field of access to energy. In the beginning, the bargaining power of suppliers was low, the bargaining power of buyers was high, the threat of new entrants was moderate, the threat of substitutes was low, and the overall rivalry amongst competitors was low. However, throughout 2011, the competitive forces of the market began to shift and highlighted the need for Schneider Electric’s partnership with Grameen Shakti.

With increasing competition in the form of new entrants and subsequently new low cost substitute products, the group has decided to fully leverage its partnership with Grameen Shakti to address the threats of buyers substituting away from the In-Diya lamp and buying lower cost models. Froggatt and Takács (2002) note that theoretically involving the private sector in rural electrification encourages competition, lower prices and in turn improve access. Research findings show that in Bangladesh the growing participation of companies has increased competition, lowered prices, and made SHSs more affordable. The change in the
industry led to the decision to form the Grameen Schneider Electric joint venture to develop manufacturing capabilities in Bangladesh and increase the affordability of the In-Diya lamp. The opportunity to reduce costs through the creation of a joint venture focused on manufacturing the In-Diya lamp and future products in Bangladesh is a strong illustration of a company adjusting its position in a market to become less vulnerable to the five forces within an industry (Peng et al., 2009), as well as creating shared value to maximize the social benefit of the collaboration (Porter and Kramer, 2011).

Overall, the research findings support Porter’s (1980) industry-based view. The case reveals that companies operating in the field of access to energy actively evaluate competitive forces and seek positions in which they can sustain competitive advantages. It also indicates that industry considerations partly shape companies’ choice of CSR activities and drive companies’ decisions to enter the field of access to energy and collaborate with other organizations within it.

7.2.3 Institutions

The research findings indicate that institutional considerations also have a role in shaping CSR and the field of access to energy. Through the perspective of Peng (2000) and Peng et al.’s (2009) institutions-based view, it is apparent that Schneider Electric’s decision to enter the field of access to energy was partially influenced by institutional forces. Their approach to improving access to energy was also influenced by such forces.

As revealed in the case, Schneider Electric’s initial decision to enter the field was influenced by society’s and investors’ growing expectations that as a multi-national needs to engage in CSR activities. These expectations were described in section 7.1.1 as informal institutions in developed countries. It was also explained that formal institutions such as regulations and guidelines shaped the group’s CSR activities. Several authors highlight the important role of external forces in the development of CSR (Carty, 2002; Gray, 2002; Nehme and Wee, 2008). However, such institutional forces only provided general guidance for Schneider Electric in fragmented portions. Nehme and Wee (2008) note that a myriad of domestic and international CSR reporting standards and guidelines has previously presented companies with the dilemma of deciding to which guidelines to subscribe. According to Vurro et al. (2010) and Thorton (2004), such fragmented institutions create an institutional void within a field that
companies can exploit to enter new markets and introduce new practices. Schneider Electric’s entrance into the field of access to energy serves as an example of companies exploiting such voids to enter to new markets and innovate new practices.

Initially, informal and formal institutions caused Schneider Electric to engage in CSR activities that were unrelated to its core activities. This supports Husted and Allen’s (2006) argument that institutions have guided CSR beyond a point of technical and economic efficiency. However, the group’s decision to launch the BipBop program further demonstrates that institutional voids can be exploited and allow companies to attain competitive advantages. While meeting general expectations of CSR, it can be inferred that Schneider Electric attained a degree of legitimacy in society and was then free to develop a competitive strategy as suggested by Lawrence (1999). The resulting CSR strategy included entering the access to energy BoP market and deploying its unique three-pronged access to energy program. DiMaggio and Powell (1991) and Oliver (1997) argue that companies first need to consult institutional forces, and Lawrence (1999) argues that managers do not have an unconstrained capacity to make decisions, but the findings indicate that the institutions surrounding CSR provide minimal constraints. This condition suggests that within the current state of CSR, companies are free to engage in a variety of activities that they deem valid.

Within the field of access to energy, the institutional forces highlighted Schneider Electric’s need to partner with local organizations such as Grameen Shakti. As described in section 7.1.1, because access to energy activities take place in developing countries, where formal institutions are lacking, organizations are constrained to form interpersonal relationships, establish external connections and build a strong reputation (Peng and Heath, 1996). As a result, through the institutions-based view it can be inferred that the initial formation of the partnership with Grameen Shakti was essential to Schneider Electric’s survival in Bangladesh since it allowed the group to form interpersonal relationships, establish external connections and build a strong reputation. Both the formation of interpersonal relationships and the building of a strong reputation through Grameen Shakti allowed Schneider Electric to attain information on the BoP market (Child, 1994) and build trust in the end consumer (Peng and Heath, 1996). However, due to the government’s quarrel with Grameen family organizations, the establishment of external connections to combat environmental uncertainty was not achieved (Peng and Heath, 1996). This is illustrated by the company’s inability to formally
register the Grameen Schneider Electric joint venture. Additionally, this particular case indicates that Gradl and Knobloch’s (2012) observation that there is growing political support for the field of access to energy is not prevalent in Bangladesh.

In the perspective of the institutions-based view, some of the practices within Schneider Electric’s partnership can also be seen as an adoption of institutionalized practices that were adopted for reasons beyond efficiency. First, as indicated in section 7.1.1, the payment installment model for SHSs in Bangladesh has become a common practice within the field. While it provides companies with a degree of economic efficiency, it can also been seen as an industry wide accommodation of the normative preference for micro-finance in the country and the formal support provided by a government agency. According to Zerriffi (2010) various institutional factors can often shape and alter an organization’s choice for a distribution model. Moreover, it can be inferred that the decision to establish the joint venture as a social businesses is partly in response to the growing global movement of social businesses. Findings indicate that the social business structure is positively trending towards institutionalization. According to Porter and Kramer (2011), the trade off between economic efficiency and social progress has been institutionalized. The decision to establish a private energy company as a social business illustrates that Haanyika’s (2006) observation that privatized utilities tend to focus on profits and sideline social issues may be disappearing.

Despite the importance of informal institutions, the research findings indicate that the overall field of access to energy has low levels of institutional coherence and is characterized by institutional voids. With the acknowledgment of this condition, it is not surprising that Schneider Electric has not adopted a traditional supplier-buyer relationship as practiced by other companies in the field of access to energy in Bangladesh. Schneider Electric’s extension of its partnership to go beyond a traditional supplier-buyer relationship can be interpreted as the group’s attempt to exploit certain institutional voids to differentiate their practices from competitors (Vurro et al., 2010; Thornton, 2004). Additionally, Schneider Electric’s differentiated practices can also be seen as illustration of Fligstein’s (2001) suggestion that organizations are not bound to institutions and they have to have adequate skills to contest them. Such an argument would highly favour Schneider Electric’s intention to champion the field of sustainable development instead of conforming to the norms and rules as stated by the Offer Creation Director. Such a practice may constitute as an innovative approach to
upscaled access to energy as pushed for by several authors (Bazilian et al., 2010; 2012; Chaurey et al., 2012; Mahama, 2012; Zerriffi, 2010; 2011). According to Gradl and Knobloch (2012) the BoP market presents substantial opportunities to innovate.

In summary, the research findings support Peng (2000) and Peng et al.’s (2009) institutions-based view. The case also reveals that companies are exploiting institutional voids in the realm of CSR and access to energy to purpose unique and differentiated practices, which illustrates the observations of Vurro et al. (2010) and Thornton (2004).

### 7.3 Setting the Rules of the Game

The research findings indicate that the potential for collaborations to set the rules of the game in the field of access to energy is high given the low institution coherence in field; however, this is dependant on the formation of instrumental partnerships as described by Vurro et al. (2010). Additionally, the findings also highlight the importance of external embeddedness as described by Lawrence et al. (2002) in diffusing proto-institutions throughout a given field.

Schneider Electric’s collaboration with Grameen Shakti takes the form of an instrumental CSSP as described by Vurro et al. (2010). They describe the instrumental CSSP as a suitable form of collaboration in environments characterized by low institutional coherence and market-based orientations for address social issues. Based on these specifications, they consider the collaboration suitable and argue that the structure is ideal for companies who want to enter new markets, develop new practices and set the rules of the game by exploiting institutional voids and establishing legitimacy through its partnership.

Kolk et al. (2010) and Selsky and Parker (2005) note that meta goals such as poverty alleviation and environmental protection signal collaborative efforts to address these complex social issues. While Vurro et al. (2010) defines the instrument CSSP as partnership between a business and a not-for-profit, this categorization was still seen as suitable given Grameen Shakti’s recent transformation from a not-for-profit to a social business.

Interestingly, the illustration that resource considerations formed a strong basis for Schneider Electric and Grameen Shakti’s partnership fully supports Jamali and Keshishian’s (2009)
finding that the traditional economic view of partnerships as a vehicle rooted in the need to obtain necessary complementary resources and resource dependency stands strong for the case of CSSPs. They argue that resource dependency is one of the most salient factors in forming CSSPs. Researching findings from this study confirm this argument.

As illustrated in the case and throughout the discussion, Schneider Electric and Grameen Shakti have developed new practices in an effort to differentiate themselves in the field of access to energy; however, it is not evident how such practices can become the rules of the game. According to Scott (2001), the arrival of a new practice is often with the disappearance of an existing practice. Findings from the case study reveal that there are six indicators that deinstitutionalization is occurring as specified by Oliver (1992) and suggest that the field is likely to see new practices emerge. Several authors have observed that conventional models of providing access to energy in developing countries have not been successful and there is noticeable push for new business practices (Bazilian et al., 2010; 2012; Chaurey et al., 2012; Mahama, 2012; Zerriffi, 2010; 2011). Such an environment further highlights the potential for companies like Schneider Electric and Grameen Shakti to set the rules of the game. However, arguably, if a particular practice gives a partnership a competitive advantage, companies’ may deliberately refrain from popularizing their practices to ensure that they are differentiated from the competition.

While it is found that Schneider Electric and Grameen Shakti are collaborating on many activities in multiple facets, the case indicates that the collaboration currently employs three practices and one technology that can be categorized as proto-institutions as defined by Lawrence et al. (2002) and subsequently have the potential to diffuse through the global field of access to energy. Lawrence et al. (2002) argues that a collaborative effort’s ability to create such proto-institutions depends its level of internal involvement. As indicated in the findings, the Schneider Electric and Grameen Shakti’s collaboration is characterized with a high level of internal involvement. However, Lawrence et al. (2002) also note that a collaborative efforts’s ability to diffuse proto-institutions is dependent on its level of external embeddedness. According to Dacin et al. (2002) stronger ties with other organizations can accelerate the diffusion of practices. Currently, the Schneider Electric and Grameen Shakti’s collaboration is characterized by a medium level of external embeddedness and does not maximize the collaboration’s potential to set the rules of the game.
As large and recognized companies that are active in other collaborations, the potential to bring in third parties exists. For example, Schneider Electric is currently the co-chair of the WBCSD’s access to energy initiative. Fox (2004) notes that the WBCSD is important multinational development institutions with its advocacy of BoP activities that benefit the poor and companies. The potential to contribute to the diffusion of practices has also already been exemplified by both Schneider Electric and Professor Yunus’s participation in the HEC Paris Social Business and Poverty Action Tank. Similarly, Grameen Shakti has the advantage of connecting with many existing and forthcoming Grameen partners. The prospects of the joint venture setting the rules of the game are promising if they demonstrate that they are willing to collaborate and share information for more outside organizations.

Overall, the research findings support Lawrence et al.’s (2002) argument that the ability to set the rules of the game is highly dependent on interactions with organizations beyond a given collaboration, and highlights the need for multinationals to fully leverage their connections if they want to diffuse their practices.
8 Concluding Remarks

This chapter presents the conclusions of this study, recommends future areas of research, and highlights this study's contribution to extant literature.

8.1 Conclusions

The rules of the game in the field of access to energy are developing but vary across countries. Regardless of locales, companies need to offer quality products to the base of the pyramid market. However, since the issue of energy impoverishment falls within developing countries, the lack of formal institutions in unfamiliar environments highlights the need for companies to partner with local organizations. The social business is also positively trending to become a standard model. Finally, companies looking to operate in multiple countries cannot apply one unique model across all locations. There is much room to innovate new practices.

Indications exist that institutions induce corporate social responsibility and internal resources and market forces have a vital role in shaping corporate social responsibility practices. Companies are seeking out fields where they can leverage their core competencies to maximize efficiency and position themselves in a field where they can sustain a competitive advantage. Access to energy is an attractive field where energy companies can use their core competencies to benefit society.

Companies implementing access to energy activities are collaborating with local organizations because they lack the internal resources (local knowledge, distribution channels and reputation) that local organizations have. It also allows them to exploit market opportunities that are unattainable when operating alone or circumvent market constraints and become more competitive. Collaborations can be seen as a constraint on companies operating in base of the pyramid markets where information is not reliable, the environment is uncertain, and consumers are unlikely to trust new companies.

Subsequently, in the field of access to energy, the opportunity exists for companies to practice strategic corporate social responsibility and collaborate in a way that creates shared value. Companies can collaborate and interact with the end consumer and co-create products to
tailor solutions, establish local manufacturing capabilities to improve accessibility and affordability, and train locals to develop local complementary services.

The changing dynamics of the field of access to energy indicate that businesses engaging in collaborations have the opportunity to set the rules of the game. While, their success depends on their ability to create a mutually interactive relationship within the collaboration and an equally interactive relationship with outside parties, companies may refrain from diffusing their practices if it gives them a competitive advantage.

8.3 Future Research

This study investigated companies implementing access to energy activities in developing countries through a case study methodology, but only in the context of a France-based multinational implementing activities in Bangladesh. One avenue of future studies in this area could be to use the same methodology but target companies based other countries or companies implementing activities in other countries to better understand the global field of access to energy.

Additionally, the scope of this study was rather broad due to the infancy of the field of access to energy and the lack of past research on the topic. A second avenue of future studies could focus on more specific topics within the phenomenon such as motivations, strategies, performance, or impact. In the view of institutional theory, performance or impact stands as an interesting future research topic in order to determine if companies are actually adopting certain behaviours beyond economic efficiency. Studying cases in which energy companies withhold from entering the field of access to energy could provide additional insight.

Other forms of qualitative research such as focus groups or participant observations could reveal further insights into motives, practices and outcomes of collaborating to improve access to energy. Quantitative research would also contribute to expanding the knowledge base on access to energy. The growing number of base of the pyramid access to energy businesses indicates that a sufficient population exists to conduct studies.
Finally, while this study was constructed from the perspective of foreign companies, further research from the perspective of local partners or end consumer, would provide insights on all aspects of access to energy activities through out the value chain.

8.2 Contribution to Knowledge

This study set out to explore the emerging phenomenon of the companies engaging in activities to improve access to energy in developing countries and build on existing knowledge. First, by studying a case of the phenomenon, guided by academic theories and concepts, this study helps to bridge the gap in the approach authors have used to study the area and provides the field with an alternative interpretation of knowledge.

Next, by drawing in a broad range relevant topics, this study adds to existing knowledge in the field of access to energy, corporate social responsibility, and the corporate social responsibility-development nexus, including the specific topic of cross-sector social partnerships. The case study provides each area of study with an example that illustrates various arguments, suggestions, and observations in the field.

Finally, the study contributes to strengthening the existing theories and concepts in sociology and strategic management. Findings from the study support institutional theory and the classical and neo-classical institutional theories forming it. Additionally, the findings support the three schools of thought in strategic management, the industry-based view, resource-based view and institutions-based view, as well as the recent development of concepts such as creating shared value, the fortune at the bottom of the pyramid and the social business.
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Appendix 1 - Interview Guide

Introduction
• Thank the respondent for agreeing to participate in the study.
• Present the background information and the purpose of the study.
• Affirm anonymity and confidentiality in the data collected.
• Inquire about the use of job titles and the company name in the study.
• Request permission to audio-record the interview.

Factual Questions
• Please state your name.
• What is your current position and responsibilities?
• How long have you been working at the company?
• What is your background in the industry?

Research Questions
Strategic motivations for entering the field of access to energy
• Can you tell me a little about the company and its core activities?
• Can you describe how a focus on access to energy developed in the company?
  • What internal resources are used for access to energy activities?
  • What industry characteristics make access to energy attractive?
  • How do background pressures (social, political, functional) support your access to energy activities?

Strategic motivations for engaging in collaborative efforts
• Can you tell me a little about the Grameen Schneider Electric joint venture and its core activities?
• Can you describe how the Grameen Schneider Electric joint venture formed?
  • What internal resources make your partners suitable?
  • What industry characteristics make collaborations appealing?
  • How do background pressures (social, political, functional) support the collaboration?

Institutional environment
• Can you tell me about any best practices in the field of access to energy?
  • Do norms point in the same direction?
  • What is considered legitimate?
  • How are market-based and policy-based solutions perceived?

Proto-institutions
• What kind of practices have evolved within the collaboration?
  • How is the company addressing accessibility?
  • How would you describe the revenue structure?
• What kind of technologies has the collaboration developed?
  • How does the company ensure that the solutions are appropriate?
  • How is the company addressing affordability?

Collaboration characteristics
• How would you categorize the joint venture?
  • Non-for-profit, for profit or social business?
• How has the company justified this joint venture to its stakeholders?
• What role does each party play in the collaboration?
• How would you describe the governance structure of the collaboration?
  • Concentrated? Distributed?
• How would you describe the leadership style of the collaboration?
  • Participative? Directive?
• How does the company select partnerships for its access to energy activities?
• What are the competitive benefits of the collaboration?
• What are the social benefits of the collaboration?

Institutional change potential
• Who do you collaborate with for access to energy activities?
  • How many people are working on access to energy activities?
  • How many people are working on the joint venture?
  • How do you include other partners in the joint venture?
• How would you describe the nature of the relationship in the collaboration?
  • How does the company represent the partner to third parties?
• Can you tell me about how knowledge is shared in the collaboration?
  • How is information shared between the company and the partner?
  • How does the company view third parties in the knowledge sharing process?
• What kind of feedback has the joint venture received from other access to energy organizations?

Conclusion
• Do you have any other comments or remarks that you would like to add?
• Thank the respondent for participating in the study.
• Inform the respondent that the interviews will be transcribed and sent to them for verification.