



# Partnering for inclusive business in food provisioning

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This review aims to unravel how partnering processes relate to processes of inclusion in the context of food provisioning. In food provisioning, inclusion has two key dimensions: the inclusion of (low-income) consumers to increase levels of food security, and the inclusion of smallholder producers to promote inclusive economic growth. This review discusses both dimensions and shows that the tandem of inclusive businesses and partnering processes reconfiguring the terms under which social groups at both sides of the agri-food chain are included is largely uncharted terrain. The paper ends with three promising areas for further research, which require a further integration of different literatures and perspectives.

## Addresses

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## Introduction

The growing interest in inclusive business in the agro-food sector is exemplary for the desire to combine increasing levels of food security with accelerated processes of inclusive economic growth [1,2,3\*]. While most organizations working in the field of inclusive business have their own definition of the concept, it seems to at least entail creating a net positive development impact through a financially profitable business model [4]. Inclusive businesses thus aim to combine profit making with societal impact and are claimed to contribute to poverty alleviation while at the same time create new entrepreneurial and innovation opportunities [5]. Inclusive business; however, is rarely performed in isolation and usually entails collaborative efforts with other actors. Hence, the suggested synergy between business interests and

development goals seems to be contingent on partnering processes. Debates on inclusion as well as on partnerships run the risk to assert positive normative connotations to these concepts. The objective of this paper is therefore to present a literature review in order to carefully unpack the relationship between partnering and inclusive business in analytical rather than normative terms.

Literature conceptualizing inclusive business assumes a necessary link with processes of partnering in two ways. Firstly, in the field of business studies, many authors accentuate the role of cross-sector collaboration as a crucial condition for the creation and operation of inclusive business models that contribute to broader societal goals [6–9]. Partnering with actors from civil society and/or governments, allows for an integration of public goals into commercially viable business models [10]. Secondly, from an issue-driven perspective, many practitioners and academics alike argue that addressing complex societal challenges such as food security and inclusive economic growth, requires collaborative processes between different sectors of society [11,12]. From the 1990s onwards, partnerships have consistently been part of development policies [6,13–15]. By combining the unique resources and capabilities of businesses, NGOs and/or public actors, development outcomes can be delivered, which exceed those of any one sector acting in isolation [16]. Global policy frameworks reflect this assumed necessity of cross-sector collaboration; the 17th Sustainable Development Goal (SDG) set by the United Nations aims to ‘strengthen the means of implementation and revitalize the global partnership for sustainable development’ [17]. This perspective assumes that partnerships are essential for involving business in sustainable systemic change. However, whether and how this works is largely unknown.

In this article, we therefore review literature to unravel how cross-sector partnering relates to processes of inclusion in the context of food provisioning. In food provisioning, inclusion has two key dimensions: 1. of (low-income) consumers at the downstream end of the agri-food chain to ensure access to affordable and nutritious food; and 2. of (smallholder) producers at the upstream end of the agri-food to induce processes of inclusive economic growth. This review discusses both dimensions and aims to identify how the tandem of inclusive businesses and partnering plausibly modifies or reconfigures the terms on which marginalized groups at both sides of the agri-food chain are included.

## Inclusion of low-income consumers

The literature review shows that partnerships between business partners and actors from civil society and/or

government are expected to improve business responsiveness to customer needs in Bottom-of-the-Pyramid (BoP) contexts and considered crucial for commercially successful and scalable marketing strategies of a business [5,18]. However, research also signifies that inclusion of low-income consumers is not easy, largely due to the informal nature of BoP markets and challenging institutional contexts, and that ‘an alarming number of BoP initiatives have failed, have been converted to philanthropic programs, or have achieved only modest success at a very high cost’ [19, p. 163]. This suggests that inclusion at the downstream side of food provisioning entails institutional work by partners and cannot rely solely on marketing strategies for novel products.

Business literature zooming in on the role of business attributes a strong transformative capacity to lead firms and equally underlines the importance of partnering for inducing new institutions enabling inclusion of BoP consumers [9]. From this perspective, partnerships are considered to be instrumental for redirecting business strategies towards the markets accessed by low-income consumers, for creating legitimacy and for embedding business strategies in specific local contexts [5]. In the context of food provisioning, partnerships in both industrialized [20] and developing countries [21] are also expected to play a key regulatory and coordinating role in managing food safety hazards. Policy frameworks tend to reinforce the assumed synergy between the public interest and business logics, especially of supermarkets and large retail companies [22].

This perspective suggests that lead firms are the controlling agents in food markets. Some research shifts attention to other commercial actors than multinational lead firms, namely micro, small and medium-sized enterprises (MSMEs) [19]. Rosca *et al.* [24\*] examined a sample of 134 such MSMEs, which they present as key organizational actors for inclusion and local development as connectors of global and local supply chains. MSMEs engage either directly in BoP inclusion with the support of partners or approach inclusion indirectly by outsourcing it to other partners – for example, a micro-entrepreneurial distribution network managed by NGOs. They conclude that regardless of the inclusion mechanism, MSMEs collaborated closely with both business and non-business partners. Rosca *et al.* [24\*] argue that ‘BoP consumers’ can be integrated at any link of the value chain. We think, this is exemplary for the BoP literature, in which people with low-incomes are conceptualized primarily as consumers, irrespective of their role in the value chain. This shows an emphasis on the perspective of companies selling products to these actors.

The literature on inclusive business in relation to low-income consumers focuses almost exclusively on the logic of the business model of an individual firm [25] and much

less on the enfolded process of inclusion and developmental outcomes. Consequently, emphasis of partnerships is on connecting business propositions and product development targeting low-income consumers. However, we know from practice-oriented literature that daily practices of these consumers take place in realities of food provisioning in open markets, by street vendors, small-scale retail and other types of businesses [23,26]. This literature therefore proposes to focus on the web of interrelated practices of intermediary traders and retailers [27–29]. Situating and comparing access to food in a variety of real food markets enables a contextual understanding of the terms on which inclusive business practices make nutritious and healthy food accessible for low-income consumers. Thorpe and Reed [30], for example, relate the capacity of business-led partnerships to safeguard access to healthy and nutritious food to the logistical architecture of food provisioning, which is especially a concern for rural consumers, and the ability among consumers to pay a reasonable price in a specific market. Moreover, the fit of food products and distribution practices with daily consumption behaviors are of key importance. Hence, inclusion of low-income consumers in food provisioning involves more dimensions than the business model of a firm alone.

### Inclusion of smallholder farmers

Despite having a dominant role in the agri-food sector in developing economies and being core to the supply of raw materials to firms downstream the chain [31], smallholder farmers (SHFs) generally have a marginalized position in agri-food chains. We therefore review to what extent literature unpacks the terms on which they are included in food provisioning. SHFs produce goods and services for subsistence and commercial markets, mainly based on family labor and limited access to land [32]. Business-NGO partnerships in developing contexts often focus on organizing value chain relations by linking marginalized smallholder farmers (SHFs) to lead firms as a way to increase farmers’ access to technology, inputs and markets, assuming increased incomes and food security [1,32,33]. These types of collaboration involve different actors in a supply chain, including producers and buyers, NGOs and/or governmental organizations to foster processes of inclusive development [32]. However, partnerships do not necessarily lead to better terms of inclusion, as they often have been reported to have difficulties ensuring inclusion of marginalized stakeholders themselves [33]. This type of inclusive business approach might even lead to growing (gender) inequalities; unbalanced sharing of risks, costs and benefits; loss of decision-making power; and biodiversity loss [32,34].

Often contract farming is used as an instrument in partnerships to forge commercial relationships between smallholder farmers and a firm, in which produce is bought in advance in exchange for certain services, such

as pre-financing of inputs [3<sup>\*</sup>]. According to a recent systematic review, SHFs can indeed benefit from contractual arrangements in terms of increasing incomes; however, the poorest farmers are rarely included in these arrangements [3<sup>\*</sup>]. However, positive income effects do not guarantee satisfaction among SHFs included in partnerships. Thorpe [35<sup>\*\*</sup>] finds that a sense of fairness of the arrangements by SHFs is crucial and that if procedural justice is absent, farmers can exercise their agency to exit or to neglect procedures for effective coordination, which results in an inefficient value chain and suboptimal outcomes for all partners.

This shows that, while inclusive business is often understood in terms of smallholder involvement in commercial agriculture [36<sup>\*\*</sup>], inclusion in itself, is neither good nor bad; it is dependent on the actual terms of condition under which people are included whether it is beneficial for SHFs to be included in a value chain. 'Ill-designed collaborative models may establish unfair relations, involve coerced participation, create dependence on one buyer, or push disproportionate risk onto smallholders' [36<sup>\*\*</sup>, p.5]. Currently, we see an emerging literature aiming to assess the terms of inclusion for SHFs in collaborative business models [35<sup>\*\*</sup>,37,38]. Any gains for SHFs, employees and other affected people depend on the actual process and terms of inclusion [36<sup>\*\*</sup>]. Vermeulen and Cotula [37] identified four dimensions of inclusion, which Chamberlain and Anseuw [39] recently elaborated and refined. These four aspects — ownership, voice, risk, and reward — are closely interlinked and allow for an integral and processual perspective on inclusiveness. *Ownership* deals with the question who owns what part of the business, and assets such as land and processing facilities. The second is *voice*: the ability of marginalized actors to influence key business decisions, including weight in decision-making, arrangements for review and grievance, and mechanisms for dealing with asymmetries in information access. The third one is *risk*, including commercial (i.e. production, supply and market) risks, but also wider risks such as political and reputational ones. The fourth one deals with the distribution of *reward*: the sharing of economic costs and benefits, including price setting and finance arrangements. This operationalization makes a more nuanced understanding possible of the actual conditions under which and processes through which SHFs are included in business practices.

## Conclusion

From this review we derive three main conclusions, which provide ingredients for a future research agenda. Firstly, literature on the inclusion of low-income consumers tends to focus on business models of lead firms, reflecting a strong focus on formalized arrangements and, accordingly, emphasizing the role of partnerships in ensuring inclusion as such. At the same time, we see

an emerging literature grounded in development studies, interested in a contextualized assessment of the precise terms on which actors (notably SHFs) are included in business practices, and thus qualifying the process of inclusion, rather than treating inclusion as an in or out affair. Cross-fertilization of these two literatures could also contribute to a more nuanced understanding of the terms on which low-income consumers are included in food provisioning. This would allow for a deeper understanding of how partnering shapes the terms of inclusion at both ends of the value chain.

Secondly, distinct bodies of literature focus either on inclusion upstream or downstream of the chain. However, in food provisioning these two dimensions are interrelated and pose possible tensions for inclusive business and the partnering processes underlying these [40]. Economic growth among producers might be at odds with the provision of affordable food products in low-income markets. Consequently, a focus on situated business practices and the possible alignment thereof offers more space to recognize potential paradoxes between the terms of inclusion at different ends of the value chain and unravel how ensembles of interdependent business practices, rather than business models, mediate these terms. Unravelling this configuration of business practices implies an assessment of both the terms of inclusion of suppliers of food and the terms of inclusion of purchasers of food as well as the inclusion of marginalized stakeholders in other parts of the valued chain. The implication for cross-sector partnering is to navigate the messy and open-ended processes underlying the alignment between enterprises sourcing, aggregating, trading and/or transforming food, smallholder farmers and micro-entrepreneurs supplying raw materials, and wholesalers and retailers arranging access to food for different groups of consumers. This sets the stage for enhancing our understanding of the contribution of partnering processes to systemic change [41].

Thirdly, the literature acknowledges the importance of partnering processes for inclusive development. However, the capacities of and processes within partnerships to shape or reconfigure the terms of inclusion at both ends of the value chain remains largely black boxed [40], which entails the integration of multiple theoretical perspectives [42]. The review observed a bias towards partnering with lead firms and collaboration embedded in integrated agri-food chains. Our interest in partnering and inclusiveness in the everyday realities of food provisioning sets the agenda for a more profound way of integrating processual perspectives in cross-sector partnership literature with a contextual understanding of terms of inclusion in aligned business practices. We consider this necessary for assessing whether and how partnering processes influence and reshape the terms on which upstream and downstream actors are included in food provisioning.

## Conflict of interest statement

Nothing declared.

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