

Interrelations of Frugal Innovation and Inclusive Business in the African Context

An empirical Research comparing Eleven Case Examples



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RESEARCH OBJECTIVE

Frugal innovations mainly address unmet consumer needs at the Bottom of the Pyramid. Their key features are significant cost improvement, concentration on core functionalities and optimized performance level^[1].

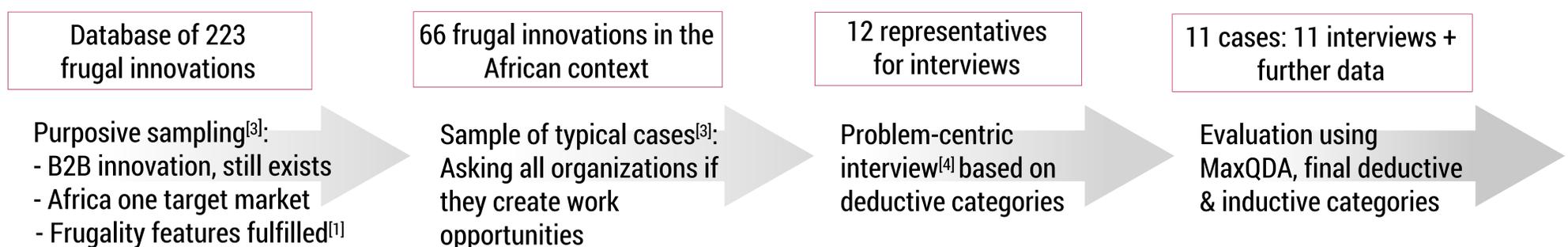
Inclusive business includes consumers as suppliers, producers and business owners in the value chain. Hence, it is perceived as a supporter of economic growth in low-income countries^[2].

Are there interrelations between both concepts as reoccurring patterns and approaches that could foster economic development, especially in the African context?

How does frugal innovation contribute to inclusive business?

QUALITATIVE METHODOLOGY

Literature review regarding frugal innovations, inclusive business, the interrelation of both concepts and the African context



RESULTS

- The frugal innovation features significant cost improvement and optimized performance level promote inclusive business to a varying extent; this connection is mutual
- Especially revenue-oriented organizations tend to establish inclusive business with self-employed persons
- Cooperation and knowledge transfer are important for both frugal innovation and inclusive business

Propositions

The inclusive business approach can be used to foster affordability of a frugal innovation by implementing local value chains.

Using the inclusive business approach as or within a cooperation can support the local implementation of a frugal innovation.

Self-employment structures within the inclusive business approach for frugal innovations contribute to ensure ongoing revenue.

Creating appropriate knowledge transfer around frugal innovations positively influences the development of inclusive business.

When entering developing markets, combining frugal innovations and the inclusive business approach can foster cost advantages and ongoing revenue as well as strengthen social and economic impacts.

[1] Weyrauch, Timo and Cornelius Herstatt: What Is Frugal Innovation? Three Defining Criteria, in: Journal of Frugal Innovation, 2016, pp. 1-17.

[2] UNDP: Creating Value For All: Strategies For Doing Business With The Poor, Growing Inclusive Markets, New York: United Nations Development Programme, 2008.

[3] Patton, Michael Quinn: Qualitative research and evaluation methods. 3. ed. Thousand Oaks, California: Sage Publications, 2002, ISBN 0-7619-1971-6.

[4] Witzel, Andreas: Das problemzentrierte Interview, in: Forum: Qualitative Social Research 2000, Vol. 1 No.1, pp. 1-7.