



# Editorial overview: Inclusive business for sustainability

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Inclusive business is increasingly seen, by both research and policy, as a means of supporting poor and marginalized producers gain access to commercial value chains [1,2]. The concept has been linked a variety of cross-disciplinary debates around ‘pro-poor’ policy, corporate social responsibility and shared value entrepreneurship, and inclusive growth strategies. More recently inclusive business has been seen in research and policy as a means of enabling wider social sustainability, including food and nutrition security [3], and environmental sustainability outcomes related to climate change adaptation and landscape management and restoration [e.g. 4].

Central to the concept of inclusive business is the assumption that participation in pro-poor markets spurs local development that supports ‘bottom of the pyramid’ (BoP) producers and consumers — that is, those that systematically excluded from participating in and benefiting from food markets [5]. Inclusive business also assumes that business interests can be aligned to the goals of business by changing the terms in which they incorporate producers into their supply chains and marketing products to poor but numerous consumers [5]. Where the normative social and environmental goals of inclusive business do not directly align to business interests assumptions it is assumed that a range of ‘mediators’ or ‘service providers’ will upgrade the capability of producers or facilitate pro-poor food markets [e.g. 6].

While these assumptions remain largely untested, inclusive business has continued to gain traction in policy and practice. Indeed, inclusive business has become paradigmatic, with national and international development agencies promoting inclusive business as a justification for delivering innovative development and finance with and through the private sector. A substantial proportion of Dutch, Swiss and Danish development aid, for example, has been channeled into the Sustainable Trade Initiative designed to leverage private sector investment in ‘triple bottom line’ outcomes. At the international level inclusive business has been embedded in the Sustainable Development Goals (SDGs) — supporting poverty alleviation, zero hunger, gender equality, the provision of water, sanitation and energy and responsible production and consumption for the rural and urban poor.

This special issue presents a timely set of papers that question the key assumptions of inclusive business, its paradigmatic status in steering the agri-food sector towards social, environmental sustainability. In doing so the

various authors examine the extent can business are willing, able to share the production risks of small holders, expose their practices, relations along value chains, serve the needs of so called 'bottom-of-the-pyramid' consumers with accessible, affordable goods, and services (e.g. food, medicine, farm inputs, water).

The first two papers in this issue, by Ros-Tonen *et al.* [7] and Van Westen *et al.* [8], expand on the conceptual basis for reflecting on the role of inclusive business.

Ros-Tonen *et al.* highlight the emergence of inclusive business as a concept distinct from inclusive development and value chain inclusiveness. In doing so they shift from a focus on inclusion as an outcome to understanding inclusion as a continual process shaped by gendered realities, knowledge, innovation capacity and agency in the context of often highly unequal power relations.

Similarly, Van Westen *et al.* argue that *doing* inclusive business is conditioned not only by the logics of business and value chains, but on the public policies that support the means (knowledge, capacity and agency) that enable the poor to engage in inclusive business. Combined, these authors demonstrate the limitations of what might be termed linear approaches to inclusive business that focus on business practices within value chains. In doing so, they open up debate to include dynamic social and environmental processes and networks that condition the extent to which business can in fact be 'inclusive' of poor producers and consumers.

The rest of the papers in the special issue build on a dynamic understanding of inclusive business by focusing on four related themes.

First, inclusive business is conditioned by the access BoP producers have to finance and risk transfer. The provision of financial services to financially excluded groups is a growing focus of banks and multi-national organizations, and seen as a major determinant of SDG success [9]. However, improving the access of BoP producers to finance requires new financial technologies (FinTech) designed to achieve economies of scale and contribute provide for previously unserved populations. As Hinson *et al.* [10], argue, while there are multiple forms of FinTech available, they are not applied in a social vacuum, nor are they a panacea for successful inclusion. These technologies can create new 'digital divides' as a consequence of uneven digital infrastructure development, access to digital devices, or a lack of basic digital competences. In short, the social organization of finance and risk still matters.

Meuwissen *et al.* [11] illustrate the importance of social organization by reviewing the role of group-based contracts (e.g. cooperatives) as alternatives to formal financiers and insurers. But while promising for dealing with

normal (small damage, high frequency risks and idiosyncratic risks (substantial damage, but not covariate across farms) they are less likely to cope with the kinds of calamitous risk that BoP producers face such as crop loss stemming from long-term climate change related impacts. In short, the type of risk matters, and addressing these risks through inclusive business requires more systemic changes to how business is done. As argued by Oostendorp *et al.* [12], systemic approaches include new modes of climate-smart financial inclusion based on new methodologies for understanding existing financial practices and tailoring new financial models to their needs.

Second, digital information technologies play an ambiguous role in supporting inclusive business. As Kos and Kloppenberg [13] argue, digital hyper-transparency does not only bring more information, it substantively transforms the practices and conditions of value chains by meeting market demands for 'knowing' more about where, when and how food is produced, and by whom. These practices can break down information asymmetries in global value chains, as well as create the kind of knowledge base on how BoP producers (or consumers) operate [returning to Oostendorp *et al.* [14]]. However, Kos and Kloppenberg also argue, there is currently limited evidence that these benefits have been demonstrated, which in turn leaves open questions as to whether the digital revolution in global food chains will simply increase surveillance, or lead to inclusive and therefore transformative outcomes for small-holders.

Third, inclusive business requires a new partnership and processes of learning that can overcome established power relations in value chains. Bijman and Weijers [15] open this debate by reflecting on the role of producer cooperatives, often strongly promoted by development policy and practice, as ideal type of partner to engage the BoP. They observe that when cooperatives evolve from community-orientation towards market orientation they are likely to become less inclusive.

Moving beyond the level of producers, Schouten and Vellema [16] call for greater critical reflection on the rise of both business-NGO (non-government organization) and business-CSO (community supported organization). They argue that while the notion of partnerships emphasizes the role of extra-transactional actors like NGOs, it also assumes the role of a lead firm, and as such reinforces this lead firm status. They in turn make a plea for a broader understanding of partnerships that focus on the extent to which the practices of both lead firms and NGOs reconfigure the provision of and access to food by BoP consumers.

Directly responding to this call, Speelman *et al.* [17] offer 'serious games' as novel approach for enabling such

reflection and learning. They argue that by employing these games existing power relations in value chains can be addressed more directly by facilitating more inclusive decision making on the governance of value chains, including who gets what, where and how. Notably, these games may also give impetus into the underlying discussion of 'why' certain forms of governance prevail in value chains. By fostering individual organizational commitment and creativity, they argue, old categories and assumptions that underpin or unconsciously structure established roles (like lead firm status) can enable the renegotiation of the terms of inclusion to value chains, including decisions on social justice and environment.

Finally, environmental sustainability will be an internalized driving feature of inclusive business into the future. Sustainability business claims communicated through instruments like certification have often been seen as exclusionary of poor producers and consumers alike [e.g. 18]. But beyond the certification-value-chain debate, environment is increasingly seen as a means through which inclusive business can in fact work through. This is especially the case when producers can benefit from technology, farming practices or new forms of organization can reduced their production risk while at the same time increase their efficiency.

Chia *et al.* [19] for instance argue that the transition to insect production not only provides a locally source of livestock feed that enables low income communities to generate meaningful profits. It also reduces land use dedicated to producing conventional crop-based feed-stocks, reduces household organic waste flows that cause local pollution and can be potentially used as a basis of bio-fuel production. Similarly Jonkman and Jansen [20] highlight the benefits of integrating local food production and carbon sequestration functions of urban plots. In doing so, they argue, farmers can enhance the value of these plots, as well as consolidate their position as a food produced in land scarce urban areas while increasing their income. Finally Bush *et al.* [21] build on the wider shift to sustainable landscape governance by arguing for new forms of assurance to certification that can enable financial and markets to support collective environmental risk reduction by aquaculture farmers through beyond farm forms of management.

Together the papers and themes outlined above illustrate the expansion of the inclusive business field from a predominant focus on value chain related dynamics (e.g. lead firm coordination and upgrading) to a set of social processes that condition where, when, how and if social and environmental outcomes can be achieved by BoP producers and consumers. Seen as such, inclusive business requires food system frameworks that can highlight the feedback between practices and relations that

condition the social and material means and terms of incorporation of these producers and consumers. It also allows for a more explicit exploration of why power differences and social injustices exist and how they might be overcome. While not highlighted above, such an approach will require the spread of disciplines incorporated in the studies reported on in this special issue — ranging from economics and political economy, to sociology, anthropology, history and geography.

While we are convinced that this special issue breaks new ground in the field of inclusive business, it is clear that any number of topics and themes are yet to be taken up in research. For instance, linking inclusive business to circular economy is only been addressed in passing. Reflecting on the papers of Ros Tonen *et al.* and Van Westen *et al.*, more attention could have been given to the limits of inclusive business. More critical reflection would enable the boundaries of where the private sector or entrepreneurial-led models of development end and where the state still plays an important role. For instance, providing support to producers, buyers and consumers alike to develop the means and capabilities to engage in inclusive business arrangements. We hope the following pages stimulate these are more questions on how to move ahead in both research on and the practice of inclusive business aimed at fostering durable social and environmental outcomes.

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