



UNIVERSITY OF
BIRMINGHAM



OVERVIEW

The Inclusive Digital Model project aims to research into a new business model that seeks to enable marginalised people in developing countries to generate income and empower themselves by sharing their skills and experiences using a digital platform.

The IDMODEL project is awarded and funded by the Economic and Social Research Council's Global Challenges Research Fund (ESRC-GCRF), and led by the Technology and Management Centre for Development (TMCD) at the Oxford Department of International Development (ODID) – University of Oxford and the Department of Strategy and International Business at the University of Birmingham.

PROJECT PARTNERS

- SBK Foundation
- University of International Business and Economics
- Ministry of Foreign Affairs, Bangladesh
- Kuaishou Technology Co., Ltd
- Bangladesh Network of NGOs for Radio and Communication (BNNRC)

Written by X. Fu, P. Ghauri, X. Xing, and E. Avenyo

The views expressed in this publication are those of the authors.

Designed by S. Li

THE INCLUSIVE DIGITAL MODEL (IDMODEL) PROJECT

POLICY BRIEF

ISSUE 1, 2020

While digital business models have the potential to enhance the capabilities of small-business owners and drive economic growth, there are several gaps in our understanding of how this process works. The IDMODEL project brings together research from the fields of technology, development studies, and business studies to fill these gaps. The project aims to investigate the role of digital technologies on inclusive development based on case studies in China and Bangladesh. The IDMODEL's 'Haate Haat' app, is content-based and aims to empower marginalised people in Bangladesh to create both economic and social value through the sharing of their skills and experiences.

This policy brief summarises the main findings and key policy recommendations emanating from China 'Kuaishou' and Bangladesh 'Haate Haat' cases. The brief incorporates the views of key stakeholders including Kuaishou and respondents in both countries on how to overcome digital challenges and seize the opportunities presented by new digital models and technologies in developing countries.

Digital infrastructure at the BoP

The digital economy has witnessed the increasing importance of information as a factor of production in the development of economic and social solutions. However, information poverty and inequality are manifesting in the digital economy. The case of Kuaishou in China showed that the infrastructure at the Base of the Pyramid (BoP), in terms of short videos got popularised. The accessibility of 4G networks and Wi-Fi availability, leading to value creation facilitated the Kuaishou business model at the BoP. The provision of information infrastructure in poor areas, therefore, has a direct impact on alleviating poverty. By doing so, the poor can access the internet through mobile communication services such as mobile phones. This has the potential to inspire the marginalised people to innovate and create business opportunities.

Education and training for information output

Information poverty is manifested in many ways; on the one hand, poor people cannot access and obtain high-quality information on production, consumption, and entertainment while on the other hand, they are unable to actively produce and transmit information. In the case of Kuaishou, it is the digital technology business model that helps to lower the threshold of information creation and output, thus providing the poor with the ability to express themselves. However, the low education levels of the poor impede this progress. The provision of free skills training in terms of graphic creation, video shooting, new media, and e-commerce, etc., can empower the marginalised people to fully use digital technology business models for value creation.

Local content based value creation

The Chinese Taobao village model focuses on the development of local industrial clusters driven by the connection between people and communities. Kuaishou's business model, on the other hand, focuses first on using content creation to establish the connection between people and content; then establishing person to person connection and finally superimposing the connection between people at BOP and local resources, which stimulates the value creation at BOP. However, the prerequisite for using this model to drive the poor out of poverty is to rely on the local value creation to support the realization of the market potential of local resources. The training, skills development and usage of local resource enhances the endowment at BoP. Once the content is disseminated and gathers significant attention, local governments monitor and transform it into economic and social programmes, thereby forming a sustainable loop. Active partnerships with private sector (MNEs) and grassroots entrepreneurs will further promote inclusive development.

Content-based business entrepreneurship at the BoP

Internet based entrepreneurship, as a new form of business model, faces few resource constraints and relies more on human resources. The innovative practice of short video apps has opened new ways for creating new meaning for 'daily life' that is different from traditional national imagery. It is particularly important during the COVID-19 pandemic and the lockdown, as a new communication and business model through online networking and meaningful exchanges. The IDMODEL project in collaboration with its partners has developed a digital technology-based business model and an App, 'Haate Haat', for value creation among the marginalised communities. This highlights the importance of community participation in value creation, opportunity recognition, and the development of capabilities (bottoms-up approach). Special policies to support these initiatives, in terms of capital and technology, and facilitating the growth of grassroots entrepreneurs are required. Finally, there is a need for NGOs or other social organisations to facilitate the relationship between sellers, distributors, buyers, and service providers without charging any commission or fee.

Reflection

The findings of this pioneering research have so far provided insightful policy implications for technology-based business models in developing countries. The accessibility and affordability of technology, however, warrant further actions from local and national governments, local NGOs, and multinational enterprises (MNEs). This poverty alleviating policy action can only be achieved through effective collaborations between business, society, and politics.



Oxford TMCD



@OxfordTMCD



www.oxfordtmcd.org
tmcd@qeh.ox.ac.uk



**TECHNOLOGY AND MANAGEMENT
CENTRE FOR DEVELOPMENT**

Oxford Department of International Development
Queen Elizabeth House,
3 Mansfield Road
Oxford OX1 3TB