Frugal Innovation

In light of growing discourse on 'frugal innovation', this book offers novel approaches to innovation based on extensive empirical research. The study complements a decade of scholarly attention on frugal innovation by taking a research-based approach to innovation in resource-scarce and complex institutional contexts. The findings suggest that concepts such as frugal, reverse, jugaad, social, grassroots and inclusive innovation in fact represent heterogeneous assemblies of innovation for social, environmental and economic value. The conceptual framework invites attention to more plural sources and elements in the study of models of innovation to inspire further research in the fields of strategy, innovation, entrepreneurship, economic sociology and development studies. The design framework offers models, metrics and competencies for practitioners and policymakers to identify, evaluate and design frugal innovations. The comprehensive view of frugal innovation demonstrates how firms can implement globally competitive strategies by pursuing innovation for humanity to improve lives for everyone, everywhere.

YASSER BHATTI completed his graduate studies in strategy, innovation and entrepreneurship at the University of Oxford, jointly at the Saïd Business School and Green Templeton College. His research interests in the fields of innovation, entrepreneurship and strategy focus on innovation under constraints, the localisation and globalisation of innovation, and the role of emerging market economies and situated actors (such as social entrepreneurs) in emerging trends in innovation, particularly frugal and reverse innovation. He has served on the scientific advisory board of the European Commission Project on Frugal Innovation and holds research and teaching affiliations with the University of Oxford, Imperial College London, Warwick University and Queen Mary University of London.

RADHA RAMASWAMI BASU has over forty years of experience in technology innovation and management. She is widely recognised

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> as a leading female entrepreneur in hi-tech companies and as a pioneer in the Indian software business. Radha is founder and CEO of iMerit Inc., a technology services company (www.iMerit.net) that pioneers the 'smart sourcing model', working on latest AI, machine learning and ecommerce services for global clients. Radha was Founder and Director of the Frugal Innovation Lab at Santa Clara University and sits on the boards of NetHope, Santa Clara University Miller Center for Social Entrepreneurship and Jhumki Basu Foundation. She has won numerous awards including the first UN Women GEMTECH award, Excelsior Leadership, Top25 Women of the Web, CEO of the Year 2000 and Leader of the Millennium.

> DAVID BARRON is a Rhodes Trust Associate Professor in Organisational Sociology at the Saïd Business School, University of Oxford, as well as the Vice Principal and a Fellow and Tutor in Management Studies at Jesus College, Oxford. After graduating from Cambridge in 1979 with a degree in natural sciences, he worked for several years as a social worker in Scotland and London, before completing his MA and PhD in sociology at Cornell University. David Barron's research is concerned with the sociology of organisations, quantitative research methods and social networks.

> MARC J. VENTRESCA is an Associate Professor of Strategic Management, Saïd Business School, University of Oxford, and a Governing Body Fellow of Wolfson College. He is also Senior Research Fellow at the Technology and Management Centre for Development at Queen Elizabeth House. His research and teaching focuses on innovation, institutions and infrastructure, with empirical work on emerging technologies and nascent markets. He earned degrees at Stanford University, is an economic and organisational sociologist and a specialist on innovation strategy and entrepreneurial ecosystems. Ventresca joined Oxford in 2004, after serving on the faculty at the University of Illinois, Northwestern University and the University of California.

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> Policymakers around the world and especially in emerging markets can leverage frugal innovations to better promote human welfare. The models and tools in this book should support leaders in their efforts to foster equitable growth and sustainable development.

- Shaukat Aziz, Chairman of the Oxford Emerging Markets Symposium Steering Committee and former Prime Minister of Pakistan

This book should give tremendous impetus for serious and rigorous academic research on innovation under severe constraints.

- Vijay Govindarajan, Coxe Distinguished Professor at Tuck, Dartmouth and author of the New York Times best seller, Reverse Innovation

This book complements previous books in helping to establish frugal innovation as a field that merits serious attention in the diverse worlds of academia, practice and policy. It extends prior work by developing models, frameworks and tools to help scholars, innovators and managers to deliver meaningful and much needed innovation for all of humanity.

- Jaideep Prabhu, Professor of Marketing at Judge Business School, Cambridge and co-author of best sellers Jugaad Innovation and Frugal Innovation

To solve the wicked problems confronting humanity and the planet, we need frugal innovators –wise problems solvers who operate with a business mind, social heart, and ecological soul. Building on earlier works on frugal innovation, this scholarly book offers a rigorous theoretical framework to understand, teach, and practice the art and science of designing and delivering frugal solutions that integrate six key elements: affordability, accessibility, simplicity, sustainability, quality, and purpose.

 Navi Radjou, Fellow at Judge Business School, University of Cambridge and co-author of best sellers Jugaad Innovation and Frugal Innovation

Frugal innovation is a topic of considerable interest to companies, policy makers and researchers. It offers both innovation to connect the poorest and most disadvantaged citizens to the benefits of new products and services and opportunities for firms to identify new and potentially lucrative markets. This important book offers

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> important new conceptual and practical insights into frugal innovation and should be seen as essential reading for anyone engaging with this topic.

 Alex Nicholls, Professor of Social Entrepreneurship, Saïd Business School and Fellow in Management, Harris Manchester College, University of Oxford

Targeted to scholars and providing a solid foundation for future research, *Frugal Innovation* also offers keen insights on how social entrepreneurs conceive of innovation in multiple dimensions. Practitioners will find experience-based frameworks that help them synthesize and communicate the integrative nature of innovations that benefit the underserved. Like social entrepreneurship, 'frugal innovation' is a term with many meanings. Integrative, synthetic, and clear, the authors examine multiple dimensions of innovation and distill frugal innovation as a hybrid approach tuned to environments with extreme resource constraints and resource voids. Both researchers and practitioners will benefit from learning how social entrepreneurs themselves perceive innovation.

– Thane Kreiner, Howard and Alida Charney University Professor and Executive Director, Miller Center for Social Entrepreneurship, Santa Clara University

New models of innovation are desperately needed in global health systems which are being squeezed by increasing demand, declining budgets and rising complexity of disease. This book shows how frugal innovations can play a vital role in containing soaring healthcare costs while upholding quality standards, which simply cannot be compromised in healthcare.

- Ara Darzi, Professor of Surgery at Imperial College London, member of the United Kingdom's House of Lords and former Parliamentary Under-Secretary of State at the Department of Health

Frugal Innovation: Models, Means, Methods is a must-read for academics, entrepreneurs, corporates and investors. It will advance how to get to inclusive solutions not merely based on cost

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> effectiveness and financial returns but combining them with purpose and impact. This book shows that frugal innovation is not just another innovation term, but that empirically based models and theories that the authors have proposed will help enable creating and scaling solutions under resource constraints both by social entrepreneurs and traditional businesses.

- Venkata Gandikota, President and Co-Founder, The Nordic Frugal Innovation Society

This book is needed! The marrying of social value and business value has gained steam in many circles with a focus on value – both human and economic. Frugal Innovation widens the path for intrepid innovators by grounding insightful conceptual frameworks upon an extensive base of empirical evidence.

– Kristian Olson, Director of the Consortium for Affordable Medical Technologies and Associate Professor, Harvard University Medical School

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Frugal Innovation

Models, Means, Methods

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> We dedicate this book to the late Pamela Hartigan, who spread her optimism far and wide to help make a better world, served by better business.

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> Entrepreneurs, whether primarily commercial or social in orientation, are cut from the same cloth: resourceful, pragmatic, innovative and opportunity-oriented. All entrepreneurs need to keep in mind social and financial goals. Social entrepreneurs prioritise social gain and pursue financial gain to sustain and expand their social mission and its growth. – Dr Pamela Hartigan, 1948–2016 Director, Skoll Centre for Social Entrepreneurship at the Saïd Business School, University of Oxford

Contents

Lis	st of I	Figures	pag	ge xv
Lis				xvi
Fo	Foreword			xviii
	Anit	ta McG	Sahan	
Pro	eface			xxi
Ac	know	vledger	nents	xxiv
Lis	st of A	Abbrev	iations	xxv
In	trodu	iction		1
PA	RT I	MODE	ELS OF FRUGAL INNOVATION	7
1	Out	tline o	f the Context, Literature and Methodology	9
	1.1	The I	nspiration for This Book	9
	1.2	Theor	retical Framing from the Literature	10
		1.2.1	Why Focus on Innovation?	12
		1.2.2	Why Focus on Institutional Voids and Resource	
			Scarcity?	13
		1.2.3	Why Study Social Entrepreneurs to Inform Model	ls
			of Innovation?	14
		1.2.4	Under-Researched Assumptions about Social	
			Innovation and Social Entrepreneurship	15
	1.3	What	Do We Know about Social Innovation?	17
	1.4	Innov	ation under Constraint	19
	1.5	The C	Question of Frugal Innovation	21
	1.6	How	Does This Book Approach Innovation Differently?	23
	1.7	The C	Conceptual Framework	24
	1.8	Resea	rch Questions	31

xi

XII TABLE OF CONTENTS

	1.9	Appr	oach and Method	32
	1.10	Cont	ribution to Organisation Theory and	
		Strate	egic Management	35
2	Con	ceptua	alising Innovation: Model 1	38
	2.1	Introdu	uction	38
	2.2	Analys	sis and Coding	39
	2.3	Aggreg	ating into Third-Level Theoretical Concepts	58
	2.4	Genera	ating a Model and Towards Theory	59
	2.5	Discus	ssion	59
		2.5.1	Social Innovation	65
		2.5.2	Challenge-Based Innovation	66
		2.5.3	User-Based Innovation	67
		2.5.4	Efficiency-Driven Innovation	67
		2.5.5	Combining the Four Types to Define	
			Frugal Innovation	67
	2.6	Summ	ary	70
3	Con	ceptua	lising Innovation under Constraints:	
	Mod	lel 2		71
	3.1	Introdu	uction	71
	3.2	Analys	sis and Coding	73
	3.3	Aggreg	ating into Third-Level Theoretical Concepts	82
	3.4	Genera	ating the Theoretical Model	84
	3.5	Discus	ssion	97
	3.6	Summ	ary	99
PA	RT II	TOWA	RDS A THEORY OF FRUGAL INNOVATION	101
4	Inte	grative	e Results and Theory Development	103
	4.1	Introd	, 1	103
	4.2	Approa	ach to Theory Development	104
	4.3		pping a Theory of Frugal Innovation	108
		4.3.1	Intersection of Technology and Social Innovation	111

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<u>Aore Information</u>

TABLE OF CONTENTS XIII

		4.3.2	Intersection of Institutional and Social	
			Innovation	120
		4.3.3	Intersection of Technology and Institutional	
			Innovation	125
		4.3.4	The Technology-Social-Institutional Nexus	129
	4.4	Sumn	nary	133
5	Test of Models Using Secondary Cases			141
	5.1	Introd	luction	141
	5.2	Inters	ection of Technology and Social Innovation	143
		5.2.1	Aravind Eyecare System (Social)	143
		5.2.2	General Electric's Electrocardiogram and	
			Ultrasound Machines (Efficiency-Based)	144
		5.2.3	Tata Nano (Challenge-Based)	146
		5.2.4	Ansari X Prize (Challenge-Based)	147
		5.2.5	One Laptop per Child (Challenge-Based)	149
	5.3	Inters	ection of Institutional and Social Innovation	149
		5.3.1	Grameen Bank (Social)	149
		5.3.2	Mumbai Dabbawalas (User-Based)	150
	5.4	5.4 Intersection of Technology and Institutional		
		Innov	ation	152
		5.4.1	Mobile Phone Banking (Efficiency-Based)	152
	5.5	The T	Cechnology–Social–Institutional Nexus	155
		5.5.1	Narayana Health Cardiac Hospital (Social)	155
		5.5.2	\$300 House (Challenge-Based)	157
	5.6	Sumn	nary	158
6	Emerging Concepts in Innovation			160
	6.1	Introduction		160
	6.2	Reverse Innovation		162
	6.3	Grassroots Innovation		
	6.4	Inclusive Innovation		
	6.5	Jugaad Innovation		169

XIV TABLE OF CONTENTS

	6.6	Fruga	l Innovation	171
		6.6.1	Conceptualising Frugal Innovation	174
		6.6.2	Mechanisms Enacted in Frugal Innovation	183
	6.7	Sumn	nary	187
7	Imp	olicatio	ons for Research, Practice and Policy	189
	7.1	Introd	luction	189
	7.2	Impli	cations for Researchers	192
	7.3	Impli	cations for Practitioners	196
	7.4	Impli	cations for Policymakers	202
	7.5	Limit	ations	206
		7.5.1	Research Question 1	208
		7.5.2	Research Questions 2 and 3	209
		7.5.3	Results and Claims	210
	7.6	Futur	e research	212
	7.7	Sumn	nary	214
Co	onclu	ision		216
РА	RT II	и тоо	IS FOR PRACTICE AND RESEARCH	223
Aŗ	opend	ices		225
	App	endix A	A. Toolkit to Identify and Categorise Frugal	
	Inno	ovation	s	226
	App	endix I	B. Lessons from the Frugal Innovation Lab	229
	App	endix (C. Detailed Research Methodology and Design	233
Re	eferen	ces		262
Bibliography			298	
In	dex			308

Cambridge University Press 978-1-316-63864-4 — Frugal Innovation Yasser Bhatti, Radha Ramaswami Basu, David Barron, Marc J. Ventresca Frontmatter <u>More Information</u>

Figures

1.1	Identifying gaps in the literature pa	ge 12
1.2	Conceptual framework	30
1.3	Main constraints on innovation in underserved	
	markets	31
2.1	Coding sequence for 'conceptualise innovation'	47
2.2	Model 1: Matrix model of perceptions of innovation	60
2.3	Bridging the gap between social and business priorities	S
	through frugal innovation	63
2.4	Interpretative theoretical perspectives on models of	
	(frugal) innovation	65
3.1	Coding sequence	74
3.2	Model 2: Theoretical dimensions and the overlap	
	between resource constraints, institutional voids and	
	affordability constraints	97
4.1	Theoretical model of frugal innovation	109
4.2a	Development from Jaipur Knee to ©ReMotion Knee	116
4.2b	Price-performance space for frugal innovation	
	©ReMotion Knee	117
4.2c	Frugal innovation is not cheap	118
4.2d	Overlay of two figures in support of the finding that	
	frugal innovation is not cheap	118
6.1	Growing trend in articles related to frugal innovation	161
6.2	Arbutus Medical DrillCover	171
6.3	Definitions of frugal innovation at different levels of	
	abstraction	180
6.4	Mapping the ecosystem for an emerging field	187
7.1	Reverse diffusion of frugal innovation in the Rogers	
	diffusion curve	215
A.1	Categorising frugal innovations in lifecycle	228
B.1	Ten core competencies of frugal innovation from the	
	Frugal Innovation Lab	230
C.1	Contextual elements of research sites	241
C.2	Retroduction as an iterative combination of induction	
	and deduction	256

xv

Tables

1.1	Summary of main findings page	e 36
2.1	Stages of analysis: How social entrepreneurs	
	conceptualise innovation	40
2.2	First-order codes: Conceptualise innovation	44
2.3	Summary of codes and themes	46
2.4	Distribution of passages that support data triangulation	L
	findings	47
2.5a	Interview data: Social innovation $n = 75$ passages	48
2.5b	Interview data: Challenge-based innovation $n = 59$	
	passages	50
2.5c	Interview data: User-based innovation n = 54 passages	53
2.5d	Interview data: Efficiency-based innovation $n = 54$	
	passages	55
3.1	Stages of analysis for research subquestions 2 and 3	75
3.2	Number of passages coded from each data source	
	(baseline)	79
3.3	Frequencies of themes by types of respondents	
	discussing institutional voids and resource scarcity	79
3.4	First-order codes for research subquestions 2 and 3	81
3.5	Number of passages that support third-level theoretical	
	dimensions	82
3.6	Intermediate table summarising constructs	
	and themes	83
3.7	Sample data supporting the theoretical dimension of	
	institutional innovation – 293 (archives) + 188	
	(interviews) = 481 passages	85
3.8	Sample data supporting the theoretical dimension of	
	technology innovation – 182 (archives) + 109	
	(interviews) = 291 passages	89
3.9	Data supporting the theoretical dimension of social	
	innovation – 289 (archives) + 144 (interviews) = 433	
	passages	93
4.1	Contradictory assumptions among social	
	entrepreneurs	106

xvi

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LIST OF TABLES XVII

4.2a	Data supporting the intersection of Schumpeterian	
	and social innovation	134
4.2b	Data supporting the intersection of Schumpeterian and institutional innovation	135
4.2c	Data supporting the intersection of institutional and	
	social innovation	137
4.2d	Data supporting the social-Schumpeterian-	
	institutional nexus	139
5.1	Categorising case examples in accordance with	
	Innovation Models 1 and 2	142
6.1	First-order codes that support reverse innovation	
	needs gaps	165
6.2	Comparing frugal innovation with related concepts	179
6.3	The definition of frugal innovation has many facets	182
7.1	Implications of two models in relation to theory,	
	practice and policy	193
A.1	Frugal identification tool	227
B.1	Ten core competencies of frugal innovation from the	
	Frugal Innovation Lab	230
B.2	Examples that support the ten core competencies of	
	frugal innovation	231
C.1	Research questions and objectives	234
C.2	Overview of the research design	235
C.3	Components of the research process adopted for	
	this study	236
C.4	Total number of interviews during Phases 2 and 3	240
C.5	Innovation summary documents	243
C.6	Respondent profiles for Phase 2	247
C.7	Respondent profiles for Phase 3 (all from site A)	251

Foreword

You are holding in your hands one of the most extensive studies of what has come to be called 'frugal innovation'. Rooted in several years of sustained empirical work, this volume deals comprehensively with the various constructs associated with low-cost innovation in resource scarce and institutionally complex contexts. The authors reveal the many facets of frugal innovation through a process of discovery grounded in practices of social entrepreneurs, and in prior studies by academics. The result is real progress: understanding what frugal innovation means and why it is important – and why it should be important – to innovation scholars, practitioners and policymakers.

Doctoral students and scholars will find the surveys of the literature and theory to be essential resources for understanding frugal innovation and related constructs. For those seeking to advance knowledge about frugal innovation, primary and secondary case studies offer fascinating opportunities to understand how this idea is implemented in practice. The authors draw on the literature and experiences of actual innovators to build a theoretical framework for scholars who seek to increase the body of knowledge about this concept. In addition to identifying what frugal innovation is and means, the authors test the boundaries of the idea, and then offer a series of tools for practitioners seeking to implement frugal innovation as a process.

The ideas that permeate this book reflect that low-cost innovation is fundamentally about change that does not drive more luxury but focuses on equitability. In the end, the phenomenon raises fundamental questions about the purpose of the systems of innovation that dominate the landscape of change in most established contexts. Innovation under principles of frugality leads to foundational

xviii

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FOREWORD XIX

questions about the purpose of the system that we customarily rely upon to generate change. At its heart, frugal innovation challenges orthodoxy.

Anita McGahan Rotman Chair in Management and Professor of Strategic Management at Rotman School of Management, University of Toronto

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Preface

Almost a decade has passed since the idea of frugal innovation began to be globally recognised. With so much already achieved, this is an opportune time to further help to authenticate the growing but occasionally confusing frugal innovation agenda for researchers, practitioners and policymakers. This book complements other books on frugal innovation by breaking critical ground in drawing from the perspectives of social entrepreneurs as a focal lens to base pluralistic arguments for frugal innovation underpinned by empirical research and theory development. It builds on and extends original doctoral thesis by Dr Yasser Bhatti, successfully defended at the Saïd Business School, University of Oxford in the summer of 2014.

Social entrepreneurs, as well as multinational firms, are creating the market for frugal innovations – potentially profitable and socially valuable solutions that are affordable, adaptable and accessible. Often, frugal innovations are the result of efforts to tackle local problems of global concern in the fields of education, healthcare and housing. By starting our analysis with social entrepreneurs and building on the assumption that they carry out social innovation, we transition to frugal innovation as a concept that helps to capture the plural sources and elements of innovation, beyond just social innovation, that they actually see as important in their work, context and indeed as occurring around them. As a unique source transcending private and public sectors, they provide fresh insights on broader issues of equitable and sustainable growth through innovation which is becoming increasingly important for markets, civil society and governments.

Our research shows how the emerging trend in frugal innovation deals with, makes use of and overcomes resource constraints

xxi

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XXII PREFACE

and institutional voids to create social value and generate profit, the former improving lives and the latter making solutions sustainable. We discuss how the concept of frugal innovation (defined through the findings of this study) compares with the nuanced meanings found in the existing literature and argue that frugal innovation is best construed as 'means and ends to do more with less for the many', thereby moving beyond the view that frugal is mainly about cost, affordability or simply constraint.

With conceptual frameworks and theoretical models, the primary audience for this book consists of strategic management researchers and organisational theorists studying: (i) strategy and innovation; (ii) social entrepreneurship; (iii) development studies; (iv) sustainability and (v) design and engineering. The presentation style, arguments and analyses are tailored for academic researchers and policymakers, as well as for postgraduate MSc and PhD candidates writing research-based dissertations.

In addition, with design frameworks and practical models, this book also provides tools to help practitioners and policymakers to identify, measure and evaluate frugal innovations. It aims to create awareness among entrepreneurs and firms of ways to improve lives by providing greater social value. Given increasing competition from low-cost global competitors, this study should help businesses and social entrepreneurs, as well as large firms, to learn about core competencies associated with frugal innovation to become more globally competitive. The findings can benefit practitioners and policymakers in the following ways:

- Entrepreneurs of all kinds, whether primarily social, such as Jacqueline Novogratz of the Acumen Fund, or commercial, such as Elon Musk of Tesla Motors, who seek to maximise the triple bottom-line benefit to profits, people and the planet by doing more with less for many;
- Firms and organisations that support and promote frugal innovation, including TATA (India), General Electric (USA), Haier (China), Danfoss (Denmark), Nissan (Japan) and many others, as well as those adopting frugal innovation strategies to discover new markets and applications abroad or at home;

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PREFACE XXIII

• Policymakers and think tanks, such as the European Commission Directorate-General of Research and Innovation (Belgium), NESTA (UK), Social Innovation Generation (Canada), the Rockefeller Foundation (USA), the SERCO Institute (UK), the Schwab Foundation for Social Entrepreneurship (Switzerland) and the Grameen Foundation (Bangladesh and global) that seek to promote inclusive growth and development through business.

We hope that this book will advance the academic research agenda in innovation studies and raise awareness in both the practice and policymaking communities. There is still much work to be done and we invite readers to share their views with us so that we can collectively advance knowledge about innovation and for humanity.

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xxiv

Abbreviations

BOP	Base of the Pyramid
EDEA	Entrepreneurial Design for Extreme Affordability
FIL	Frugal Innovation Lab
GSBI	Global Social Business Incubator
RBV	Resource-Based View
SCU	Santa Clara University
SE	Social Entrepreneur/ship
TCA	Thematic Content Analysis

xxv