CSR and Pro-poor development: What is the future?

Satnam Kaur Nanda-Jørgensen
Cand.merc. International Business and Development Studies 2009
Supervisor: Søren Jeppesen

181.028 characters including spaces and figures
Executive Summary

Globalisation has led to corporations working in developing countries. With a rise in the gap between the rich and the poor, corporations are increasingly being criticized for not making a difference. They are pressured to legitimise their business in developing countries. CSR has emerged as “the best way” for corporations to engage in activities, which can benefit developing countries. However, this project states, that CSR has a lot of shortcomings, in relation to the development debate, and in particular, its ability to address pro-poor development; something which is much needed to prevent the rise in future inequalities between rich and poor. Therefore, this project argues that there is a need to alter the concept of CSR, in order for it to address pro-poor development. In this project, pro-poor development refers to activities and/or strategies, where the aim is to create development, that is targeted towards and beneficial to the poor. The focus is on Sen’s capability approach and the reduction of multidimensional poverty, which encompasses economical, political, protective, socio-cultural, human, gender and environmental poverty dimensions.

The different limitations identified of CSR concerning the development debate are: corporations’ role in development, developing country’s context, impact assessment, power and participation, and CSR and poverty. After reviewing the relevance of the different limitations, in relation to the project’s aim to alter CSR and address pro-poor development, the limitations of power and participation have been chosen as the two most relevant and essential limitations to structure the analysis. The limitation of the corporation’s role in development is addressed, via the level of analysis, which is the relationship between the corporation and the poor. Moreover, power and participation are analysed and linked throughout the project to capabilities and their ability to reduce multidimensional poverty, thus addressing the limitations of CSR and poverty. Developing country’s context is a given for the creation of the new concept. Lastly, impact assessment is the only limitation that is not addressed, neither implicitly or explicitly, given that it does not correlate with the project’s aim and focus.

Power and participation are put forward, as a manner by which, the corporation can address the relationship between itself and the poor, and truly create CSR activities that address pro-poor development. Power and participation are interconnected and rely on each other for successful pro-poor development. The underlying results in connection with power are, that the corporation needs to simultaneously adapt a middle-ground view of power, as well as a normative stakeholder theory perspective, to enable pro-poor development. Moreover, economic empowerment and an empowering approach are important for the corporation to engage in, in order to reduce different
dimensions of poverty, via an enhancement of the poor’s capabilities. The results for participation refer to the corporation truly listening to the poor’s needs and having them involved in the whole CSR process, rather than merely mobilizing them. Hence, participation as an end is mostly focused upon. Different participation types like direct, representational, information-based and citizen control are important for the corporation to focus upon. This ensures a real bottom-up approach, where the poor are included and participate. This also gives them a certain degree of power, that can result in the improvement of their capabilities, and thus the reduction of different dimensions of poverty, like political, socio-cultural and economical. This is linked to the need to create local ownership. Moreover, various tools like accessible tools, the participatory methods: key characteristics and tools model and the integrated participatory action learning process model should be used by the corporation, when engaging in participation. It is argued that the corporation lacks expertise in the development field, which necessitates engaging in a partnership with an experienced organisation.

All of these results point to the creation of a new concept that can better address pro-poor development. After careful discussion of the different components of the current concept of CSR in relation to pro-poor development and the findings, it is argued that the component of Corporate (C) should remain, but that Social (S) and Responsibility (R) should respectively be replaced by Poverty (P) and Accountability (A) to better address pro-poor development. Consequently, the new concept is called CPA, Corporate Poverty Accountability.

This new concept can better address pro-poor development by the means of the chosen elements of power and participation. It is assumed that CPA can provide economic, financial and reputational benefits to the corporation, which motivates the corporation to engage in CPA and pro-poor development. The new concept of CPA can result in the enhancement of the poor’s capabilities that lead to the reduction of multidimensional poverty and hence a decrease in the gap between rich and poor.

The concept of CPA is embedded in sustainability and an understanding of the importance of context. It has a double focus on poverty, looking at preventive methods to limit people falling into poverty, and reactive methods to get people out of poverty. This ensures the right mindset to undertake CPA in relations to pro-poor development. Additionally, the focus should be on the process of CPA, but also on its outcomes and impact. CPA should be used as a basis for a new understanding and perspective of CSR in developing countries that is more effective and useful for both society and the corporation.
“Perhaps no one has more at stake than the business community itself. You have helped drive
globalisation. You have benefited greatly from it. Your vision, strategies, and organisation embody
it. And you have even more to hope for in the future. Yet our fragile global order stands in jeopardy
today. Securing its future requires your resources and capacities, your advocacy, and your
leadership. (Emphasis by Kofi Annan) It calls for the unique contribution that only private
enterprise can make to the creation of public value, at home and abroad”.

- Kofi Annan, former UN Secretary General, in a speech addressed to the CEOs participating in the UN Global
Compact Leaders Summit in 2004

---

**Table of contents**

1. Introduction ........................................................................................................................................... 1  
   1.1. Problem area .................................................................................................................................... 3  
1.2. Research Question ............................................................................................................................ 4  
   1.2.1. Definition of the research question’s key concepts ................................................................. 4  
      1.2.1.1. Corporate Social Responsibility ...................................................................................... 4  
      1.2.1.2. Pro-poor development ................................................................................................. 5  
1.3. Structure of the project and reading guide ...................................................................................... 7  
   1.3.1 Graphic depiction of the project ............................................................................................... 8  
   1.3.2. Reading Guide ....................................................................................................................... 9  
2. Methodology ........................................................................................................................................ 10  
   2.1. Research method and choice of theory of science position ...................................................... 10  
      2.1.1. Research Method ........................................................................................................... 10  
         2.1.1.1 CSR as a concept ........................................................................................................... 10  
         2.1.1.2. Research strategy ..................................................................................................... 10  
         2.1.1.3. Level of analysis ....................................................................................................... 10  
         2.1.1.4. Research type ........................................................................................................... 11  
      2.1.2. Theory of Science Position ............................................................................................... 11  
2.2. Empirical and theoretical data ....................................................................................................... 12  
2.3. Validity and Reliability of the data and theory ............................................................................ 14  
2.4. Delimitation ................................................................................................................................... 15  
3. Literature review and analytical framework .................................................................................... 18  
   3.1. Literature review ........................................................................................................................... 18  
      3.1.1. Introduction to CSR .......................................................................................................... 18  
      3.1.2. CSR and the development debate ....................................................................................... 19  
         3.1.2.1. The corporation’s role in development ...................................................................... 19  
         3.1.2.2. Developing countries’ context ................................................................................... 21
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1.2.3. Impact assessment</td>
<td>23</td>
</tr>
<tr>
<td>3.1.2.4. Power and participation</td>
<td>24</td>
</tr>
<tr>
<td>3.1.2.5. CSR and poverty</td>
<td>25</td>
</tr>
<tr>
<td>3.1.2.6. Summary of the criticism</td>
<td>28</td>
</tr>
<tr>
<td>3.2. Analytical framework</td>
<td>28</td>
</tr>
<tr>
<td>3.2.1. Reasons for choosing power and participation</td>
<td>28</td>
</tr>
<tr>
<td>3.2.1.1. Corporation’s role in development</td>
<td>29</td>
</tr>
<tr>
<td>3.2.1.2. Developing country’s context</td>
<td>29</td>
</tr>
<tr>
<td>3.2.1.3. Impact assessment</td>
<td>29</td>
</tr>
<tr>
<td>3.2.1.4. Power and participation</td>
<td>29</td>
</tr>
<tr>
<td>3.2.1.5. CSR and poverty</td>
<td>30</td>
</tr>
<tr>
<td>3.2.1.6. Conclusion</td>
<td>31</td>
</tr>
<tr>
<td>3.2.2. Power and participation’s content</td>
<td>32</td>
</tr>
<tr>
<td>4. Analysis</td>
<td>33</td>
</tr>
<tr>
<td>4.1. Power</td>
<td>33</td>
</tr>
<tr>
<td>4.1.1. Stakeholders</td>
<td>33</td>
</tr>
<tr>
<td>4.1.2. Nature of power theory</td>
<td>37</td>
</tr>
<tr>
<td>4.1.3. Empowerment</td>
<td>39</td>
</tr>
<tr>
<td>4.1.3.1. Definition of empowerment</td>
<td>40</td>
</tr>
<tr>
<td>4.1.3.2. Economic empowerment</td>
<td>40</td>
</tr>
<tr>
<td>4.1.3.3. Empowerment process and approach</td>
<td>42</td>
</tr>
<tr>
<td>4.1.4. Conclusion</td>
<td>44</td>
</tr>
<tr>
<td>4.2. Participation</td>
<td>45</td>
</tr>
<tr>
<td>4.2.1. Nature of participation</td>
<td>45</td>
</tr>
<tr>
<td>4.2.2. Types of participation</td>
<td>46</td>
</tr>
<tr>
<td>4.2.2.1. Different types of participation</td>
<td>46</td>
</tr>
<tr>
<td>4.2.2.2. Participation model</td>
<td>48</td>
</tr>
<tr>
<td>4.2.2.3. Ownership</td>
<td>50</td>
</tr>
</tbody>
</table>
4.2.2.4. Tools, experience and skills for participation.......................................................... 51

4.2.3. Conclusion ................................................................................................................... 56

5. The creation of the new concept of CSR.................................................................................... 57

5.1. Discussion of the elements of CSR...................................................................................... 57

5.1.1. Corporate (C) ............................................................................................................... 57

5.1.2. Social (S)...................................................................................................................... 59

5.1.3. Responsibility (R)......................................................................................................... 63

5.2. New concept: CPA.............................................................................................................. 65

6. Assessment of the project .......................................................................................................... 67

7. Conclusion ............................................................................................................................ 70

8. Future research......................................................................................................................... 75

9. Appendix................................................................................................................................ 76

9.1. The multidimensional poverty framework........................................................................... 76

9.2. Carrols pyramid .................................................................................................................. 77

9.3. Visser’s African CSR pyramid............................................................................................ 78

9.4. Bottom of the pyramid........................................................................................................ 79

10. References............................................................................................................................... 80

10.1. Articles ............................................................................................................................. 80

10.2. Books................................................................................................................................ 81

10.3. Dictionary......................................................................................................................... 83

10.4. Homepages....................................................................................................................... 83

10.5. Lectures ............................................................................................................................ 84

10.6. Reports ............................................................................................................................. 84
List of Figures

Project
- Figure 1: Graphic depiction of the project.................................................................8
- Figure 2: The multidimensional poverty framework..................................................31
- Figure 3: Adapted stakeholder model...........................................................................35
- Figure 4: Four factors for successful empowerment...................................................43
- Figure 5: Types of participation and non-participation...............................................48
- Figure 6: Participatory methods: key characteristics and tools......................................53
- Figure 7: Integrated participatory action learning process..........................................54
- Figure 8: Graphic depiction of the component Poverty (P)...........................................61
- Figure 9: New concept: Corporate Poverty Accountability (CPA)..............................65

Appendix
- Figure 1: The multidimensional poverty framework.....................................................76
- Figure 2: Carrol’s CSR pyramid..................................................................................77
- Figure 3: Visser’s African CSR pyramid.......................................................................78
- Figure 4: Bottom of the pyramid.................................................................................79
1. Introduction
Corporate Social Responsibility (CSR) is the corporate buzzword of the 21\textsuperscript{th} century. Corporations are increasingly being convinced that engaging in Corporate Social Responsibility strategies and activities can benefit them in several ways, like risk reduction, increase in brand reputation and even increase in competitiveness. The beneficial promises of Corporate Social Responsibility are endless and even governments have started putting Corporate Social Responsibility on the agenda. For example, the Danish government has created an action plan for Corporate Social Responsibility, where the 1100 biggest Danish corporations have to report their efforts on Corporate Social Responsibility in their annual report.\textsuperscript{2} “With this action plan, the Government wants to promote social responsibility and help Danish businesses reap more benefits from being at the global vanguard of corporate social responsibility. It will underpin the goal of making Denmark and Danish businesses internationally renowned for responsible growth.”\textsuperscript{3} The promise here is that Corporate Social Responsibility will raise Danish corporations’ competitiveness. It is viewed as being profitable for corporations to engage in Corporate Social Responsibility.

Even though Corporate Social Responsibility is the buzzword of the 21\textsuperscript{th} century, there is no consensus on the definition of the concept, what it is, and should be constituted of. According to the European Commission “Most definitions of corporate social responsibility describe it as a concept whereby companies integrate social and environmental concerns in their business operation and in their interaction with their stakeholders on a voluntary basis. Being socially responsible means not only fulfilling legal expectations, but also going beyond compliance and investing “more” into human capital, the environment, and the relations with the stakeholders”.\textsuperscript{4} However, the definition and purpose of Corporate Social Responsibility changes depending on which institution/organisation defines it. For example, the World Bank, which is more development oriented, views Corporate Social Responsibility as “the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life, in ways that are both good for business and good for development.”\textsuperscript{5} This lack of consensus and numerous definitions mean that corporations

\begin{flushright}
\textsuperscript{2}http://www.samfundsansvar.dk/sw51873.asp
\textsuperscript{3}http://en.cop15.dk/files/Docs/Tenders/Minivans\%20and\%20minibuses/Action_plan_CSR.pdf p.3
\textsuperscript{4}Allouche, J. (2006) p.39
\textsuperscript{5}http://www.ifc.org/ifcext/economics.nsf/Content/CSR-IntroPage
\end{flushright}
can choose which one they want to follow and adhere to. This in itself creates problems of comparison and understanding by stakeholders of what is expected of corporations.

This is linked with the ever continuing debate about the business case versus the development case, where the former views Corporate Social Responsibility as being able to provide economical, financial and reputational benefits for the corporation, while the latter emphasises the need for Corporate Social Responsibility to impact different dimensions of development in the developing countries. There has been more focus on Corporate Social Responsibility as a business case, rather than a development case, seeing as business leaders are more inclined to invest in Corporate Social Responsibility, if it can create business profits. But, with the increased focus on developing countries and western corporations operating in these, Corporate Social Responsibility has begun moving towards the development case. The increasing gap between rich and poor, northern and southern countries, has caught the consumers’ eye. Globalisation is one of the causes of this gap and, corporations being one of the engines of globalisation, are being blamed for this increased poverty gap.

There are calls for better behaviour and helping the developing countries. However, corporations only focusing on development, via economic growth, do not necessarily help reduce the gap between rich and poor. This is due to the fact that the economic gains of these development strategies are not necessarily targeted the poor and more beneficiary to them. It helps people that are better off and thus the development strategy might result in an increased economic gap in the targeted country. Therefore, it is important to be able to address the huge amount of people living in extreme poverty, that development is pro-poor development, which means that development benefits and targets the poor. Two scholars from the Brooklings Institutions have shed light on the global demographic trends. They argue that “in the next fifty years, the world’s population will increase by 50 percent from six billion to nine billion.” Furthermore, “the number of people living in the advanced industrial countries will remain about the same at roughly one billion – the increase will come entirely in developing countries. By 2050, people in developing countries will total about 90 percent of humanity.” Hence, if nothing is done, the disparity between rich and poor will become so grand, that it might never be able to be narrowed. This might result in various consequences for the western countries, like having to deploy more resources into the developing

---

countries and decreasing outsourcing due to lack of skills. Therefore, it is important that business increasingly engage in pro-poor development, which is expected by government and civil society. Like Kofi Annan stated in the beginning of this paper, corporations can and should make a difference.

1.1. Problem area

According to Newell and Frynas “while there are clearly zones of compatibility between business-led CSR initiatives and efforts by the development community to engage business in efforts to tackle poverty, CSR as a business tool is distinct from CSR as a development tool”.\(^{10}\) They argue that business still views poverty more as a problem, than an opportunity. Additionally, the original nature of Corporate Social Responsibility as a public relations tool, which aim is to avoid criticism, is not entirely in line with creating corporate poverty reduction strategies. There is also a need to question “the universality” of Corporate Social Responsibility. It has limits and hence there should be an investigation of the concept in specific settings.\(^{11}\) Moreover, Newell and Frynas argue that “current CSR models assume responsive business interested in CSR, an active civil society willing to enter into partnerships with business and a strong state able to provide an enabling environment for CSR, yet these conditions are absent in the majority of the world”.\(^{12}\) All of these arguments raise the notion of some limitations of the present concept of Corporate Social Responsibility in addressing issues of pro-poor development in developing countries. Moreover, Prieto-Carrón et al. argue that “there is a pressing and persistent need for a critical investigation of the potential and limitations of CSR initiatives in developing countries. There exists at present a rather one-sided view of CSR that emphasizes profit-making, win-win situations and consensus outcomes in multi-stakeholder arrangements”.\(^{13}\) Therefore, it is this author’s view, that to overcome these limitations and address the future rise in the gap between developed and developing countries, rich and poor, North and South, there is a need to alter the concept of Corporate Social Responsibility, for it to be able to truly address pro-poor development in developing countries.


\(^{13}\) Prieto-Carrón, M. et al. (2006) p.986
1.2. Research Question

Based on the earlier-mentioned considerations concerning the inadequacy of CSR to address the true dynamics of developing countries, the research question for this project is:

**How can the concept of Corporate Social Responsibility be altered to address pro-poor development?**

To answer this research question, an overview of the different theories and perspectives behind the concept of Corporate Social Responsibility, as well as its benefits and limitations in relation to the developing countries and the development debate, are discussed in the literature review. The most important limitations found in the discussion are going to structure the analysis to enable an understanding of their importance for Corporate Social Responsibility in addressing pro-poor development. Combined, these results enable the creation of a new concept that can better address pro-poor development and lead to consensus and create clarity for corporations, their stakeholders and society of what is to be expected of them.

In the rest of the project Corporate Social Responsibility is abbreviated to CSR. Now its definition, along with other key concepts, are outlined.

1.2.1. Definition of the research question’s key concepts

This subchapter starts by defining CSR. Then, pro-poor development is defined in relation to development and poverty.

1.2.1.1. Corporate Social Responsibility

CSR, as explained, has a multitude of definitions. In this project, Blowfield and Frynas’ definition is used as background, as it has tried to encompass the different definitions into one. They define the concept as: "an umbrella term for a variety of theories and practices all of which recognize the following: (a) that companies have a responsibility for their impact on society and the natural environment, sometimes beyond legal compliance and the liability of individuals; (b) that companies have a responsibility for the behaviour of others with whom they do business (e.g. within the supply chain); and that (c) business needs to manage its relationship with wider society, whether for reasons of commercial viability, or to add value to society."^{14} A detailed discussion of CSR is not undertaken here. Rather other views are illustrated and described in the literature review chapter to enable a clearer picture of the complexity of the current concept of CSR.

---

1.2.1.2. Pro-poor development

Pro-poor development refers to activities and/or strategies, where the aim is to create development that is targeted towards and beneficial to the poor. It is important for the reduction of the gap between rich and poor, and for the reduction of poverty in general, that the focus lies on pro-poor development, rather than merely on a development view equated to economic growth, as previously mentioned.

In relation to pro-poor development, development can be defined as “a process of growth towards self-reliance and contentment. It is a process by which individuals, groups and communities obtain the means to be responsible for their own livelihoods, welfare and future”. According to Remneyi, development should be viewed both as a process and an outcome, where he argues that the process should be participatory and people-centred and the outcome should be the reduction of the occurrence of poverty. The reason for choosing this view of development for the project is that it emphasises poverty and elements of participation and empowerment. This project also focuses on these elements in the analysis, seeing as they are criticized for lacking in current CSR thinking, as will be explained in more detail in the literature review. Therefore, the choice of Remneyi’s development view supplements and complements the choices of analysis elements. Moreover, by viewing development both as a process and outcome, it supports the notion, that to address pro-poor development, there is a need to focus on the processes, as well as the outcomes of CSR. According to Newell “the world of CSR would look very different if the priorities of poorer groups were put first. Both the content and processes by which CSR initiatives are created would be unrecognizable to advocates of current tools and approaches.”

Pro-poor development’s aim is to reduce poverty. However, there are a lot of different views of poverty. Poverty is commonly looked at from an economic perspective, where the focus is on income poverty. The World Bank has long followed this way of viewing poverty and applies the 1 dollar poverty threshold, where people earning less than 1 dollar a day are considered poor. This facilitates comparison between countries and enables an overall view of poverty in various developing countries. Nonetheless, income poverty needs to be relative, given that the 1 dollar a day measurement, means that a lot of poor people in Western countries cannot be defined as poor. Here, poverty should be linked to purchasing price parity where “exchange rates are constructed by

---


comparing the national prices for a large basket of goods and services”.\footnote{Lafrance, R. & Schembri, L. (2002) p.1} This enables a comparison of living standards across countries. Nonetheless, income fails to look at levels of consumption, where farmers might grow a lot of food that keeps them nourished. They are not as poor as those that have to use their one dollar a day on consumption. Hence, to have an accurate picture of poverty, income should not be the only indicator.

Sen responded to this problem by defining poverty as “the deprivation of basic capabilities rather than merely as lowness of incomes”. \footnote{Sen, A. (1999) p.87} He refers to the capability approach which is “the substantive freedoms to do or be”\footnote{Andrew Crabtree, Lecture 9, slide 29, 5.11.2007, DSGE course} and thus incorporates an aspect of freedom, participation, individual choice and empowerment. He states that poverty should be analysed from a deprivation of capabilities perspective, to truly understand the causes and nature of it. There should be a focus on what people can or cannot do, rather than what they have. This means that there needs to be a focus on freedom and capability to act in a certain way. This is linked to issues such as health, unemployment, education, human rights and gender. If a person is sick, then he/she has no choice but not to work, and if the person is a woman, then society and tradition might prevent her from working. This is the deprivation of choice and freedom. Moreover, poverty is multidimensional and to enable a genuine picture of the amount of poverty, people should focus on other dimensions that income, like political, human, socio-cultural and so on.\footnote{An illustration of multidimensional poverty is located in the appendix, figure 1}

Multidimensional poverty is nowadays commonly used and accepted, as a good way to measure poverty. This is exemplified by the United Nations Millennium Development Goals that focus on different dimensions to address poverty, like income, health, education and gender.\footnote{An illustration of multidimensional poverty is located in the appendix, figure 1} By countries signing up to follow and reach the Millennium Development Goals, there is support for the multidimensional way of viewing poverty. However, multidimensional poverty has some limitations like discussion of which poverty dimensions to focus upon and the difficulties in comparing countries based on multidimensional poverty, as compared to income poverty.

Even though multidimensional poverty can be criticised, it is still deemed important for the project’s pro-poor development focus. The capability approach is useful to analyse the nature, reasons and causes of multidimensional poverty. This means that by using the capability approach

\url{http://www.un.org/millenniumgoals/}
and multidimensional poverty, this project will be able to address some of the limitations of current CSR thinking.

1.3. Structure of the project and reading guide

The project’s structure is illustrated on the next page. It is followed by a reading guide.
1.3.1 Graphic depiction of the project

Figure 1: Graphic depiction of the project
1.3.2. Reading Guide

Chapter 1 Introduction (this chapter) introduces the topic, the relevance of the subject, as well as the research question. Afterwards, the key concepts are defined to avoid misunderstandings. Lastly, the structure of the project is graphically illustrated and a reading guide is put forward to enable a clearer overview of the different steps undertaken during the project and the project’s content.

Chapter 2 Methodology describes the methodological choices, such as the research and theory of science position, selection of empirical data and theoretical data, reliability and validity, as well as delimitation, which are all undertaken to provide an answer to the research question.

Chapter 3 Literature review and analytical framework The literature review puts forward the relevant discussions of CSR in relations to the development field. Key critical points and shortcomings are highlighted and explained. In the analytical framework, these limitations are discussed in relation to whether they are relevant to use in the analysis. As a result of this discussion, two main points of criticism and limitations of CSR in relation to the development debate are singled out. These are power and participation. They are used to structure the analysis.

Chapter 4 Analysis focuses on the elements of power and participation. Each is analysed in relation to their importance for corporations and their CSR in addressing pro-poor development. Therefore, they are analysed in connection with capabilities and their possibility in reducing multidimensional poverty. Power focuses on three areas: stakeholders, nature of power theory and empowerment. Participation focuses on two areas: nature of participation and types of participation.

Chapter 5 Creation of the new concept is undertaken by discussing the different components of CSR, in relation to the literature review and the findings of the analysis. This enables the replacement or preservation of the different components.

Chapter 6 Assessment of the project The aim is to look at the methodological and analytical choices undertaken along the project to assess whether they best answered the research question.

Chapter 7 Conclusion It sums up all the conclusions and provides detailed answers to the research question.

Chapter 8 Further reflexions focus simultaneously on future research, as well as alternative ways of conducting this project.

Now the methodology chapter commences.
2. Methodology
This chapter starts with the research method and choice of science position. Then, the empirical data, as well as theoretical data, are discussed. Afterwards, the issues of reliability and validity are addressed. Lastly, the delimitation explains which areas the project chooses to focus on and which it does not.

2.1. Research method and choice of theory of science position
This chapter starts by explaining the choice of research method. Here, CSR as a concept, the research strategy, the level of analysis and the research type, are all highlighted. Afterwards, the choice of science position is examined.

2.1.1. Research Method
2.1.1.1 CSR as a concept
This project’s purpose is to create a new CSR concept that can address pro-poor development. The reason for creating a new concept and not a new theory is that CSR is supported by theory and can thus be seen as an overall concept encompassing numerous theories, but it is not a theory in itself. This is due to the fact that there are a lot of different views and perceptions of CSR that are grounded on different disciplinary field and theories. There is no single agreement of CSR.

2.1.1.2. Research strategy
To be able to answer the research question, the project uses an inductive research strategy which is characterised by going from empirical data to theory.\(^{23}\) In the project, the empirical data is the literature review and the analysis of power and participation. The outcome of this research strategy is to formulate a new applicable CSR concept by analysing and structuring data.

2.1.1.3. Level of analysis
The level of analysis chosen is between the corporation and the poor. This means that the analysis focuses on the interaction and relationship between the corporation and the poor. Hence, the macro implications of government and institutions are not addressed. The reason for choosing this level of analysis is, that CSR is a concept that implies corporation’s involvement. If CSR wishes to address pro-poor development, then this implies that the corporation’s CSR activities are targeted the poor and beneficiary to them. Consequently, this also implies a certain degree of relationship or interaction between the corporation and the poor for CSR to truly address pro-poor development.

\(^{23}\) Master Thesis Workshop III, slide 16
This relationship is actually examined by using power and participation in the analysis, which both incorporate elements of relationship and exchange.

2.1.1.4. Research type
The project uses different research types depending on what phase it is in. In the first phase, which is the literature review, the research type is a mix of descriptive and explanatory. There is an overall discussion of the theories and perspectives of CSR, in connection with the development debate. Some of the elements from the discussion are analysed in the next phase, which is the analysis. Here, an exploratory research type is used to determine whether these elements might address pro-poor development. The last phase, which is the creation of a new concept, is transformative and action oriented, because it seeks to transform the current CSR concept into a new one.\(^\text{24}\) It can thus be argued that this project makes use of an eclectic research method, in view of the fact that it applies different research types.

Let us now look at which theory of science position the project focuses on.

2.1.2. Theory of Science Position
This project chooses to embed itself in the broad social sciences of objectivism and hereunder critical realism. Critical realism distances itself from pure positivism, which states that reality and theory can be observed without judgement and interests, and that all truth can be tested, meaning that general laws can be applied. The positivistic focus is on causality and the observation of the relationship between cause and effect leads to general laws being created.\(^\text{25}\) Multidimensional poverty cannot solely be measured with quantitative data, but relies more on qualitative data, which is explained in more detail in the upcoming empirical and theoretical data chapter. This means that by emphasising qualitative data, general laws cannot be created in the positivistic sense, and therefore, pure positivism is not chosen for this project.

Critical realism seeks an objective truth, but acknowledges that the world is dynamic and ever changing, and that general laws are hard to observe and maintain. They also believe that reality, and the world, are the results of interplay of structures and mechanisms, which call for interpretation through science, ideologies and discourses. Therefore, causality is not the focus of science, but rather, researchers need to continuously better the used concepts, to understand the studied mechanisms, and thus develop causal mechanism, that can be empirically tested. Unlike constructivists, realists believe that objective truth can be achieved by purging words of their

\(^{24}\) Master Thesis Workshop II, slide 6

ideological content and meaning.  

“The production of knowledge is itself a social process and one in which language is deeply embedded. However, knowledge cannot be reduced to its sociological determinants of production. Truth is relative to be sure but there is still both truth and error (as well as lies!).”

Hence, knowledge does not lead to a single truth, but rather to an understanding of a phenomenon in a specific time setting. Moreover, critical realists believe that there is a possibility for theories to be tested. Theories are viewed as models of the underlying mechanism behind the empirical phenomenon that has been ascertained.

The critical realism perspective is chosen, as the aim of the project is to understand which elements CSR needs to incorporate to address pro-poor development. Its aim is less to observe and develop causal relationships between CSR and poverty, but rather understand the underlying mechanism and elements needed for CSR to be able to address pro-poor development. The method behind creating a new concept is therefore to analyse and assess in a critical manner what is missing from the current debate of CSR. It is about creating a new concept and not testing and falsifying it.

The upcoming chapter justifies the empirical and theoretical data chosen for this project.

2.2. Empirical and theoretical data

The chosen data in this project is secondary data. The reason for not choosing to collect primary data, is due to the fact, that this project is a conceptual project, where the focus is on creating a new concept, rather than testing it. Hence, the importance lies in assessing and analysing existing theories, identifying its shortcomings in relation to the research question, and gathering relevant elements to create a new concept. Moreover, the project uses qualitative data, rather than quantitative, given that this type of data is more appropriate, when building a new concept. “In general whenever a holistic, dynamic, and contextual explanation of the phenomenon is required, qualitative methods would be the most appropriate methodological choice.”

Furthermore, poverty is multidimensional and cannot solely be measured by quantitative data. Economic poverty can be measured with quantitative data, but social-cultural, political and human poverty cannot be measured by these. For that reason it is important to use qualitative data. This argument is also

---

applicable for capabilities that are difficult to quantitatively measure. By using mostly qualitative data, it is acknowledged that the new concept created is more an ideal type, meaning that it is hard to generalise as such, and is used mostly to understand a phenomenon, guide and explain what to do in a specific situation. Quantitative data, on the other hand, gives way to the creation of generalised theories. For this project, one of the shortcomings of present CSR is its universality and generality. There is a need to have a more contextual view, when implementing this concept. Therefore, by using qualitative data, the new concept embeds an understanding of contextual pro-poor development. This enables corporations to have a skeleton, that they should coat with contextual data, that provides them with the best tool for undertaking targeted and successful pro-poor development activities.

The project makes use of different types of secondary data. The main and most important ones are articles and textbooks. Workshops, lectures and homepages have been used as supplements. The secondary empirical data does not originate from one discipline, but rather is quite varied. This is linked to CSR being interdisciplinary. In the literature review, the literature used to give an overview of CSR is quite diverse, referring to ethical, stakeholder, institutional and development theory. In the analysis, empirical data, in the nature of development literature, is predominantly used. The focus, in the analysis, is on power and participation’s importance for pro-poor development, and hence literature dealing with development, developing countries and poverty is relevant to use. The limited literature on power theory, in relation to corporation’s CSR and the poor, results in the project using literature from other disciplines that can be adapted and relevant. Therefore, stakeholder and power theory literature is used in analysing power. The next chapter deals with building the new concept, and uses the results of the findings of the analysis, as well as elements of the literature review.

Development assistance and donor literature has also been used in the project. Even though this literature is targeted at other actors than the corporations and has different logics and analysis levels, it is still deemed relevant to use. This is due to the fact, that the main objective of this literature and the project are the same, meaning pro-poor development. This literature possesses accounts of successful and unsuccessful activities, which is important to use in the participation chapter, where corporations do not have much experience. Hence, it is deemed that corporations and CSR can benefit from this experience and knowledge and that is why it is used in this project.

---


It is important when using secondary data to bear in mind the author’s research method, social background and aim of the research. This is done to enable an understanding of the relevance of the data in connection with the project. By using development literature, the project ensures that the issues raised are those addressed in the literature, and those which a majority of authors have criticized CSR from lacking in relation to developing countries. This is related to validity and reliability, which is now discussed.

2.3. Validity and Reliability of the data and theory

This chapter looks at the issues of validity and reliability of the project that are important to ensure the utility of the project’s findings.

Validity “concerns the intersubjective convincibility of a study: to what extent do scholars agree that a study and its results cover the phenomena they claim to cover”\textsuperscript{33}. By relying on secondary data, and not collecting primary data by interviews, then the matter of interpretation of interviews and the nature of these, are not really of concern for this project. The concern of validity is whether the majority of the literature used for the project is sufficient for creating the new concept. Moreover, does the chosen subject cover a relevant gap in the literature? The literature review, later on in the project, shows that a critical agenda has risen, that stresses the need for a new understanding of CSR. Hence, the aim to alter CSR is important in relation to the current CSR and development discussions.

By using literature from different fields, that cover the limited literature in some areas, then it has enabled a more complete overview of the field. Prominent authors of a field have been discussed in the literature review, as well as in the analysis. This project also chooses to focus on one level of analysis, meaning that the findings and conclusion are valid from this particular level of analysis. Lastly, by choosing the critical realism perspective, the new concept created in the project, does not need to be falsified, like in the critical rationalistic perspective employed by Popper. Nevertheless, the new concept’s validity can be increased in future research, by supplementing the study with primary data and case studies that support the new concept.

Reliability “concerns the degree to which results are consistent across repeated measurements”\textsuperscript{34}. This project uses secondary data that has been published, discussed and criticized. Some of the secondary data’s credibility is established, by it either being textbook material for lectures,

\textsuperscript{33} Andersen, P.H. & Skaates, M.A. (2004) p. 464

\textsuperscript{34} Carmines and Zeller (1979) p. 15
published in leading journals, and/or by prominent authors in the field. The data is available for any researcher to use, in order to replicate the study. If the researcher engages in the same methodological choices, then he/she is likely to get the same results. Hence, this project’s findings should be reliable.

The project will now highlight the delimitation choices, it has undertaken.

2.4. Delimitation

This project focuses on CSR activities undertaken by western corporations, targeted at the developing countries, in which they operate. Therefore, corporations’ CSR activities, targeted home base country, which can create pro-poor development in the local community, are not focused upon. Additionally, developing countries’ corporations and their CSR activities are not highlighted.

It is acknowledged that pro-poor development is not the only form of development for developing countries. Other development issues such as economical, social, ethical and institutional, and so on, are also important elements, that can all have positive impacts on developing countries. Furthermore, investing on only one part of development, such as social, might not be sustainable in the long run, without investing in other parts, like economical. However, it is deemed that addressing all the different development issues could not be undertaken in relation to this project’s time and scope limitation. Moreover, the project’s aim is to focus on the poor and the reduction of the gap between rich and poor. Therefore, it was deemed essential to focus on pro-poor development, as this was the best way to address and reduce multidimensional poverty, because pro-poor development is targeted and benefits the poor. Development focused on economic growth does not necessarily lead to reduction in poverty, given that the growth it creates, might not be targeted the poor, and hence actually might result in increases in the gap between rich and poor.

Pro-poor development entails that the benefits for the poor must last over a period of time to truly enable poverty reduction. Sustainability, which can be defined as “meeting the needs of the present without compromising the ability of future generations to meet their own needs”\(^{35}\), assumes that the benefits that the poor have received through development should be long lasting and not lead to people falling back into poverty, when the CSR initiative ends and/or the corporation leaves the developing country. Therefore, pro-poor development embeds the notion of sustainability to truly enable poverty reduction. Hence, this project sees sustainability as being an essential element that

\(^{35}\) Unerman, J., Bebbington, J. & O’Dwyer, B. (2007) p.57
has to be present for pro-poor development to be effective in reducing poverty. This means that the reasons behind sustainability and the importance of the concept is not going to be a point of analysis. Rather, its importance is mentioned in the theoretical discussion of CSR and in the building of the new concept. But, it is assumed that pro-poor development cannot truly function without a dimension of sustainability and therefore it is deemed unnecessary to discuss the element in thorough detail in the analysis.

Developing countries differ from each other and from developed countries. Through the development literature, there have continuously been reminders that corporations need to focus on the context of the developing country, which they operate in, meaning their national and business culture, their institutional settings, legal framework, language and so on, to avoid cultural misunderstandings and ensure successful activities. Hence, context is the foremost important aspect for CSR to take into account, when used in developing countries. Context is not analysed, seeing as it is a given that for CSR to be successful in developing countries, there is a need to move away from generalisation and universality, towards a contextualisation of CSR. Thus, this project assumes that context is taken into account in the new CSR concept for it to be truly able to address pro-poor development. Therefore, this element is not analysed, but simply mentioned in the literature review and in the new concept.

In addition, corporation size, industry and culture, as well as the home and host country culture, all play an important role in determining whether a CSR activity is likely to succeed and be sustainable. In this project, these aspects are explained in the literature review, but there are no specific countries, industry and culture that have been focused on. This is done to enable concept building from diverse theory sources and empirical data.

Lastly, corporations have nowadays chosen to engage in CSR due to the economical, financial and reputational benefits that it can create. Some of these are increase in competitive advantage, increase in profits, better business deals, as well as the attraction of employees and attraction of investments by pension organisations that focus on social responsible corporations. Corporations would not necessarily engage in CSR, if it did not benefit them in some way. This entails that corporations will choose to engage in the new concept, if it can give them perceived benefits, like CSR can give them nowadays. The new concept replaces CSR, but it is assumed that it also rests on some of the same underlying beneficial aspects of CSR. Thus, the idea of corporations gaining something from engaging in pro-poor development, sometimes referred to as a win-win situation, is an implication and underlying assumption of the new concept and will not explicitly be analysed in the project.
After having assessed the delimitations of the project, the literature review and analytical framework are now addressed.
3. Literature review and analytical framework

This chapter looks at the limitations highlighted in the literature of the CSR field in relation to the development debate. Afterwards, the analytical framework is illustrated, which highlights the reasons behind the choices of limitations.

3.1. Literature review

This literature review starts briefly by introducing CSR and the complexity of the concept. Afterwards, the limitations of CSR, in relation to the development debate, are highlighted.

3.1.1. Introduction to CSR

Corporate Social Responsibility is not a new term. In the late 1770’s, with the industrial revolution, clashes between civil society and industry started. The notion and idea that industry should behave in a manner, that takes into account society and does not harm it, was put forward by authors like Arnold and Carlyle. Thus, Victorian philanthropy was born and business men like Andrew Carnegie, who manufactured steel, started giving back to society.\(^{36}\) Corporations continued putting forth philanthropic activities, but most importantly, they started engaging in responsible practices “as both business apologetics and business methods for defusing conflict with potentially influential interest groups”.\(^{37}\) According to Drucker, this example of stakeholder management can be dated back to the 1920’s.\(^{38}\) With the evolution of corporations and society and the end of the two world wars, Bowen, known as the “modern father of Corporate Social Responsibility”, wrote a book entitled “Social Responsibilities of the Businessmen” in 1953 This changed the rhetoric from “the social responsibility of business” to the term “Corporate Social Responsibility”.\(^{39}\)

According to Blowfield and Frynas, CSR is seen as an umbrella term, which encompasses corporations’ responsibility for their impact on society, the management of their relationship with society and their business partners’ behaviour. Corporations use and adapt CSR in relation to their own interest and purpose. Thus, its meaning changes upon the purpose of its use. Some of the different elements and discussions related to CSR are, the business case, voluntary vs. regulatory, code of conduct, corporation’s responsibility, and the nature of CSR and its characteristics, meaning what the concept includes. Hence, there is a lack of consensus of the concept that is rendered even


more complex with the ever continuous appearance of new initiatives and research in the field. Different authors have tried to gather the various debates and discourses of CSR into frameworks that allow an overview of the field. Garriga and Melé are one of these. They have assembled the interdisciplinary debates of CSR into 4 main theoretical perspectives: instrumental, political, integrative and ethical. Matten, Crane and Spence have also assembled the different readings and cases on CSR, in order to create an overview of the field. In their book they use Garriga and Melé’s framework stating that “Elisabet Garriga and Domèneq Melé succeed in their rather ambitious attempt to map out the different theories used in CSR. Their analysis is a brilliant overview of, foremost, the academic debate on CSR.”40 Lastly, Blowfield and Murray have also put forward a CSR framework. They believe that CSR can be divided into three perspectives: value-driven business, business and society and a taxanomy of business responsibility.41

The lack of consensus on CSR and the implication this entails, are also present in CSR and the development debate, which is now illustrated.

3.1.2. CSR and the development debate

With most of the corporations nowadays working in developing countries, it is believed that they should contribute to the development of these countries and thus argue for the development case of CSR, rather than merely the business case. They believe, that the current CSR concept possesses limitations, that should be investigated and dealt with, in order for business to contribute to development goals. These different critiques, have led to a critical CSR research agenda, that postulates that “the potential and limitations of CSR initiatives in the developing world should be assessed, and that any CSR initiative should not just benefit companies financially but also benefit workers and communities socially and environmentally”.42 The main points of criticism have been assembled into five parts: the corporation’s role in development, developing countries’ context, impact assessment, power and participation, and CSR and poverty.

3.1.2.1. The corporation’s role in development

There has been a lot of discussion about the corporation’s role in development and whether it should be the role of the government or the corporation. Even though corporations, with their large annual profit, are in a position to make a difference, some still argue that corporations are not the ones who should undertake socially responsible activities. Friedman argues that managers and

40 Crane, A., Matten, D. & Spence, L.J. (2008) p.58
shareholders are not elected, so they do not represent the interests of society. In addition, how can they deem what is in society's best interest. Hence, governments should handle aspects of social investments, because they are elected and are better acquainted with the demands of society.\(^{43}\) Bakan disagrees and argues that corporations externalise a lot of their costs to society and thus the real price of production cannot be calculated. The use of public goods, like infrastructure and educated employees, as well as the production of pollution, are all costs that society bears, rather than the corporation. That is why it is important for the corporation to give back to society, by paying taxes and investing in the community, thus being responsible for the cost that it inflicts on society.\(^{44}\)

It is important to mention, that corporations differ by country, industry, size, legal status, and so on. Therefore, an examination of a corporation’s context and characteristics is essential to enable an understanding of its strategies and reasons for conducting CSR. For example, a corporation that works in the natural resource extraction industry needs a high profile CSR strategy. This is due to the fact that, this type of industry is very consumer conscious, meaning that consumers and non-governmental organisations, put a lot of pressure on these corporations, because the nature of their business can have negative consequences for the environment and the population living around the extraction areas. Meanwhile, corporations that operate in a business to business domain do not need to pay as much attention to CSR, as those working with business to consumer. This relates to the direct relationship with the latter corporation and society, because they have a brand to maintain and their products are linked to slogans that consumers identify them with. Hence, if a scandal occurs, then consumers can quickly change their purchasing behaviour and thus negatively affect the corporation economically.

The implication of corporation’s CSR for development is highlighted by Blowfield, where he examines the business case and the development case. He argues that a business mindset might have the biggest influence on development, than the actual direct impact of corporations. He argues that CSR has several implications for international development. The first one is that there is a need for a more nuanced view of the relationship between corporations and society. Secondly, this view can lead to an understanding of CSR’s acceptance of some business-values as non-negotiable, and hence give rise to other actors being pressured in some situations to oppose business interest in the

\(^{43}\) Friedman, M. (1962) p.133-134

\(^{44}\) Crane, A. & Matten, D. (2007) page 46
light of development. This is linked with the third point, that CSR should not fully accept business thinking, if it starts excluding other legitimate demands, like paying taxes.\(^{45}\)

Another discussion relates to whether corporations are truly the right actors to create development. Corporations do not have expertise in understanding social science, like development agencies have. Therefore, there is a need for corporations to develop skills that enable them to enter into dialogue with the poor, understand the importance of context and culture, and thus have a more human-centred approach rather than a top-down, hard and direct approach.\(^{46}\) This can be done by engaging in partnerships with actors that have these skills, like non-governmental agencies and donors. But corporations can also choose to invest in acquiring these skills themselves, so as to embed them internally in the corporation, and give them a competitive advantage. However, this is quite costly.

3.1.2.2. Developing countries’ context

Prieto-Carrón et al. believe that, seeing as the countries in which the corporations operate in are developing countries, it is necessary for these countries to be heard. The CSR debate mostly focuses on northern perspectives and needs to be broadened to include southern perspectives. Furthermore, they argue that the legitimacy, as well as success of CSR initiatives, depend on its content and implementation being adapted to the developing country or region’s context.\(^{47}\) Newell and Frynas concur with the idea that CSR cannot be universalised and needs to be adapted to the developing country’s distinct context, meaning its national and local culture, its business culture, its institutional setting, its legal framework and government. According to them “current CSR models assume responsive business interested in CSR, an active civil society willing to enter into partnerships with business and a strong state able to provide an enabling environment for CSR, yet these conditions are absent in the majority of the world.”\(^{48}\) This is linked to the voluntary debate of CSR, which implies that corporations can self-regulate in the absence of a regulatory framework and institutional setting, like in some developing countries.\(^{49}\) Therefore, CSR debates should also take into account the role of the state.

\(^{45}\) Blowfield, M. (2005) p.521-524


Blowfield and Frynas argue that the culture and origin of CSR comes from the Anglo-Saxon countries, but that different countries have different perception of CSR, its role and purpose. Matten and Moon continue this discussion, linking CSR practices to the different national business systems. They believe that CSR is not similar everywhere and thus it is difficult to make universal measurement tools and definitions. It needs to be contextualized. Hence, they suggest two different forms of CSR and refer to them as “implicit” and “explicit”. Implicit CSR refers to “corporations role within the wider formal and informal institutions for society’s interests and concerns. Implicit CSR normally consists of values, norms and rules that result in (mandatory and customary) requirements for corporations to address stakeholder issues and that define proper obligations and corporate actors in collective rather individual terms”. Explicit CSR refers to “corporate policies that assume and articulate responsibility for some societal interests. They normally consist of voluntary programs and strategies by corporations that combine social and business value and address issues perceived as being part of the social responsibility of the company.” Most of the CSR literature originates from the United States, where CSR is mostly explicit, while in Europe, it is implicit. The challenges surrounding implicit and explicit CSR creates problems of comparison between corporations, and whether their CSR initiatives result in better corporate, social and financial performance. So there is a need to distinguish between implicit and explicit CSR and focus on what is going on specifically in the society, organization and industry.

Idowu and Filho stress that an important CSR focus in one country might not exist in another, like terrorism, absence of clean running water or money laundering. Therefore, it is important to look at the CSR activities from a contextual framework. Furthermore, the northern perspective and tools of CSR might not be applicable or prioritised as highly in developing countries. This argument can be illustrated with Carrols’ CSR pyramid. Carrol argues that CSR entails four different types of social responsibilities, which are economic, legal, ethical and philanthropic, which he has placed in a pyramid. Philanthropy is at the top of the pyramid. This CSR pyramid cannot be universally applied, seeing as the philanthropic factor is particular for the United States of America. Hence, in

---

51 Matten, D. & Moon, J. (2008) p.409
52 Matten, D. & Moon, J. (2008) p.409
53 Matten, D. & Moon, J. (2008)
55 See appendix 9.2
other countries, philanthropy would most likely be replaced by another element. Moreover, the levels of importance of the different types of social responsibilities are not the same in every country. This can be illustrated by Visser’s examination of Carrol’s pyramid to fit the African context.\footnote{See appendix 9.3} He concludes in general that for African countries the pyramid looks different. Economics is still at the bottom, but it is followed by philanthropic, legal and then ethical. The reason why philanthropic is much more important for some African countries, is because they are economically dependent on western corporations operating and investing in their country and also on development assistance. This dependency and socio-economic necessity results in philanthropy being an expected norm. Furthermore, CSR is still in the early stages in Africa, so it is basically equated to philanthropy. In addition, he points out that ethics is a low priority in Africa compared to Europe and North America.\footnote{Visser, W. (2005) p195-209} It is important to be aware that Visser adapts Carrol’s pyramid to the African context, meaning all African countries, rather than to a single African country. This is problematic because the African countries are diverse and have different languages, cultures, traditions, and so on. Therefore, this African pyramid should not be used to exemplify the whole of African countries, but rather illustrate that countries have differing priorities.

### 3.1.2.3. Impact assessment

Blowfield and Frynas argue that there is very little knowledge about the impact, which are the intended or unintended effects, of CSR activities in developing countries. Impact assessment can be defined as “the systematic analysis of lasting or significant changes -positive or negative, intended or unintended- in people’s lives brought about by an action or series of actions.”\footnote{Blowfield, M. & Murray, A. (2008) p.309} It is argued that the impact of CSR initiative is not always positive or has the desired effects, and hence it is difficult to say whether CSR truly works in developing countries.\footnote{Blowfield, M. & Frynas, J.G. (2005) p. 501-507} Jenkins stresses the importance of not only using a CSR lens to assess the impact of business on development, given that traditional business responsibilities, like job creation and the payment of taxes, are not always included in CSR debates. Therefore, Newell states that “the most we can confidently say about CSR’s impact at the present time is that it benefits some people and some companies in some situations.”\footnote{Blowfield, M. & Frynas, J.G. (2005) p. 507}

When the impact of CSR is measured, the focus is on corporations and activities, meaning at the micro level. Its implication on wider society and on the macro level, like on trade and investments,
remain unexamined. Utting and Zammit support this and argue that there is a need to focus on the wider impact of public-private partnerships on national policy and the economy, instead of only focusing on immediate objectives. They believe that these need to be critically analysed from different perspectives, like sustainable and equitable development. Lund-Thomsen also stresses the importance of impact assessment of public-private partnerships. He argues that impact assessment can inform about how well a project has done, but it cannot explain why it has resulted in such a way. This can only be done by looking at politics and power struggles.

Blowfield and Frynas conclude by mentioning that “if we do not dig more deeply, then we risk investing resources in an area that fails to advance the goals of international development. By leaving unaddressed uncertainties about the efficacy of CSR in developing countries, we do nothing to alleviate corporate hesitancy about investing in our sourcing from the poorest nations....It is not that companies, developing countries or the poor will suffer as a result of CSR; rather, the concern is that we do not know if that will be the case. And that alone is justification for a critical agenda.”

3.1.2.4. Power and participation

Prieto-Carrón et al. argue that two fundamental areas need further illustration in the CSR and development debate. These are power and participation. CSR needs to incorporate the voices of the underrepresented and become a human-centred approach. Different methods of participation and power levels should be explored. This enables CSR to better address the developing country’s interest and priorities.

Blowfield and Frynas emphasize the lack of power relation theory in CSR that enables corporation to address what type of relationship, it should have with others. Additionally, some groups and issues are excluded and marginalized from CSR thinking, and should be set on the agenda. These are mostly the marginalised and weak group’s interests, such as freedom of association and a living wage.

---

This is linked to Stakeholder management advocated by Emshoff and Freeman where there is a need to align the interest of stakeholders and the company, as well as manage stakeholder relation.\textsuperscript{68} Hence, stakeholders’ priorities should be integrated and embedded in the corporation’s decisions, which can be achieved by using stakeholder dialogue. According to Blowfield and Frynas, stakeholder engagement and dialogue is commonly connected to CSR thinking, where they are perceived as ideally neutral and lacking a power element. However, developing countries’ context, language and culture, might affect the process of stakeholder dialogue and negotiation. Moreover, the question of who is included and excluded from stakeholder dialogue should also be addressed. The poor and marginalised groups tend to be excluded. Therefore, a power dimension needs to be incorporated into CSR and stakeholder thinking. This can ensure that they are targeted and enable a better understanding between the corporation and the stakeholder related to factors of accountability.\textsuperscript{69}

Moreover, there is a need to acknowledge whether the stakeholders can really participate in the dialogue either directly or by means of representatives.\textsuperscript{70} This matter of participation is linked with the lack of power of the excluded groups. It needs to be focused on, if the poor and marginalised group should be part of the stakeholder dialogue.

Furthermore, Prieto-Carron highlight that codes of conduct convey the corporation’s priorities onto the supplier, thus also transferring unequal power structures. By doing so, the poor worker’s are not heard and their priorities and interests are therefore not met. This is linked to the check-list mentality of corporations in relation to codes of conduct.\textsuperscript{71} Here, CSR can represent a costly investment for suppliers, that they do not necessarily feel is relevant for them. Therefore, there is a need to include and have these suppliers participate in the code of conduct process.

### 3.1.2.5. CSR and poverty

The integration of developing countries corporations’ in global supply chains is one way for western corporations to address poverty in developing countries. Another way, is the mere fact of employing poor workers in the corporation’s factory.\textsuperscript{72} These new incomes can raise spending, which in turn can raise production and economic growth. Furthermore, Prieto-Carrón et al. argue...


\textsuperscript{71} Prieto-Carrón, M. et al. (2006) p.984

\textsuperscript{72} Prieto-Carrón, M.. et al. (2006) p.980
that there are shortcomings to the present literature on the relationship between business and poverty. They state that there are different kinds of business and these may all in their own way have various effects on different dimensions of poverty.\textsuperscript{73} This last argument about the dimensions of poverty, which are explained in the definition section, is very important, because it illustrates that by focusing on only one dimension of poverty, like income, does not ensure long term sustainable development and reduction of multidimensional poverty. There is a need for the CSR strategies to take this into account. They need to span their activities to cover a broader range of poverty dimensions.

This is related to Krisna, who believes that poverty is dynamic and to understand it, there is a need for looking at the regional and local context. He conducted, along with colleagues, a study across five countries which all had poverty problems. One of the findings was, that while many people were getting out of poverty, there were also a lot of people falling into poverty. The concern of people falling into poverty, that were not born poor, is a phenomenon that a lot of policies and studies do not address. The main reason for people falling into poverty is poor health and expenses related to heath issues. Thereafter, reasons such as, funeral and marriage expenses, high-interest private debts and land-related factors, are also important factors for people falling into poverty. The main reason for people getting out of poverty is income diversification. For example, when poor farmers engage in innovative agriculture strategies, small businesses and trade, as well as temporary or casual employment. Areas such as education, private sector development and assistance by government and non-governmental organizations, are not as effective as sometimes assumed to get people out of poverty.\textsuperscript{74} As one can see, the reasons for people falling into poverty, are not the same, as those for people getting out of poverty. Therefore, it is important for CSR strategies to look both at the regional and local context, in order to determine the reason behind poverty in that given context. Are people mostly getting out or falling into poverty? What are the reasons behind this? Therefore, there is a need to emphasise the double focus of poverty: using preventive methods to limit people falling into poverty and reactive methods to get people out of poverty.\textsuperscript{75}

There is emerging literature on the business case addressing poverty, like Prahalad and Hammond’s \textit{Bottom of the Pyramid} approach.\textsuperscript{76} Corporations need a different frame of thinking, where the poor

\textsuperscript{73} Prieto-Carrón, M. et al. (2006) p.980-981

\textsuperscript{74} Krishna, A. in Addison et al. (2009) p.183-193

\textsuperscript{75} Krishna, A. in Addison et al. (2009) p.183-193

\textsuperscript{76} See appendix 9.4
are not considered to be a problem, but rather a business opportunity. This is linked to Prahalad and
Hammond’s idea, that corporations can gain vast amounts of profit, by focusing on the market “at
the bottom of the pyramid”, which are the poor people. They believe, that they constitute an
untapped potential. Around 4 billion people live for under 2 US dollars a day and their income,
even though it is small, can still represent a source of profit for corporations, due to the numerous
people earning that amount of income. The idea is to create products, that are affordable by the
poor, and this can be done for household products, by simply reducing the package quantity. In
order for a corporation to benefit from the bottom of the pyramid market, it needs to think creatively
and make strategies and products that are adapted for that market.  

The business case for development emphasizes the win-win situation that corporations might
receive by engaging in poverty reduction and development in developing countries. This is
illustrated by the World Business Council for Sustainable Development’s focus on development. It
argues, that business has an opportunity to contribute to development by creating jobs, suppliers,
novative and affordable products and improving the investment climate. The focus on the debate
here is on profitable commercial operations and how it can create development and meet the needs
of the poor. The key messages of the World Business Council for Sustainable Development are
that: “business cannot succeed in societies that fail; globalization can be inclusive; business cannot
solve poverty but poverty will never be solved without business and business can be the engine of
economic growth, but it needs a favourable investment climate.”

However, Newell and Frynas argue that “CSR as a business tool is distinct from CSR as a
development tool” and that “there is a clear difference then between redefining the poor as
business opportunity and viewing the poor as a problem”. The authors raise different issues that
they argue are important for CSR to take into account, for business to be able to help reduce poverty
and avoid worsening it. There needs to be a focus on processes in CSR initiatives, rather than
merely output. This will enable to engage the intended beneficiaries and thus the CSR initiatives
might benefit the poor and marginalized groups. This creates participation and a voice for the
marginalized and poor groups. This discussion of output/input is linked to the business versus the
development case, where the business case is exemplified by output and quantitative benchmark

---

79 WBSCD (2007) p.2
measures to share performance rates with shareholders, while the development case focuses on input and qualitative issues. Here, different dimensions of poverty can be addressed and how CSR activities impact on these. Furthermore, the state has an important role to play in its country’s development and managing business’ actions with the use of a sound legal framework and regulations.\textsuperscript{82} Newell and Frynas argue that “the greatest contribution CSR initiatives can make is through reinforcing state-led development policy. CSR strategies need to graft onto, enhance and amplify the impact of existing pro-poor initiatives, even if they can also make contributions in their own right”.\textsuperscript{83}

3.1.2.6. Summary of the criticism

As the above discussion has showed, CSR has different limitations, when it is applied to the development debate, which makes it important to take these into account, when discussing CSR in a development setting. The limitations are the corporations’ role in development, the developing country’s context, impact assessment, power and participation, and CSR and poverty. All of these limitations are not as relevant for this project’s aim and focus. Moreover, this project cannot cover all of these limitations. Hence, it chooses to focus on two limitations, namely power and participation. The reasons for choosing these two, to structure the analysis, is now explained in the analytical framework.

3.2. Analytical framework

The analytical framework puts forward the elements that are used to structure the analysis. First, the reasons for choosing power and participation are discussed. Then, their content and focus in the analysis are explained.

3.2.1. Reasons for choosing power and participation

Different limitations of CSR have been illustrated in the literature review, which need to be analysed in relation to their level of importance in addressing pro-poor development. First, the corporation’s role in development is discussed. Then the developing country’s contexts and impact assessment are explained. Subsequently, power and participation are addressed. Finally, CSR and poverty is highlighted.


3.2.1.1. Corporation’s role in development
The corporation’s role in development is the first limitation put forward in the literature review. Behind every CSR, there lies a corporation. Hence the corporation is vital when discussing CSR. As mentioned in the delimitation, this project assumes that the corporation can acquire economic, financial and reputational benefits by engaging in pro-poor development and therefore is not the focus of the project. The analysis does not have a specific structure point that pertains to the corporation’s role in development. However, the level of analysis used in the project is the corporation and the poor, thus the corporation is part of the analysis.

3.2.1.2. Developing country’s context
It has been argued in the delimitation chapter that context is not analysed, in view of the fact that it is a given, that for CSR to be successful in developing countries, there is a need to move away from generalisation and universality towards a contextualisation of CSR.

3.2.1.3. Impact assessment
The limitation of impact assessment has not been chosen to structure this project, due to the fact that little is known about the real impact of CSR and therefore it is difficult to use this limitation to enable the alteration of CSR. Impact assessment is viewed, more as a measurement and assessment tool, rather than an element that can create pro-poor development. If impact assessment is chosen, then this project needs to alter focus and not create a new concept, but rather test the effectiveness of the current CSR. For that reason, impact assessment is not chosen, given the nature and aim of this project.

3.2.1.4. Power and participation
Power and participation have been identified as the most relevant limitations in connection with this project’s aim of altering CSR to address pro-poor development. The two limitations are chosen on the basis of the capability approach and multidimensional poverty, as well as the arguments in the CSR and development debate chapter. These are now put forward.

Sen argues, as mentioned in the definition chapter, that the capability approach is about the ability to choose and act in a certain way, which incorporates elements of freedom, participation, individual choice and empowerment. This relates to the notions of power and participation. There is a need to determine which types of power and participation approaches are needed, to truly be able to address the capability approach.

Furthermore, the elements of power and participation are interrelated, in view of the fact that having the poor participate may give them power and if the poor have power, they may have the possibility
to participate. Kothari and Minogue state that “development is an idea, an objective and an activity—all interrelated... Its character and results are determined by relations of power, not by rhetoric or fashionable populist labels such as “participation”, “empowerment”, “civil society” or “poverty reduction”.” In relations to this, Mikkelsen argues that participation should be viewed as an approach that can handle relations of power. Participation should be critically assessed and should take into account power elements. They are interconnected. Therefore, participation is not used as the only analysis point, but power is also addressed.

Moreover, Newell argues that if the poor group’s interests were prioritised, then the CSR agenda would be very different. There is a need for the voices of the poor to be heard. This implies that bottom-up approaches, rather than top-down approaches are focused upon. Participation is an approach, than when applied correctly, emphasises a bottom-up approach. Also, an identification of the problem pertaining to “what the problem is, whose problem, how to solve it, and why” is essential to avoid conflicting views. Here, power and participation are important to ensure that the right information to secure pro-poor development is disseminated.

In addition, the level of analysis of the project is on the relationship between the corporation and the poor. Power and participation addresses this level of analysis and are elements that involve the poor. The focus is on the poor’s situation and how the corporation can change it, thus using the notion of capabilities to address multidimensional poverty. CSR is undertaken by corporations, and therefore, their actions, in relation to obtaining pro-poor development, are highlighted.

3.2.1.5. CSR and poverty

This limitation is quite essential and logical to address, due to the project’s focus on pro-poor development. Nonetheless, this project does not choose to use this limitation as a specific structure point. Rather, poverty is seen as an overall limitation and element that is used throughout the analysis.

This means that the chosen limitations to structure the analysis, power and participation, are analysed in relation to capabilities and their ability to reduce multidimensional poverty, which encompasses economical, political, protective, economic, human, socio-cultural, gender and environmental dimensions. The multidimensional poverty framework is illustrated on the next page.


85 Mikkelsen, B. (2005) p.31

86 Mikkelsen, B. (2005) p.33
This model is a depiction of the multidimensional poverty concept. It shows the different elements that it encompasses, as well as their underlying contents, which are capabilities. This means that the capabilities to reduce protective poverty are security and vulnerability, while those to reduce economic poverty are consumption, income and assets. This model helps give an overview of the complexity of multidimensional poverty and which capabilities are important to reduce it.

3.2.1.6. Conclusion

After reviewing the relevance of the different limitations in relation to the project’s aim to alter CSR and address pro-poor development, power and participation have been chosen as the two most relevant and essential limitations that will structure the analysis. Moreover, power and participation are analysed and linked to capabilities and the reduction of multidimensional poverty throughout the whole analysis.

A detailed description of the power and participation chapter is now explained. This enables a better understanding of the chapters to come.
3.2.2. Power and participation’s content

To analyse the power element and its importance for pro-poor development, three areas are focused upon: stakeholders, nature of power theory and empowerment. Since the level of analysis is the corporation and the poor, it is important to identify the different power relations that exist between these two parties. Stakeholder theory is discussed, as it focuses on the relationship between different parties, and can be used to assess the relationship between the corporation and the poor. Afterwards, power theory and its implication for the corporation’s view of the poor and their capabilities, as well as multidimensional poverty are analysed. Lastly, empowerment deals with various ways the corporation can give power to the poor, in order for them to have influence and a voice in the CSR activities that are targeted them. Economic empowerment and the different factors needed for successful empowerment are analysed.

To analyse the participation element, two areas are focused upon: the nature of participation and different participation types and methods. The nature of participation deals with discussing the different ways of viewing participation and what this implies for the corporation and pro-poor development. After assessing this, various participation types and methods are analysed. The focus is on types of participation, a participation model, tools, experience and skills for participation and lastly local ownership. These discussions permit an overview and understanding of which areas the corporation should focus upon for its CSR to create pro-poor development and truly have the poor involved and participate.

To analyse power and participation, in relation to each of the chosen areas previously mentioned, different authors, models and theories are used, and the reason for choosing these are discussed continuously in the analysis. This enables better clarity along the analysis and is more relevant to do in a conceptual project, where discussion of theory and authors in relation to each other is vital.

Let us now start the analysis.
4. Analysis

This analysis focuses on power and participation. Each element is discussed and analyzed in relation to their importance for corporations and their CSR in being able to address pro-poor development. This means their ability to improve the poor’s capabilities that can lead to the reduction of multidimensional poverty.

4.1. Power

The poor do not usually have much power. Their negotiating platform is quite weak and they are dominated by the corporations. Moreover, they do not hold an important place in society. In order for corporations’ CSR to be able to address pro-poor development, there is a need to incorporate the power dimension that has been missing from current CSR thinking. Therefore, the notion of stakeholders and power in relation to corporations and the poor is analysed. Afterwards, a discussion about power theory is put forward. Lastly, empowerment is highlighted. The focus is on economic empowerment and which factors are needed for successful overall empowerment.

4.1.1. Stakeholders

A corporation needs to assess which stakeholders are important, in relation to a certain operation, in order to engage in dialogue with them. This can help minimise and avoid problems. An example of a corporation experiencing problems with stakeholder dialogue is Shell in Nigeria in 1995. The corporation was accused of degrading the environment of the Ogoni community, without its activities ever having benefited the community economically or socially. To respond to these accusations and make amends, Shell needed to engage in dialogue with the relevant stakeholders. This is where the problem arose. The stakeholders, that Shell deemed important, were not those that the community viewed as important. Hence, there were misunderstandings and complications in the negotiation. Shell recognized the importance of MOSOP, the movement for the survival of the Ogoni people, as a stakeholder, seeing as they received third party endorsement. In this connection, Shell expressed desire, that this stakeholder should represent all of the Ogoni community, but this meant, that other stakeholder groups were being excluded from the dialogue. There was no guarantee that this stakeholder would speak for everyone. Consequently, Shell was faced with a problem of legitimacy and of which stakeholders to deem important. In addition, Shell risked being faced with elite capture. This is where the views of one representative group or individual is used to target an activity or strategy, and where that group or individual, then receive most of the

benefits, compared to those, that should have been targeted, like the poor.\textsuperscript{88} This means that Shell activities did not necessarily benefit those that might have lost the most in relation to the degradation of the environment. This demonstrates the importance of assessing and addressing the relevant stakeholders.

As before mentioned, stakeholder theory has been criticised for viewing all stakeholders as equally important and hence power dimension has been missing. The poor are viewed as important stakeholders when it comes to pro-poor development, given that they are the intended beneficiaries and target. The poor’s capabilities, like influence, representation and access to information, have been downplayed, some might say missing. Thus, this chapter discusses stakeholder theory and then creates a stakeholder model that includes power dimensions and can be used by the corporation, when creating CSR aimed at pro-poor development.

A stakeholder can be defined as “an entity with a stake in another organisation, by virtue of the fact, that he, she or it is affected by, or has influence over, that organization.”\textsuperscript{89} Stakeholder theory, like CSR, has been used and defined in various ways. Different people mean different things, when discussing stakeholder theory. Hence, clarity over the various perspectives is needed.\textsuperscript{90} Donaldson and Preston have identified the various developments in stakeholder theory and have identified three approaches to stakeholder theory, which are: descriptive, instrumental and normative. Stakeholder theory is descriptive, when its purpose is to describe the nature of the firm, its management and management thinking. It is instrumental, when it focuses on the connections between corporate objectives, like growth and profits, and stakeholder management. The approach to stakeholder theory is normative, when it wishes to address ethical issues and the function of the corporation. Here legitimacy and interests are emphasised. Donaldson and Preston argue that a lot of authors have used these approaches simultaneously, which is problematic, as it undermines the importance of stakeholder theory. They note that the normative theory should be used as the basic and critical keystone of these approaches.\textsuperscript{91} This project uses a normative approach to stakeholder theory that argues that “the interests of all stakeholders are of intrinsic value. That is, each group of stakeholders merits consideration for its own sake and not merely because of its ability to further the interests of some other group, such as the shareowners.”\textsuperscript{92} This way of addressing stakeholder theory.

\textsuperscript{88} Krishna, A. in Addison et al. (2009) p.198
\textsuperscript{89} Blowfield, M. & Murray, A. (2008) p.402
\textsuperscript{90} Crane, A., Matten, D. & Spence, L.(2008) p.110
theory enables the corporation to view the poor as relevant stakeholders, in relation to their moral claims. Their needs and priorities get addressed. This also supports the capability approach, where the poor are no longer deprived of capabilities, such as influence, power and moral claim.

To assess which stakeholders are important for the particular corporation and its CSR activities in regards to pro-poor development, it can use the following adapted version of Blowfield and Murray’s model of “identifying key stakeholders based on perceived influence and interest”. The reason for choosing to adapt this model is that, like most other stakeholder models, it only highlights the areas of power and interests. But in order to be able to address pro-poor development, the poor need to be considered. Hence, by applying the normative view, moral claim is incorporated into the model. Moral claim concerns whether the stakeholder has a legitimate and moral claim over the corporation concerning the activity it is undertaking. If CSR’s purpose is to address pro-poor development, then the poor have a legitimate moral claim, in view of the fact, that they are the targets and intended beneficiaries of these activities. Consequently, the poor have a certain degree of power due to their moral claim. The adapted stakeholder model that includes moral claim is illustrated and explained below:

*Figure 3: Satnam Kaur Nanda-Jørgensen’s adapted version (2009) of Blowfield and Murray’s model of “identifying key stakeholders based on perceived influence and interest” (2008) p.164*
In this adapter model, the corporation can determine the stakeholders’ degree of moral claim and power, as well as its influence on these stakeholders. Stakeholder power refers to how much power the stakeholder has over the corporation, while stakeholder’s moral claim refers to whether the stakeholder is directly affected by the corporation’s actions. The corporation's influence/power deals with whether the corporation can affect the stakeholder’s decision, demands and interests. By having both moral claim and power weighing equally, the poor receive greater power, than in stakeholder models, where only power and influence are looked upon. Moral claim is where the poor can be heard, given that it is them that are most vulnerable and affected by the corporation’s actions, like expropriating people from their land, pollution, environmental degradation and so on.

By placing the different stakeholders in the model’s boxes, corporations can assess which stakeholder’s are the most important for them to take into account, when designing pro-poor development strategies and activities. The poor are mostly placed in the green box, where they have high moral claim and low power, so these stakeholders are quite important to be aware of when addressing pro-poor development. Stakeholders in the purple box both have a high moral claim and high power, and the corporation also has a high influence/power on them. These stakeholders are important, but they may not necessarily include the poor. That is why an examination of who they represent is useful to avoid elite capture. As before mentioned, Shell might find itself in that very situation. The stakeholders in the blue box are the least important, seeing as they have low power and low moral claim, and the corporation has equally low influence/power over them. The stakeholders in the pink box have high power and high moral claim, but the corporation has a low degree of influence/power. These might include the poor that have chosen to organise themselves and thus gained more power. Here, the corporation can engage in a partnership with someone that has influence/power over these stakeholders, given that they also are quite important. By placing the stakeholders in the eight different possible boxes in this model, the corporation can prioritise, in relation to its stakeholders, which ones are the most important to address regarding pro-poor development. Therefore, by using a normative stakeholder view and applying this stakeholder model, the corporation can provide the poor with some degree of power, that might increase the poor’s influence, freedom and right, status and dignity. If the poor gain these capabilities, this can in turn address the political and socio-cultural aspects of multidimensional poverty. Nonetheless, stakeholder analysis cannot solely address the power relations between the poor and the corporation. It needs to be supplemented by other elements, such as a specific view of power and

---

93 Krishna, A. in Addison et al. (2009) p.198
empowerment that can increase the poor’s capabilities. Power theory is now addressed, followed by empowerment.

4.1.2. Nature of power theory

Power theory can address the power dimensions that enable the poor’s situation to better and the corporation’s ability to better it. This might diminish the poor’s deprivation of capabilities. There are various power debates, which can be summarised into two main power theories: conflictual and consensual. There also exists a middle-ground between these two theories. These theories and ways of viewing power are now discussed. This enables the project to choose which power theory it embeds itself in, when addressing the poor and their need for power, as well as capabilities to reduce multidimensional poverty.

Conflictual power theories regard power as harmful and constraining, meaning that power makes the individual act in a certain way, which goes against his/her interests or normal way of acting. They assume that power is a zero-sum game and defines it as such. The prominent theorists that adhere to conflictual power are Bachrach, Lukes, Dahl and Baratz. In conflictual power theory, there exist three main power debates elaborated by the before mentioned theorists. Dahl views power as decision making, where an individual has power over another, if it can force the other to act in contrast to their normal actions. This means that power refers to decision making abilities, where power resources are only potential power. Dahl’s view of power is criticised by Bachrach and Baratz as being too narrow and hence, they expand Dahl’s view to create their own power view, where power is viewed as agenda setting. Here decision making is important, but the nature of the decision and influence are also focused upon, meaning that the individual links its power to its agenda, pressuring the other to act in a way that follows the individual’s agenda. Luke elaborated the last main power debate concerning power in relation to interests, where social knowledge and power relationship are central. The argument here is that power changes the nature of truth and knowledge, in order for a specific group to benefit. This way of viewing power places the poor in a subordinate position in relation to the corporation. The corporation exercises its agenda and the poor’s situation and priorities are overshadowed at the expense of the corporation’s. This makes it difficult to enhance the poor’s capabilities, seeing as the needs and interests of the poor are not those that are prioritised. The power asymmetry is too grand for the poor to benefit.


*Consensual power theories* go against the idea of a zero-sum game and that power is inherently linked with conflict. They believe that power enables to reach outcomes. Parson is a conceptual power theorist that sees power as being produced by society. He believes that power does not have to be a zero-sum game, given that it is constantly expanding due to society’s dynamics, growing and changing nature. Consequently, the amount of power available in society, leads to power raising or falling. This results in an individual receiving a higher amount of power, that might not influence the amount of power another has, because meanwhile more power might have been created in society. Thus, power has to be legitimate and it does not have to be in conflict with the interests of people.\(^{96}\) This way of viewing power is more beneficial for the poor, seeing as it does not have to go against the poor’s interest. Here, the poor have the possibility to act in a certain way that is aligned with their interests, and hence, strengthens their capabilities. However, power is still created in society and the degree of power can raise or fall, so even if the poor receive some power, the corporation might increase by the same amount, resulting in the poor not necessarily having benefited or increased their bargaining position. This affects the power theory’s ability to affect the poor’s capabilities, that in turn can reduce multidimensional poverty.

The *middle ground view of power*, which is located between the *conflictual* and *consensual power theories*, includes theorists such as Foucault, Giddens and Clegg. Foucault believes that power does not exist in itself; it is relational and exists only when used. Power is created via relationships in society, what he calls between *free subjects*, which are individuals that can act freely. Power is viewed as positive. Giddens focuses on power and agency, where he believes that power is embedded in human nature. Power is a process and can be constraining or enabling.\(^{97}\) Clegg goes further and talks about different circuits of power. Power is viewed as paradoxical seeing as “the power of an agent is increased by the agent delegating authority; the delegation of authority can only proceed by rules; rules entail discretion; and discretion potentially empowers delegates. Thus, there is a form of hidden power within the rules, which can alter the very opportunity structure they constitute.”\(^{98}\) When the poor receive power, they can be viewed as *free subjects*, who enhance their capabilities and reduce the political dimension of poverty, which is concerned with freedom, rights and influence. The relationship between the poor and the corporation creates and addresses power issues. Power is viewed as positive, meaning that the poor can benefit from power and their interests can be heard.

\(^{96}\) Alsop, R. (2005) p.140-141

\(^{97}\) Alsop, R. (2005) p.141-143

\(^{98}\) Alsop, R. (2005) p.143
These different ways of viewing power are important to consider when discussing CSR and pro-poor development, given that the nature of power can affect the relationship and dialogue between the corporation and the poor. Additionally, it can affect the degree of capabilities that the poor possesses, and hence, the ability to reduce multidimensional poverty. Power should be viewed from the middle-ground, where it is positive and not a zero-sum game. This is due to the fact, that if corporations perceive power as negative and a zero-sum game, then they are not inclined to let the poor receive power, given that power is equated to domination and repression. In this sense the corporation would not want a power relationship with the poor. However, if the corporation views power as positive and created via relationships and interaction, then the corporation can give power to the poor by engaging in a relationship with them. The corporation in this sense will not have less power, as power is created in society. Power is not about undermining the corporation and having it give up all its power. It is rather about having the corporation “share” some power with the poor, when it comes to pro-poor development activities, where they are targeted. By viewing power in this sense, the corporation can change the way the poor are usually viewed and enable them to receive a certain degree of genuine power that they can use. Furthermore, power should be viewed from the perspective of people’s interests, their freedom of choice and right to act in a certain way. Power can lessen the poor’s deprivation of capabilities, for example, it can affect their security and vulnerability, given that they are more powerful and can organise themselves. This might in turn reduce protective poverty. Moreover, when the poor gain power, it can affect their status in society, which permits them to reduce socio-cultural poverty. These enhancements of capabilities can reduce different dimensions of poverty, that can in turn affect other capabilities and dimensions of poverty, like economic and human, seeing as they are all interconnected. This means that increasing the poor’s power might lead to more relevant and targeted pro-poor development initiatives. Moreover, the poor need processes to be able to exercise it, like types of participation discussed further on in the project. This is a concrete way that the corporation can change the power relation between the poor and itself. Another way is empowerment that is now discussed.

4.1.3. Empowerment
The use of empowerment enables the corporation to change the poor’s situation and reduce different dimensions of poverty. This chapter starts with the definition and importance of empowerment. Then, economic empowerment is highlighted. Lastly, processes of empowering approaches and models are discussed.
4.1.3.1. Definition of empowerment
Empowerment can be defined as ‘‘a process of increasing personal, interpersonal, or political power so that individuals can take action to improve their life situations’’.\textsuperscript{99} It is about gaining freedom of choice and action. When viewed from the project’s use of multidimensional poverty and capabilities, empowerment relates to “the expansion of assets and capabilities of poor people to participate in, negotiate with, influence, control, and hold accountable institutions that affect their lives.”\textsuperscript{100} Assets can be defined as either physical and/or financial, like livestock, house, land and savings. Capabilities are innate to people and permit them to use these assets to augment their livelihood. Capabilities can be social - like values and trust, human - like education and health, as well as political - like access to information and representation.\textsuperscript{101} There is a need to focus on the assets and capabilities of the poor to enable empowerment, which in turn might lead to the reduction of multidimensional poverty.

4.1.3.2. Economic empowerment
Economic empowerment of the poor is when the corporation provides them with some of these assets, such as jobs or ways for them to gain access to income/revenues. Corporations employ a lot of workers through their business activities that provide the workers with economic capabilities, such as income. Moreover, the different capabilities are connected and so the poor’s economic capabilities will affect their human capabilities, with the possibility to send their children to school and improve their health. These capabilities, then enable the reduction of different poverty dimensions, such as economic and human. An example of a corporation that contributes to more than the reduction of economic poverty, via providing capabilities, is Unilever in Indonesia. Oxfam conducted a study on Unilever’s operations in Indonesia and its impact on poverty alleviation. Unilever Indonesia (UI) mainly sells personal care and home products, like soap and cleaning products. However, they also sell a small amount of food items, like ice cream and tea.\textsuperscript{102} The corporation estimates that “at least 95 per cent of Indonesians use one or more UI products each year, and that 90% of poor people in Indonesia buy UI products in the course of a year.”\textsuperscript{103} The corporation pays 19% taxes a year to the government, which helps with the overall development of the country. Additionally, most of the corporation’s revenues stay in Indonesia. The corporation’s

\textsuperscript{102} Hopkins, M. (2007) p.53-54
\textsuperscript{103} Hopkins, M. (2007) p.54
activities have positive forward linkages like networks and distribution, as well as positive backward linkages to suppliers. This study’s aim was to highlight “whether people, through their employment, gained skills and confidence that empowered them to build economic security, accumulate assets and make sustainable improvements in their lives.”\textsuperscript{104} Unilever Indonesia pays its workers more than required by law and it provides benefits, like retirement, health, safety and maternity schemes, that incite people to work for them. This is in the long run more profitable for the corporation, given that their workers are healthy and motivated, which raises their working capacity and lowers costs. The direct impact of Unilever Indonesia on poverty was difficult to measure, its indirect positive impact were mentioned in terms of employment, referring to the amount of people employed, their pay and benefits, the embeddedness of the business operations in the Indonesian economy and the input to government revenues. The study revealed that the corporation’s value chain provided an income to 300,000 people.\textsuperscript{105} “The findings point to the potential use of value-chain policies as a tool in sustainable poverty reduction...Value chains can offer poor people an opportunity to gain basic skills within a structured learning environment and earn incremental, regular income.”\textsuperscript{106} Here, the relationship between the corporation and poverty lies in the employment ability of the corporation. Moreover, the business and working standards that Unilever Indonesia employs has an effect on its business partners, thus promoting good business practices and climate.\textsuperscript{107} So Unilever Indonesia’s operations positively affected the reduction of economic poverty by enhancing the workers’ economic assets, such as a stable income, but also retirement benefits that has long term economic implications. Furthermore, capabilities such as health, education, skills and security are also addressed. Thus, the corporation can use economic empowerment as an essential way to provide the poor with capabilities that can reduce multidimensional poverty, given that it can have positive synergy effects on different dimensions of poverty.

The poor are also consumers, which is illustrated by Unilever Indonesia selling items to the poor. This means that the poor can also pressure corporations to act in a certain way, in view of the fact, that they have consumer power. This is linked to Prahalad’s \textit{Bottom of the Pyramid} approach where the corporation can innovate the product market for the poor and thus secure this huge segment of the population. By making products that are affordable to the poor, the corporation indirectly

\textsuperscript{104} Hopkins, M. (2007) p.54

\textsuperscript{105} Hopkins, M. (2007) p.54-56

\textsuperscript{106} Hopkins, M. (2007) p.56

\textsuperscript{107} Hopkins, M. (2007) p.55-56
Empowers them, seeing as they become important actors for the corporation, by being target consumer for the corporation’s products. The corporation has invested in that segment of the population and needs the poor to continue buying, to gain a return on investment.

Corporations can also provide land for their workers, that they can use to farm. This provides the poor with some food, so they can save up the income that they previously used to buy food with. Here, corporations provide the poor with different types of assets, physical with land and financial with the ability to save. Economic empowerment is a very important step to ensure power to the poor, as well as capabilities, and thus the possibility to reduce multidimensional poverty.

4.1.3.3. Empowerment process and approach

As just seen, empowerment is important to lessen the poor’s deprivation of capabilities and thus ensure a reduction of multidimensional poverty. Therefore, empowering approaches and processes are now focused upon. These deal with the capability part needed to complement assets to reduce multidimensional poverty. “An empowering approach to poverty reduction is grounded in the conviction that poor people themselves are invaluable partners for development, since they are the most motivated to move out of poverty. Nobody has more at stake in reducing poverty than poor people themselves.”

Consequently, focusing on empowerment is important for the corporation in order to enable the poor to receive the power needed to change and better their livelihoods. Empowerment has received some empirical backing to show its success in creating effective development.

Empowerment approaches and strategies need to be adapted to the specific community, due to lack of homogeneity in areas such as gender, ethnicity, class, religion and values. This means, that a universally detailed empowerment model and approach, cannot be used. Therefore, there is a need to create a model, that can be contextualized when employed, that incorporates the elements necessary for successful empowerment. According to Narayan, successful empowering of the poor relies on four factors: access to information, inclusion and participation, accountability and local organizational capacity. A graphic illustration of the four factors is illustrated on the next page:

---

Access to information is important for empowering the poor. It refers to a need for an information flow between the corporation and the poor. This enables the poor to be well informed and gives them knowledge and advantages. This improves their political capabilities. The poor can exercise their rights, gain power and influence, hold corporations accountable, gain opportunities and access to services.\textsuperscript{111}

Another essential element for empowering the poor is inclusion and participation. Inclusion relates to people and which of them are included, while participation is concerned with how these people are included. There are different types of participation, some of them being political, representational or direct.\textsuperscript{112} These and others are explained in the participation chapter later on in the project. Inclusion and participation are linked to both assets and capabilities necessary for reduction of multidimensional poverty. Assets refer to the idea of the poor as workers and consumers, as previously mentioned, while capabilities refer to influence and participation.

The third element is accountability where the aim is to make corporations and their CSR accountable to the poor. Accountability can be defined as \textit{“the duty to provide an account (by no means necessarily a financial account) or reckoning of those actions for which one is held responsible.”}\textsuperscript{113} Accountability implies a power relationship between the corporation and the poor.

\begin{footnotesize}
\begin{enumerate}
\item Gray, R., Owen, D. & Adams, C. (1996) p.38
\end{enumerate}
\end{footnotesize}
where the poor can pressure the corporation to be accountable and where the corporation feel a sense of duty to be accountable. Only in situations where the corporation feel that the poor can pressure it to be accountable, will the corporation undertake it.\textsuperscript{114} Hence, by providing the poor with information, in the former factor, then the corporation increases the poor’s power and ability to demand accounts from the corporation. The social and political capabilities of the poor are improved, that in turn can help reduce socio-cultural and political poverty.

The last element is local organisational capacity where poor people organise themselves, mostly informally. For poor people to truly get power and a voice, these organisations need to grow and become powerful. This is done by providing these organisations with much needed resources, skills and knowledge. Furthermore, bridging these organisations with others in neighbouring communities, that possess the same needs and priorities, can create stronger support and power for the poor.\textsuperscript{115} Here, political capabilities are stressed, where the poor gain influence, power and representation. This can lead to a reduction in protective poverty, seeing as the poor by organising themselves, are less vulnerable.

By empowering the poor, their capabilities are improved and strengthen. These capabilities help reduce different dimensions of poverty, like political with access to information, protective, with local organisational capacity, and economic and socio-cultural with inclusion and participation.

\textbf{4.1.4. Conclusion}

When assessing the importance of stakeholders, a normative view of power is taken that focuses on moral claim. This means that a stakeholder model, that emphasises stakeholder power, stakeholder moral claim and corporation power/influence, can be used. Since this enables the poor to receive power, via their moral claims to corporations, and therefore, be considered important stakeholders, unlike traditional stakeholder models, that lack a moral claim perspective. Power is viewed from the middle-ground, where it is positive, embedded in the individual and focuses on his/her interests. It is not about a zero-sum game, but rather collaborating and creating relationships between the corporation and the poor. It is about the corporation enhancing the poor’s capabilities, their possibility to act in a certain way and freedom of choice. This can be done by empowering the poor via assets and capabilities. Assets are linked to economic empowerment, where the corporation


offers the poor an income, work, land and/or savings. These assets along with capabilities create true empowerment. To empower the poor, there are four factors that are important for corporations to focus upon. These are access to information, inclusion and participation, accountability and local organisation capacity.

After having listed the main arguments and concluded on the power element, participation is now addressed.

4.2. Participation

Participation is a very important aspect to focus on, when addressing pro-poor development, because only the poor know, who they are, and what they want. Participation entails that the poor should take part in the different steps of CSR strategies concerning, the formulation, implementation, execution, monitoring and impact assessment of these.116 This chapter focuses on the nature of participation and the different types of participation that are useful for the corporation’s CSR to be able to address pro-poor development.

4.2.1. Nature of participation

Participation can change the shift from top-down to bottom-up approaches, seeing as the poor get a say in the activity. Corporations can make use of the different definitions of participation, which have various implications for the poor. For example, participation can be defined as “a voluntary contribution by the people in one or another of the public programmes supposed to contribute to national development, but the people are not expected to take part in shaping the programme or criticizing its contents”.117 While others might define participation as “the organized efforts to increase control over resources and regulative institutions in given social situations on the part of groups and movements of those hitherto excluded from such control”118 others again define it as “an active process by which beneficiary or client groups influence the direction and execution of a development project with a view to enhancing their well-being in terms of income, personal growth, self-reliance or other values they cherish.”119 These definitions all stress the impact the poor can have on development, if they are part of the projects targeted towards them. However, the importance of the poor and their power differ between the definitions. The last two definitions give power to the poor, while the first one does not. Parfitt argues that this difference is linked to the

---

116 Lund-Thomsen, P. (2008) Lecture 4 in CSR in developing countries; Myth or magic?
perception of participation, or as a means or as an end. By viewing participation as a means to enhance development, like the first definition does, then this merely entitles the mobilization of the poor on development initiatives. Viewing participation as an end to enhance development, will result in focusing on empowerment and this might lead to the poor actually engaging in and creating their own development initiatives.

The view of participation as a means has received some critique. Participatory methods are criticized for not empowering the poor, but merely incorporating them into projects, where the corporation is not accountable towards them. Cooke and Kothari have assembled the criticism surrounding participation in one book.\textsuperscript{120} The main point is that “participation is simply another means of pursuing traditional top-down development agendas, while giving the impression of implementing a more inclusive project of empowering the poor and the excluded.”\textsuperscript{121} Chambers and Oakley try to balance participation as a means and as an end, by arguing that this balance will create empowerment, as well as reach the development goals set forward. However, Parfitt argues that by doing so, efficiency and empowerment are put together, and efficiency links back to top-down management that conflict with empowerment. However, he states that even with these problems, there is still the need to view participation both as a means and as an end, to ensure its utility.\textsuperscript{122}

This project focuses mostly on participation as an end, seeing as it incorporates the power debate that the project argues has been missing from CSR. Here, different types and processes of participation, that a corporation can use, are highlighted.

4.2.2. Types of participation

The poor are an excluded and marginalized group, so there is a need for corporations to use strategies that involve the poor and make them participate. This chapter starts by focusing on different types of participation. Then, a model of participation is discussed. Afterwards, the matter of corporations using ownership and its importance in relation to pro-poor development and participation is shortly mentioned. Lastly, the tools, experience and skills needed for the corporation to undertake participatory approaches in relation to the poor are discussed.

4.2.2.1. Different types of participation

There are different types of participation that the corporation can use. These are political, representational, based on competitive market mechanisms, direct, and information based.

\textsuperscript{120} Parfitt, T. (2004) p.538

\textsuperscript{121} Parfitt, T. (2004) p.538

\textsuperscript{122} Parfitt, T. (2004) p.547-552
Political participation means that the corporation makes the poor participate through representatives that have been elected. By using representational participation, the corporation enable the poor to choose a representative from their group, network or formed organisation.\textsuperscript{123} Participation based on competitive market mechanism is where the corporation affects the poor’s ability to act by for example “removing restrictions and other barriers, increasing choice about what people can grow or to whom they can sell, or by payment for services selected and received.”\textsuperscript{124} If a corporation engages in direct participation, it means that it encourages the poor to participate themselves. Lastly, information based participation deals with the corporation letting the poor participate by providing data that is transmitted to decision makers.\textsuperscript{125}

All of these types of participation enable the corporation to choose which degree of action it wants the poor to take. Direct participation is where the poor can talk directly to the corporation without using representatives. The interests of the individual poor are put forward and this avoids anyone feeling left out. Here the corporation should use accessible tools, which can be oral tools and/or diagrams, to interview the poor, seeing as this permits illiterate poor to also be able to participate.\textsuperscript{126} Thereafter, the corporation should assemble all the data and maybe summarise it into certain common key needs. This type of participation is likely to create the best successes, given that an in-depth understanding of the poor’s’ needs in a specific community, is vital for the corporation to undertake successful pro-poor development. However, it might be quite costly, time and resource consuming, in view of the fact that all the poor need to be questioned about their needs, priorities and interests. Political participation entails that the poor have enough power to elect someone that can truly represent them and hold them accountable for his/her actions. If the poor have no power to hold the representative accountable, then he/she might not act in the poor’s best interest, but in self-interest or in the interest of a larger, more powerful group. This can mislead the corporation in what the poor truly wants and might lead to elite capture. Representational participation can better serve the poor, seeing as the representative chosen comes from the association of the poor in a specific community. That means that the poor’s interests are linked to the interests of the rest of the poor community, because he/she can relate to their problems since he/she is in the same situation. This means that the corporation receives relevant information about the poor’s needs and priorities. However, it cannot fully be avoided that the representative acts in

\begin{flushleft}
\textsuperscript{123} Narayan, D. (2002) p.20  \\
\textsuperscript{124} Narayan, D. (2002) p.20  \\
\textsuperscript{125} Narayan, D. (2002) p.20  \\
\textsuperscript{126} Mayoux, L. & Chambers, R. (2005) p.276
\end{flushleft}
self-interest. Therefore, *information based participation* is a good supplement for corporations to use to some of the other types of participation like *political* and *representational*, seeing as the interests of the representatives can be compared to the interests of the rest of the poor, via information. However, it should never be used solely, as this might result in the same problems previously discussed, concerning the difference between hearing the poor, and truly listening to the poor and taking action. This type of participation is doubtful in itself, seeing as it is unsure how much of the information, the corporation will truly use. The last type of participation, *participation based on market mechanism*, is more production oriented, where corporations change market mechanism, in order for the poor to participate in increasing their choices and better their livelihoods. This is an important way for corporations to create pro-poor development, but there needs to be a dialogue with the poor to assess which market mechanisms are truly inhibiting them. If changes are just undergone without knowing who they might benefit, then the poor might not see the relevance of the changes.

4.2.2.2. Participation model

Corporations can also look at the *types of participation and “non-participation” model*\(^{127}\) illustrated below to choose which type of participation to use.

\[\text{Figure 5: Types of participation and non-participation Lund-Thomsen (2008)}\]

\(^{127}\) Lund-Thomsen, P. (2008) handout in Lecture 3 *CSR in Developing Countries: Myth or Magic?*
To address pro-poor development, corporations should ideally focus on *Citizen power*, which incorporates three different dimensions, which are *citizen control*, *delegated power* and *partnerships*. *Citizen control* is the highest form of power, where citizens, here the poor, have acquired the majority of decision making power. *Delegated power* is where the poor only have partial power, while *partnership* involves trade-offs with the decision-makers. In *Citizen power*, the poor have different levels of power and are able to negotiate and influence the corporation’s decisions. The dimensions of *Citizen power* incorporate elements of power and illustrate participation as an end. This type of participation might be difficult for the corporation to accept, seeing as it is handing over power to the poor and relying on their advice. Hence, it cannot ignore their wishes, which otherwise might lead to clashes and media scandals. Here, a positive view of power, like the middle-ground view is needed, where power sharing is not seen as an act of domination nor repression. The corporation is, however, more inclined to focus on *Tokenism*, which is characterized by *placation*, *consultation* and *informing*, if it wants to preserve the entirety of its power. *Placation* is where the poor can actually advise the decision-makers, but they do not have the power to influence. *Consultation* and *information* is where the poor are participating and being heard, but they do not have the power to secure that their views will be turned into action. The poor can only advise, but not negotiate or influence the corporation as such. Their voices are heard, but action is not necessarily undertaken, given that the poor lack power. By choosing *Tokenism* as a participation type, the corporation can show the majority of its stakeholders that the needs of the local community are taken into account, as the corporation is engaging in a dialogue with them. However, the corporation cannot address pro-poor development with this type of participation, as the poor have no power, nor influence, and hence it is merely masked top-down approach. It is more about participation as a means rather than an end. The last type of poor participation can be regarded as *non-participation*, characterized by *therapy* and *manipulation*. *Therapy* is where the corporation is convinced it is right and persuades the poor in believing what it believes, while *manipulation* is where the corporation knows it is wrong, but still tries to persuade the poor. This can be linked to *conflictual power theory*, where the corporation sets its agenda and forces the poor to follow it. The goal of *Non-participation* is not for the poor to participate, but to receive information by the corporation that will ultimately make them change their perception and views.\(^{128}\)

These different types of participation can be exemplified with the petrochemical refinery Engen’s use of participation in relation to its CSR in South Durban, South Africa. This corporation is one of the biggest refineries in South Durban and has been accused of environmental incidents and

---

\(^{128}\) Lund-Thomsen, P. (2008) Handout in Lecture 3 CSR in Developing Countries: Myth or Magic?
pollution. Moreover, it has been ascertained that numerous children in the area have leukaemia. In connection with these aspects, the South Durban Community Environmental Alliance (SDCEA) has demanded that Engen tackle these issues. Engen has thus created a community committee, where members of the community can engage in a dialogue with the corporation. Engen uses *Tokenism* as a participation type, where the workers and SDCEA can engage in dialogue with the corporation. However, there are mixed feelings about this committee. SDCEA accuses Engen of using this committee for persuading others that they are taking action, even though they are not. Thus, this can be characterised as *non-participation*. Meanwhile, the workers feel that SDCEA only focus on its interests, and not those of the common worker, who values job creation due to massive unemployment higher than environmental improvement. They do not feel that their interests are being heard due to SDCEA’s interests overshadowing them.\(^\text{129}\) This is a classic example of powerlessness and elite capture. If Engen were to engage in CSR that addresses pro-poor development, then it should target its activities towards the workers and community that are facing hard times with 40% unemployment and poor health due to pollution. Engen should engage in real participation using one of the dimensions of *Citizen power*. This enables the worker to have a say and their interests to be heard, instead of disregarded in favour of SDCEA’s agenda, due to lack of power. Engen can reverse the power relationship, by empowering the poor workers in the political sense. It can also provide security and health benefits, as well as saving schemes. This empowers them and raises their economical and political capabilities. This in turn can help reduce dimensions of poverty such as economic, protective, political and human. This example clearly shows how much power and participation are interrelated and that power relies on a degree of participation and vice-versa.

Participation also entails different degrees of ownership that are important for pro-poor development initiatives. Therefore, ownership is now discussed.

4.2.2.3. Ownership

Corporations should not merely focus on the physical action of making the poor participate, but also on local ownership. "In the development discourse, "ownership" does not have its conventional meaning, i.e., rights of exclusive possession. Nor is it used in the organizational sense, referring to the owners of a business firm, or to the members of a non-profit association. "Ownership" refers instead to relations among stakeholders in development, particularly their respective capacity, power or influence to set and take responsibility for a development agenda, and to muster and

\(^\text{129}\) Lund-Thomsen, P. (2008) Handout in Lecture 3 CSR in Developing Countries: Myth or Magic?
Ownership deals with the poor having a sense of local ownership over the activity, where they are the ones continuing the activity, once the initial parties have left. They have been involved since the beginning of the activity, and thus, are committed to it. To truly create pro-poor development, there is a need for the corporation to prioritise local ownership. To ensure high local ownership, and hence, successful pro-poor development, then the corporation needs to focus on three elements. First, it needs to ensure that the poor, who are the targeted beneficiaries, are involved during the whole process. Secondly, the corporation has to be present and active in the community to know, that the priorities and interest focused upon, are really those that are needed. Thirdly, it is essential that accountability and transparency are present between the stakeholders.

Ownership results in the activity being more sustainable, as the poor will work hard to continue the activity that they view as their responsibility and their own. Thus, the corporation should transfer knowledge, resources and skills to the poor to ensure that they can undertake and continue the activity. For example, the corporation can conduct training workshops, where the poor receive these skills and further their knowledge. This capacity building in itself also creates pro-poor development, because the poor receives new competences that they might use in other and future situations. This is good motivation for the poor to participate. Furthermore, ownership emphasises a bottom-up, rather than a top-down approach, that places the poor at the centre.

4.2.2.4. Tools, experience and skills for participation
After having chosen the type of participation method, that should be applied to the identified stakeholders mentioned in the power chapter, the corporation, then needs knowledge on how to use these. As previously mentioned in the literature chapter, corporations lack expertise in participatory methods, and hence, this subchapter discusses, which different ways the corporation can overcome this lack of expertise. It can either outsource its activities to an organisation that has that experience, or develop the tools and skills to address these for itself or, it can mix the two former choices.

The corporation can choose to outsource everything to a partner that possesses development and participatory method experience. This enables the corporation to avoid making mistakes, based on lack of knowledge and experience. But, this might pose some problems. First, the corporation is handing over the totality of its power to the chosen organisation that might not necessarily have the same priorities or interests as the corporation. Secondly, it might be difficult for the corporation to

---

understand the CSR project’s purpose, and whether it was successful or not, seeing as it has distanced itself from it. Thirdly, this might lead to challenges of accountability. What and whom should the corporation be accountable towards, when it has not been involved in the process? Therefore, this is not the solution that the corporation should choose to engage in. It is not beneficial for the corporation and maybe not even for the poor, given that they do not truly have a relationship with the corporation, through which they can exercise their power and moral claim. They are invisible to the corporation, seeing as it does not interact with them. There is the need for a relationship, which leads to the next possibility.

The corporation can choose to internally train workers to understand the needed tools and skills for undertaking participatory methods in relation to the poor. In order for this to be successful, the corporation needs to take into account different elements. First, the corporation has to understand the specific context and community that its CSR targets and specifically the poor’s needs and priorities. This helps the corporation choose the type of participatory method, it wishes to use. It is important that it is real bottom-up participation and not masked top-down participation, like illustrated before with manipulation and therapy. The corporation should focus on one of the dimensions of Citizen power and the use of direct participation or representational participation mixed with information-based participation, as previously discussed. Afterwards, it needs to develop tools and skills to be able to communicate with the poor. Moreover, the poor are usually illiterate or have difficulty reading, so the corporation cannot make use of surveys and questionnaires that the poor, themselves, should fill out. Instead, alternative tools should be used, like accessible tools. These can be oral tools, role-play, diagrams, ranking techniques, and so on. These can also help avoid cultural misunderstandings, because they are culturally fitted to the specific community and their poor population. Therefore, the corporation can make use of Mayoux and Chambers’ participatory methods box illustrated on the next page, that summarises the elements to consider and undertake, when engaging in participation approaches and methods.

This model illustrates the content of a participatory approach and method. First, empowerment goals are listed, where the important elements needed to ensure empowerment are highlighted. Then, different types of participatory processes are mentioned, that enable to reach some of the empowerment goals. Finally, concrete tools, which can be used in the participatory process, are pointed out. These are different kinds of accessible tools. This model can be used as a guideline, as well as a checklist, for corporations to assess the characteristics and content of participatory methods.\textsuperscript{134}

Moreover, the corporation can also choose to make use of the experiences collected in the participation field by authors such as Chambers, Mayoux and/or Mikkelsen. These authors have investigated the different participatory research methods and which ones are the most effective. Elements such as types of interviews, studies, relevance of indicators, samplings and representations, measurement tools, and evaluations, are all subjects that they focus upon.\textsuperscript{135} These experiences are vital for the corporation to understand, seeing as they will limit unsuccessful initiatives. The detailed specific recommendations and key techniques are not discussed, due to the project’s limitation in space. But Mayoux and Chambers have summarised their key findings into an integrated participatory action learning process model illustrated on the next page.

\textsuperscript{134} Mayoux, L. & Chambers, R. (2005) p.276

\textsuperscript{135} Mayoux, L. & Chambers, R. (2005) p. 277-287

<table>
<thead>
<tr>
<th>Empowerment Goal</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase participants understanding of their situation</td>
<td>Improve understanding between participants</td>
</tr>
<tr>
<td>Equitable participation in the analysis and conclusions reached</td>
<td>Strong networks for future investigation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Participatory Process</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus group discussion</td>
<td>Participatory workshops</td>
</tr>
<tr>
<td>Community research</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Accessible Tools</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Network diagrams: trees, flow/cause diagrams, Venn/chapati/circle diagrams, system diagrams, pie charts, histograms, value chain analysis.</td>
<td></td>
</tr>
<tr>
<td>Ranking techniques: preference ranking and scoring, pairwise ranking direct matrix ranking, ranking by voting, wealth ranking, pile and card sorting, difference diamonds.</td>
<td></td>
</tr>
<tr>
<td>Time trends analysis: historical and future (visioning) mapping, road journeys, time trends charts, historical matrices, oral histories.</td>
<td></td>
</tr>
<tr>
<td>Mapping techniques: resource mapping, mobility mapping, social mapping.</td>
<td></td>
</tr>
<tr>
<td>Calendars: seasonal calendar, historical seasonal calendar.</td>
<td></td>
</tr>
<tr>
<td>Ethno-classifications: proverbs, stories, indigenous categories and terms, taxonomies.</td>
<td></td>
</tr>
<tr>
<td>Role-play</td>
<td></td>
</tr>
</tbody>
</table>
Stage 1: Exploratory informal focus groups with key stakeholders and informants
- Participatory stakeholder analysis
- Issue brainstorming and identification of differing views and perspectives
- Exploratory process modeling
- Piloting participatory tools
- Institutional networking

Stage 2: Participatory quantification and qualitative investigation
- Contextual information
  - WHAT
  - TO WHOM
  - WHY
  - WHAT TO DO?
- Participatory analysis
- Cross-checking triangulation

Stage 3: Final dissemination and links
- Final participatory workshops
- Final write-ups and virtual dissemination for different audiences
- Consolidating links between participants and relevant development agencies
- Agreeing steps for future

Participant observation
Exploratory interviews with possible key informants

WHY AND WHAT TO DO? Ongoing focused use of qualitative methods: purposive observation interviews qualitative follow-up of interesting case-studies, outliers, and/or typical cases more interviews with key informants

WHAT, TO HOW MANY and Attitude surveys if necessary
Qualitative survey for specific measurable indicators with random or stratified sample statistical analysis

Figure 7: Integrated participatory action learning process by Mayoux and Chambers (2005) p.288
The model’s aim is to highlight the different stages and tools needed in the participation process for the actor, here the corporation, to truly gather relevant data that enables successful participatory methods. According to Mayoux and Chambers “participatory approaches, methods and behaviours are essential for the new agendas of pro-poor development and “improving practice”.”\(^\text{136}\) These methods highlight qualitative data, rather than quantitative ones. This is important, seeing as capabilities, as well as multidimensional poverty, address issues such as equality, empowerment and freedom of choice, that cannot easily be measured, as for example income and consumption. So when corporations engage in participation, it enables the poor to put forward their priorities and needs.\(^\text{137}\) This model supports this idea, as Mayoux and Chambers argue, that quantitative data should only be used to examine suspect information revealed from the qualitative data. But first and foremost, qualitative data should be used. It is about understanding the underlying small details and finesse that only qualitative data can accurately depict. It is about choosing the right sample, representation, types of question, and so on. But Mayoux and Chambers also stress that the successes of these also depend on the training of the facilitators. They need to have experience, the right mindset and skills.\(^\text{138}\)

By undergoing these processes, the corporation receives experience, knowledge and skills about participatory methods and development work. This enables the corporation to internally build up expertise, which might result in a competitive advantage in the future, given that the corporation can better understand the complexity of the contextual factors and the poor, that will enable it to make successfully tailored CSR. By choosing to engage in participatory methods and communication with the poor on its own, the corporation could experience a lot of trial-error scenarios. This can be quite costly, both resource and time wise, but also in relation to the corporation’s reputation, that might be harmed, if it makes bad decisions.

To overcome the limitations of each of these possibilities, the corporation should choose to engage in partnerships with organisations that have the experience and knowledge. This is argued as being the most effective and successful strategy for a corporation to undertake. At the same time, the corporation acquires the expertise and knowledge for future use and will develop a better understanding of the complexity of the situation. Moreover, by cooperating with an experienced partner, like a non-governmental organisation, the corporation might receive more legitimacy. The organisation should be local or have local understanding to ensure its ability to involve and attract

relevant stakeholders and be trusted. The tools used for the participatory process are the same as previously mentioned for the corporation, meaning Mayoux and Chambers *participatory method* model and their *integrated participatory action learning process* model. The difference is that the corporation can easier understand and apply them, as they are being demonstrated and taught by an organisation that has vast experience in their use.

### 4.2.3. Conclusion

In order for a corporation to have its CSR addressing pro-poor development, it needs to take into account the voice of the poor. It has to engage in dialogue with the poor, to ensure successful targeted pro-poor development activities. This can be done by applying bottom-up approaches, like participation, where the poor are taken into account. Participation has to be seen mostly as an end, rather than as a means, to ensure true participation and not just mobilization of the poor. Participatory approaches are good to address the poor’s capabilities and multidimensional poverty, given that the use of qualitative methods permits an understanding of the different reasons for poverty in a given context. Furthermore, participation entails that the corporation lets the poor express their needs, and then translate these into action. The corporation can use different types of participation depending on the specific CSR aimed at addressing pro-poor development. Moreover, corporations can focus on one of the dimensions of *Citizen power*, where the poor participate with a degree of power and where participation is viewed as an end. This ensures a true bottom-up approach, rather than a top-down approach disguised as a bottom-up approach. Ownership is also important in participation, as it helps ensure that the CSR activity is sustainable, and that the poor also view it as their project. To guarantee a high degree of successful ownership, the corporation needs to involve the poor in the entire process, be present and part of the community, and promote accountability and transparency among the stakeholders. Since the corporation does not have expertise in participatory methods and development, it can engage in partnerships with local organisations that have expertise in these areas. By partnering up, the corporation can acquire knowledge, insight and skills that might enable it to internalise these. This specialisation might actually result in gaining a competitive advantage.

These conclusions, along with the conclusion of the power chapter, are now used in the creation of the new concept.
5. The creation of the new concept of CSR

The discussion of power and participation has brought about very useful and interesting arguments, which are needed in the CSR and pro-poor development debate. On the basis of these arguments, this chapter deals with the alteration of CSR into a new concept, that can better address pro-poor development. The discussion pertains to the result and findings previously discussed. The chapter starts with a discussion of the components of CSR, followed by the creation of the new concept.

5.1. Discussion of the elements of CSR

The components of CSR, Corporate, Social and Responsibility are now discussed in connection with the previous results to enable an assessment of which components are still viable, and which ones should be replaced, in order for the new concept, to be able to address pro-poor development.

5.1.1. Corporate (C)

Corporate (C) is still important as this project shows, because the corporation is behind CSR activities. It is the corporation that conducts these. If we were to remove corporate from the equation, then it would merely be development assistance, rather than CSR. Moreover, this project’s level of analysis and focus, is on the relationship between the corporation and the poor, stressing the importance of this. Additionally, as discussed in the literature review, corporations are truly important actors, due to their large geographical outreach, their enormous revenues, their competences and resources, their bargaining power and important position in developing countries.\(^\text{139}\) The example of Unilever Indonesia shows that 300,000 people receive their income from its global value chains, and hence, the corporation is a big player on the development scene. Hopkins point out that “the World Bank lends around US$15-20 billion a year while the annual budget of off-cited UN agencies such as the ILO is only US$0.25 billion, 100 times smaller than the annual profits of Exxon Mobil for the year 2004.”\(^\text{140}\) This illustrates the vast amount of resources the big corporations have at their disposal, where a part of these might be used for pro-poor development.

Furthermore, due to their vast resources, corporations have a lot of influence and power in the developing country, they operate in. This can result in negative impacts on the country, in relation to poverty and pro-poor development. Here the importance, as discussed in the literature review with Krisna, pertains to the idea, that corporations should not only focus on people getting out of poverty, but also, whether their operations result in people falling into poverty. There needs to be


\(^{140}\) Hopkins, M. (2007) p.4
this double-focus by corporations on poverty, highlighting both prevention and reaction methods. An example of a corporation’s actions and decisions, which resulted in harmful side-effects for the developing country it operated in, is Nike and the soccer ball industry in Sialkot. Nike decided to terminate its contract with Saga Sports in Sialkot, Pakistan. The reason was that the supplier did not eradicate labour compliance breaches and thus could not live up to Nike’s standards. This decision resulted in the loss of 4,000 jobs, where it was estimated that a total of 20,000 families could be affected. Here Nike’s CSR efforts are doing more harm than good, and this will lead to people falling into poverty, and hence, the increase in poverty, rather than a reduction.141

As discussed, corporations lack the experience, tools and skills to undertake successful pro-poor development. Their core competences lie in the business field and not in the development field. Thus, for the new concept of CSR to truly be able to address pro-poor development, corporations need to engage in partnerships with organisations that possess this knowledge. However, they need to be an active part of the partnership to be able to acquire the needed knowledge and skill that enable them to have the development and poverty mindset to secure better and more successful CSR activities aimed at pro-poor development. It is vital that corporations understand the impact their activities might have on the poor, so as to limit the harmful ones. However, it has to be mentioned that even though non-governmental organisations possess the knowledge and experience, they can still make mistakes. An example of this is the child labour issue in Pakistan’s soccer ball industry in Sialkot. A documentary done by CBS in 1995, exposing the awful conditions of child labour in Sialkot’s soccer ball industry, resulted in massive media pressure for changes. Hence in October 1997, the industry engaged in a partnership with ILO and UNICEF on a project to eradicate child labour. By 2003, it was deemed that 95% of the soccer ball exports made by Sialkot were free of child labour. This might seem like a successful initiative, but the voices and concerns of the people working in that industry, had not been heard. One of the main ways of preventing child labour was to stop home-based stitching, which was hard to monitor. Therefore, factories were created, where the workers could stitch and enable better monitoring. However, around 30-58% of the workers stitching were women and they needed to balance their household chores, taking care of the children and working. Stitching balls did not pay much compared to the time it took, and thus women stitched in their spare time to gain a bit more income. With the new factories, they would earn much less, seeing as time was lost on commuting, and stitching could only be done in the working hours of the factory. Moreover, the commute was characterised by the women being verbally assaulted by men. Lastly, the media did not pay attention to the local context, when

---
wanting to eradicate child labour. It did not define and view child labour from Sialkot’s context, but from the developed country’s context. Low quality schools with corporal punishment meant that the children preferred helping their parents stitch to ensure food on the table. This misinterpretation of the social context meant that these workers were worse off after these initiatives. The household incomes, in absolute terms, fell. This is a good example of experienced organisations, ILO and UNICEF, making wrong decisions. Thus, corporations need to remain, in some degree, critical and not take everything experienced organisations say as absolute truths, given that they can also make errors.

Therefore understanding the developing country’s context, meaning its national and business culture, its institutional setting, legal framework, language and so on, helps prevent corporations and their partners in engaging in activities that might have a negative impact on the developing country. Like Prieto-Carrón et al. argue the voices of the developing countries need to be heard. Therefore, corporations need to forge relationships with the poor, so as to understand their priorities and interests. They have to look at the importance of the poor as stakeholders, in relation to their moral claims. This leads to more targeted and successful pro-poor development CSR.

All of this shows that corporations still have a long way to go and many things to learn for them to truly become development agents. But the vast resources they hold, their geographical outreach and power, make them an ideal candidate for helping in the fight to reduce multidimensional poverty. Therefore, the component Corporate (C) should remain in the new concept. But it should also incorporate the importance of context and partnerships to acquire experience and knowledge, as well as the idea that corporations’ role in pro-poor development are not only one of getting people out of poverty, but also limiting those falling into poverty. The Corporate (C) component should not be seen as static, but rather as dynamic and interacting, like the chosen power theory. It should be seen in connection with creating relationships with important stakeholders for pro-poor development.

5.1.2. Social (S)
The component Social (S) is not ideal to address pro-poor development, given that it does not incorporate the element of poverty. As discussed in the literature review in connection to Carrol’s pyramid, social responsibilities can encompass different elements related to the specific country it is applied in. Some might value philanthropy more, while others focus on ethical responsibilities. Some might argue that legal compliance is not part of the Social (S) component, while others

---

believe it is. Therefore, it is important that the new component, that replaces Social (S) is clear and concise, to avoid any confusion and possibility of misunderstandings. There needs to be consensus on this new concept, and hence, this new component is described, so as to limit misinterpretations.

To address pro-poor development, there is the need for a concept that refers and relates to capabilities and its ability to reduce multidimensional poverty. As seen throughout the project, different capabilities can reduce different dimensions of poverty. Multidimensional poverty encompasses the political, protective, human, economic, socio-cultural, gender and environmental dimensions. The different capabilities and poverty dimensions are interconnected, so an amelioration in one, might lead to an amelioration in another. Hence, the new component should not only encompass one of these capabilities and dimensions, but rather be an overall umbrella for all of them.

It is argued therefore that the new component should be called Poverty (P). It should be constituted of both capabilities and multidimensional poverty. The improvement of the poor’s capabilities leads to a reduction in multidimensional poverty. Capabilities are needed to understand the causes and nature of poverty. They are essential to poverty reduction. It is quite logical, that to engage in pro-poor development, there is a need to focus on reducing multidimensional poverty and this is obtained by focusing on capabilities. Therefore, Poverty (P) is an obvious choice to replace Social (S).

Moreover, the P in the component Poverty can also refer to the elements power and participation that are stressed throughout the project. It can be referred to as the three P’s: Poverty, Power and Participation, that are now discussed and illustrated on the next page. The P also reminds the corporation, that it is the poor that are the targeted beneficiaries, and hence, essential stakeholders.
To address pro-poor development, Poverty (P) should focus on the poor’s capabilities. The improvement of their capabilities can in turn lead to the reduction of multidimensional poverty. Moreover, there needs to be a focus, as previously mentioned, on people getting out of poverty, as well as avoiding people falling into poverty. Most initiatives and strategies only focus on the former, but the latter is just as important to ensure an understanding of the causes of poverty and which capabilities to invest in to be able to reduce multidimensional poverty. Therefore, there is a need to understand the reasons behind poverty in the specific community, region or country that the corporation’s CSR strategy is aimed at. This should provide useful information, that can support the corporation, when engaging in power and participation with the poor.

To reach the component Poverty’s (P) aim to address pro-poor development, the elements of power and participation are important tools and focus areas for the corporation. Power should be viewed from the middle-ground where interests, a positive sum-game, relationships and *free subjects* are emphasised. This view of power makes it possible to engage in empowerment and participation approaches, as the corporation does not view power as equated to domination and repression. By viewing power in this positive sense, the corporation can change the way the poor are usually
viewed and enable them to receive a certain degree of genuine power that they can use. Furthermore, power should be viewed from the perspective of people’s interests, desire and freedom to act in a certain way which is linked to capabilities. This is linked to the choice of using a normative view, that includes a moral claim focus, when using stakeholder theory. This enables the poor to receive power, via their moral claim, and be incorporated and taken into account in the pro-poor development strategies. Lastly, the corporation needs to empower the poor and improve their capabilities to be able to create pro-poor development and reduce multidimensional poverty. The poor need to be economically empowered, as well as empowered on other dimensions, such as political and social. There is a need to focus on the assets and capabilities needed for the poor to be empowered. Moreover, the corporation needs to focus on the factors that lead to improving the poor’s capabilities and empowering them. These are access to information, inclusion and participation, accountability and local organisation capacity. For example, to ensure successful pro-poor development the corporation needs to communicate its CSR strategy to the poor, as well as collect information from the poor about their priorities and needs. These can be incorporated into the CSR formulation phase to ensure that the chosen issues are relevant to the poor.

Participation is important to address the issue of the poor’s voices not being heard, and the fact that CSR would not be the same if these voices were included. The corporation should involve and include the poor in the whole process of CSR from its formulation, to its implementation and impact assessment. It is important that corporations undertake different types of participation in relation to the specific CSR aimed at addressing pro-poor development. For example, CSR that targets communities with a small amount of poor might benefit most from using direct participation, while CSR targeted communities with a high amount of poor might benefit most from using representational participation supplemented with information based participation, to ensure that the interests expressed by the representative resemble those of the common poor. These permit the corporation to gain the right information to engage in targeted pro-poor development initiatives. Moreover, different dimensions of Citizen power can also be used, as it incorporates elements of power and illustrates participation as an end. By having a middle-ground view of power, the corporation is more inclined to engage in one of the dimensions of Citizen power. It is argued that the poor do not usually possess much skills and tools, and hence, if the corporation chooses to make use of this type of participation, then it is vital that the corporation engages in capacity building and provides the poor with the needed tools and skills to enable informed decisions. By choosing one of the dimensions of Citizen power, the corporation can enable the poor to receive different degrees of ownership over the CSR activity, which is quite important for pro-poor development. The poor should feel local ownership over the project, but without fazing the corporation out, seeing as it
needs to be involved to ensure accountability and an understanding of its impact, as well as acquire knowledge and experience. To ensure a high degree of successful ownership, the corporation needs to involve the poor in the entire process, be present and part of the community, and promote accountability and transparency among the stakeholders. The corporation should ensure the use of relevant tools and skills in the participation process, like accessible tools and the integrated participatory action learning process model. Moreover, as the corporation does not have the necessary experience and skills, it should partner up with organisations that have. This enables it to acquire the experience for future use and better understand the mindset of development, capabilities and multidimensional poverty. The corporation might be able to internalise this knowledge as newly acquired skills that might result in future competitive advantages.

All in all, Social (S) should be replaced by Poverty (P) to truly be able to address pro-poor development. Tools such as power and participation as highlighted in the analysis should be addressed and incorporated into the CSR process to ensure its success in reducing multidimensional poverty via the improvement of the poor’s capabilities.

5.1.3. Responsibility (R)

Responsibility (R) refers to the fact that corporations are responsible for their actions. To be responsible is to make decisions, which protect the interests of what/who you are responsible towards. This relates back to Blowfield and Frynas’ definition of CSR, where the corporation is responsible for its impact on society, the management of its relationship with society and its business partners’ behaviour. The idea of corporate responsibility emerged with the increase of corporate power, due to globalisation and the pull back of the state. It is about the corporation’s role and the responsibilities it holds. These are illustrated in the literature review with Carrol’s CSR pyramid, where he highlights economic, legal, ethical and philanthropic responsibilities. Responsibilities are duties that the corporation has and should engage in.

The analysis has shown that power and participation are two important elements that can help CSR address pro-poor development. CSR deals with voluntarism and top-down responsibility, instead of focusing on bottom-up rights. Responsibility follows this line of thinking. Hence, there is a need for a concept that better encompasses the power element and the poor’s moral claim. Therefore, it is argued that accountability should replace responsibility. Accountability refers to “the duty to provide an account (by no means necessarily a financial account) or reckoning of those actions for

143 Definition in Collins English Dictionary for Advanced Learners (2001)
which one is held responsible.” According to Blowfield and Murray, accountability is characterised by an aspect of unequal power, seeing as there is a demand for accountability, and hence, a pressure from one entity towards another to provide an account. However, accountability is only truly present if the entity that demands the account has an enforceable right. This can be transferred into the discussion of the relationship between the corporation and the poor. The poor can demand an account from the corporation, however if the corporation do not feel pressured to give an account, then real accountability does not exist. The poor need to possess power to be able to enforce their right to demand an account. This can be achieved by empowering them and improving their capabilities. Additionally, by using the normative view and moral claim focus of stakeholders, as well as the middle-ground view of power, then the corporation views the poor as being relevant stakeholders for pro-poor development initiatives. This leads the corporation to engage in some sort of relationship with the poor, wanting to be in some degree accountable towards them.

Accountability is about the corporation proving itself, and demands much more of the corporation than mere responsibility. Accountability requires the corporation to examine which stakeholders are relevant to it, and to which it should be accountable towards. As seen in the power chapter, the adapted version of the stakeholder model, as illustrated in figure 3, will permit this. By taking these stakeholders into account, the corporation can create accountability strategies, which are emphasised by transparency and responsible behaviour. Transparency can be defined as “the degree to which corporate decisions, policies, activities and impacts are acknowledged and made visible to relevant stakeholders”. This shows that it is important to recognise that transparency is also linked with the relevant stakeholders. This means that “not all stakeholders have a legitimate right to all the corporation’s information.” This means that there exists sensitive information that some stakeholders should not receive. Hence, there is a need to find a balance between sensitive propriety information and general transparency.

147 Crane, A. & Matten, D. (2007) p.70
5.2. New concept: CPA

The new concept that can address pro-poor development is *Corporate Poverty Accountability* (CPA). *Corporate Poverty Accountability* deals with corporations engaging in activities that can create pro-poor development by means of power and participation, that enhances and improves the poor’s capabilities, and thereby reducing multidimensional poverty. Moreover, the corporation is accountable for its actions. The concept’s different components, Corporate, Poverty and Accountability are interconnected and should be simultaneously focused upon. A depiction of the new concept is illustrated below.

*Figure 9: New concept: Corporate Poverty Accountability (CPA) by Satnam Kaur Nanda-Jørgensen (2009)*

CPA can address the different limitations that CSR has in relations to the development debate and pro-poor development. It incorporates elements of capabilities, multidimensional poverty, context, the developing country and the poor’s voices, the notion of power, real bottom-up participation and a sense of corporate accountability towards the poor. A detailed graphic depiction of the poverty component is illustrated in figure 8.
CPA should focus on context, meaning the developing country’s national and local culture, business culture, institutional framework, legal regulations, and government. Moreover, the poor need to be addressed in relation to an understanding of the contextual reasons behind poverty. CPA should be embedded with a double focus on poverty, looking at prevention to limit people falling into poverty and reaction by getting people out of poverty. This ensures the right mindset to undertake CPA in relations to pro-poor development.

In addition, the importance of development as a process and outcome, argued by Remneyi, should be embedded in CPA. This means that the development process should be participatory and people-centred and the outcome should be the reduction of the occurrence of poverty. The focus should be on the process of CPA, but also on the outcomes and impact of CPA.

Furthermore, it is important that this new concept is embedded in sustainability, as discussed in the delimitation chapter, as it is vital for pro-poor development to be successful. Therefore, every CPA activity and strategy needs to focus on dimensions of sustainability.

Moreover, CPA entails benefits for corporations, in the form of a market for poor consumers, more motivated and healthy workers, attracted employees and investments due to enhanced reputation, and so on. Therefore, corporations see personal benefits and reasons emerging from engaging in pro-poor development. Consequently, this motivates them to engage in CPA and pro-poor development.

The concept of CPA can be used as a basis for a new understanding and perspective of CSR in developing countries that is more effective and useful for both society and the corporation.

The next chapter focuses on the assessment of the project.

---

6. Assessment of the project

This chapter deals with whether the methodological and analytical choices have permitted to fully answer the research question or if other choices would have been more appropriate.

Critical realism is part of the broad social science of objectivism. Could the project have chosen another relevant science position in the objectivism camp or should it have chosen a science position in the perspectivism camp? If a pure positivists view was chosen, then it could not have answered the research question in the same manner, as it would have highlighted the creation of an absolute and overall concept that is applicable everywhere. One of the limitations of CSR is its generality. It is essential that CPA takes into account context, in order to be successful. Therefore, a science position, that stresses general concepts, is not suitable for this project. In addition, this science position would have stressed quantitative data. But the capability approach and multidimensional poverty rely heavily on qualitative data to enable an understanding of their complexity, causes and nature of these terms. Moreover, power and participation also imply qualitative data and hence would not have been chosen, if a pure positivist view was selected.

Another theory of science in the objectivism camp is Popper’s critical rationalism. If this science position was chosen, then it implies that the project should have used a hypothesis, describing the new concept that meant to be falsified or verified. This project does not focus on falsifying or testing the CPA concept, but rather building it. Therefore, this perspective would be more useful in a project, which aim is to depart from this project’s results and test/falsify the CPA concept.

In contrast to objectivism lies perspectivism. It focuses more on language, interpretation and does not believe in one single and absolute truth. A social constructivist perspective would have implied that the importance of language and discourse was examined. This means that the project would have focused on one specific community and the results could only apply to this community, given that the understanding of reality, language and the world come from our social context.

By choosing critical realism as a science position, it has enabled this project to have a critical perspective throughout the whole analysis and in the theoretical discussions. It has permitted the creation of a new concept CPA, via an analysis of the underlying mechanisms needed to build it. These are power, participation and most importantly capabilities and multidimensional poverty. The

---

choice of critical realism also had implications for the selected power theory, as it highlights dynamics and change, which is similar to the middle-ground view of power, that is created in society through relationships and interaction. Power is not static, but dynamic. Thus, critical realism is deemed as the most applicable science position to answer this research question.

This project has chosen to make use of an inductive research strategy that enabled the creation of a new concept from the analysis and structuring of the empirical data. This meant that an eclectic research type was chosen, that combined explorative and transformative research. If a deductive research strategy had been chosen, then it would have implied, that a hypothesis of CPA was put forward, and that the project’s main aim was to find empirical data, that supported or rejected the CPA concept. This is a whole other type of project. Therefore, in connection with the project’s aim to create a new concept, an inductive research strategy and eclectic research type are the most suitable.

This is linked to the choice of empirical data. This project has chosen to use secondary data, rather than primary data. If primary data had been used, it would have enabled the project to have a more in-depth view. The primary data would have been quite useful to support the new concept of CPA. However, this project’s aim was to create a new concept and not test an existing one. Therefore, secondary data was deemed relevant to use.

Validity and reliability are essential for any type of project. The choice of using secondary data that already has been published, discussed, criticized and even used for teaching, ensures a degree of credibility from the empirical data. Moreover, the used secondary data is widely accessible, which means that future researchers can easily replicate the same study with the data. If they replicate the study using the same methodological choices, it is deemed that they would get the same results. Hence, the findings of this project are deemed reliable. Additionally, by choosing secondary data that has been widely discussed and criticised, the identified limitations of CSR are in coherence with the literature. This means that the gap this project wishes to address is valid. If primary data had been used, then the matter of interpretation of interviews and the nature of these would have been a concern for the project’s validity. It is argued that one’s social understanding and background can have an impact in the interpretation of data. Moreover, the accessibility of the data can have an effect on the reliability factor. Therefore, it is argued that the nature of this project implies the use of secondary data and the project is deemed valid and reliable.

The level of analysis could have been between the corporation and poverty, thus being more overall and general. This would have changed the focus of the project, where it would have been more on
the ends which is poverty, then on the means which are the poor’s capabilities. This means that the poor, and concrete initiatives targeted them, are set aside. This also entails that the limitations of power and participation could not have been used. Instead, the limitation of CSR and poverty should have been used. However, it is argued that to best address pro-poor development, there is a need to understand the causes and nature of poverty. Therefore, by focusing on poverty as an end, it is difficult to understand how to reduce it. As such, this project has found it mostly relevant to focus on the relationship between the corporation and the poor that can lead to the reduction of poverty.

The choice of selecting power and participation has implications for the development of the new concept. It cannot be dismissed that, by choosing other limitations, these might have affected the choice of CPA as a new concept. Nonetheless, some of the other limitations like context, corporations and poverty are integrated implicitly or explicitly into the new concept. Only the limitation of impact assessment is not used and could really have changed the nature of the project. Moreover, it is argued that by focusing on pro-poor development, the element of poverty is vital to incorporate into the new concept. If power and participation had not been the analysis elements, it might not have affected the choice of Poverty (P) as a component in the new concept, but rather more its composition, characterisation and tools.

By choosing to focus on all the capabilities and dimensions of poverty, this project can only make overall conclusions. This means that the analysis shows different capabilities and dimensions of poverty, but no detailed manual is elaborated, with only one target area and capability to reduce a specific dimension of poverty. It is argued that poverty cannot be effectively reduced, if the focus is only on one of the dimensions, and the specific capability needed to reduce this dimension. Therefore, the new concept CPA can address pro-poor development in relation to capabilities and multidimensional poverty, rather than only focusing on a specific capability and/or poverty dimension. This is related to the choice of critical realism where an idealtype is constructed. Society is ever-changing and new capabilities and poverty dimensions might arise. Therefore, it is important to have a concept that can be long-term applicable.
7. Conclusion

This project’s aim was to answer the research question: How can the concept of CSR be altered to address pro-poor development? This was a very relevant question, given the many identified shortcomings in the literature of CSR and the development debate. To provide an answer to the research question, the limitations of power and participation were analysed in relation to pro-poor development, which is concerned with the reduction of multidimensional poverty. The main conclusions of the project are now put forward.

In relation to power, there are three main conclusions. First, the corporation should focus on a normative view of stakeholder theory, where interests and moral claim are included. It should use this author’s adapted version of Blowfield and Murrays’ model of identifying key stakeholders based on perceived influence and interest, where moral claim is incorporated. The poor possess moral claim, and hence, by having moral claim weigh evenly to power, then the poor receive indirectly more power in the stakeholder assessment. Consequently, they will be included in the stakeholder dialogue concerning pro-poor development activities. CSR needs to take this into account to address pro-poor development. This will enhance the poor’s capabilities in relation to influence, rights and freedom of expression, thus reducing political poverty. It is important that the poor are included, and their interests and priorities known, to ensure successful pro-poor development activities, seeing as they are the intended beneficiaries of these activities. Nonetheless, stakeholder theory and analysis does not ensure enough power to the poor on its own, and thus cannot in itself address pro-poor development. This leads us to the second main power conclusion.

The corporation should view power from the middle-ground, where it is positive and not a zero-sum game. This is due to the fact that if corporations perceive power as negative and a zero-sum game, then they are not inclined to let the poor receive power, given that power is equated to domination and repression. However, if the corporation views power as positive and created via relationships and interaction, then the corporation can give power to the poor by engaging in a relationship with them. The corporation will, in this sense, not have less power, as power is created in society. Furthermore, power should be viewed from the perspective of people’s interests, desire and freedom to act in a certain way, which is linked to capabilities, freedom of choice and action. This choice of power in itself can help improve different capabilities, that in themselves, can help reduce different dimensions of poverty. For example, the enhancement of freedom of choice and action can reduce political poverty, while the improvement of status and decrease of vulnerability can reduce socio-cultural and protective poverty. Therefore, capabilities and multidimensional poverty need to be incorporated into CSR for it to address pro-poor development.
The third main conclusion relates to the importance of empowerment. When focusing on empowerment, the corporation needs to look at assets and capabilities. Assets can be linked to economic empowerment, which is essential and improves the poor’s economical capabilities. These can affect other capabilities, which in turn affect other dimensions of poverty, like illustrated with Unilever Indonesia. Furthermore, the corporation should simultaneously focus on four factors that are needed to create successful empowerment. These are access to information, inclusion and participation, accountability and local organisational capacity. By empowering the poor, their capabilities are improved and this can lead to the reduction of different dimensions of poverty. The poor can organise themselves, gain access to information, participate and be included, and focus on accountability. These capabilities can help reduce political and economical poverty, via information and participation, as well as protective and socio-cultural, via local organisational capacity. Therefore, economic empowerment, as well as the four factors, are essential to address pro-poor development and should be taken into account by the corporation’s CSR.

Participation is the second element in this project and deals with using bottom-up approaches, rather than top-down to respond to the accusation, that the poor’s voices are not heard. Participation as an end is more emphasised, than as a means, seeing as the former incorporates the idea of power. It is truly about having the poor participate, rather than just mobilizing them, as participation as a means implies. Power and participation should be viewed as closely linked.

The first conclusion pertains to the idea that corporations should use specific participation types to ensure true participation, rather than top-down approaches masked as bottom-up. This ensures more successful pro-poor development activities, given that the poor needs and priorities are then truly incorporated. The corporation can undertake different types of participation depending on the degree of action it wants the poor to undertake. It is argued that the corporation should choose to make use of either direct participation or representational participation, mixed with information-based participation. These types of participation can be supplemented by the corporation by using one of the dimensions of Citizen power, which are citizen control, delegated power and partnership. Here, it is argued that the poor do not usually posses much skills and/or tools, and hence, if the corporation chooses to make use of citizen control, then it is vital that the corporation engage in capacity building and provide the poor with the needed tools and skills to enable informed decisions.

The second conclusion pertains to the idea of ownership of the activity, which is linked to the previous conclusion. Local ownership is important to ensure that the poor feel part of the activity and that it will be sustainable. CSR needs to take this into account. There are three factors that
ensure successful local ownership that the corporation should focus on. The first one is to ensure, that the poor are involved throughout the entire process. Secondly, the presence of the corporation in the community ensures it knows, that the priorities and interests focused upon are really those, that the community needs. Thirdly, accountability and transparency should be present between stakeholders.

The last conclusion pertains to the needed tools, skills and experience to conduct participation methods. Corporations do not have expertise in the development field, but rather in the business field. As a result, corporations should engage in partnerships with organisations that possess these skills and experience. The organisation needs to be locally embedded in the targeted community to ensure trust from the population and relevant contextual knowledge about the community. In addition, partnering up with for example a non-governmental organisation can increase the legitimacy of corporations’ CSR activity. Moreover, corporations can acquire skills and experience that might enable them to internalise these, thus creating a future competitive advantage. However, corporations should still remain critical to some degree, given that even experienced organisations can make mistakes, like illustrated in the child labour issue case in Sialkot, Pakistan. Furthermore, both Mayoux and Chambers’ models, the participatory methods: key characteristics and tools and integrated participatory action learning process, should be used to gain a perspective of the tools needed to undertake successful participation. Qualitative data should be emphasised and this is important in relation to the enhancement of capabilities and the reduction of multidimensional poverty, that are both hard to only quantitatively measure. It is important that the right tools in relation to sampling and representation, interviews, evaluation and relevance of indicators are applied to ensure the right information, as basis for the CSR activity to ensure pro-poor development.

To address pro-poor development, CSR needs to focus on a normative view of stakeholder theory, a middle-ground view of power and empowerment. Moreover, the corporation should view participation mostly as an end, where it needs to focus on specific types of participation, tools, skills and experience to ensure successful pro-poor development. All of these are interrelated and on their own are not enough to secure successful pro-poor development. Moreover, power is closely linked to the element of participation, which means that the chosen power theory and underlying ideas can be transferred to it and vice-versa. The two elements complement each other.

From these analysis results, the new concept was created. The different components of CSR, which are Corporate, Social and Responsibility, were individually assessed, in relation to their relevance in addressing pro-poor development.
Corporate (C) was preserved due to the corporation’s role and importance in developing countries. It is assumed that corporations will engage in pro-poor development, seeing as they can create economical, financial and reputational benefits for themselves. The example of Unilever Indonesia clearly shows that corporations can make a positive difference, due to their enormous revenues and large geographical outreach. However, they can also have negative influence, as exemplified with Nike in Sialkot, Pakistan. Therefore, it is important that corporations use their bargaining power and influence to make positive contributions to society. This can be done by corporations understanding the developing country’s characteristics and context. Moreover, corporations need to develop a poverty and development mindset, with the relevant tools and skills needed to undertake successful pro-poor development. They have to focus on people getting out of poverty, as well as those falling into poverty. There needs to be action, as well as prevention. Lastly, corporations should forge relationships and partnerships with the poor and with experienced organisations.

Social (S) was replaced by Poverty (P) that better addresses pro-poor development. Poverty is constituted of both capabilities and multidimensional poverty. The improvement of the poor’s capabilities leads to a reduction of multidimensional poverty. Capabilities are needed to understand the causes and nature of poverty. They are essential to poverty reduction. It is quite logical that to engage in pro-poor development, there is a need to focus on reducing multidimensional poverty and this is obtained by focusing on capabilities. Multidimensional poverty encompasses economic, political, protective, socio-cultural, human, gender and environment dimensions. The tools to enhance the poor’s capabilities and thus reduce multidimensional poverty are power and participation. One could talk about the three Ps: Poverty, Power and Participation. The content of power and participation have already been discussed and therefore are not mentioned here again.

Responsibility (R) is replaced by Accountability (A). As shown in the project, it is important in the empowering process. Accountability implies power and thus a relationship between the corporation and the poor. The empowered poor can hold the corporation accountable for its actions. This forces the corporation to give an account and act in a responsible way to avoid scandals.

Consequently, the new concept that better addresses pro-poor development is Corporate Poverty Accountability (CPA). The concept should be embedded in sustainability and an understanding of the importance of context. CPA should posses a double focus on poverty, looking at prevention to limit people falling into poverty and reaction by getting people out of poverty. This ensures the right mindset to undertake CPA in relations to pro-poor development. Moreover, the focus should be on the process of CPA but also on the outcomes and impact of CPA. The concept of CPA can be
used as a basis for a new understanding and perspective of CSR in developing countries that is more effective and useful for both society and the corporation.
8. Future research

This project has proposed a new concept called CPA that can address pro-poor development. Future research could focus on testing this new concept with empirical data. This can be done by conducting case studies, surveys and interviews.

Another idea, is to assess existing CSR initiatives in relation to CPA. How would the results have been different if the corporation used CPA instead of CSR? Future researchers could cooperate with a corporation to implement CPA. It can start by focusing on an implementation manual and afterwards conducting an impact assessment on a concrete CPA activity. This will provide empirical support or contestation for CPA.

Future research could also focus on making CPA country specific, meaning analysing specific countries in relation to CPA, and gather the most relevant characteristics and elements needed. This will enable CPA to truly be contextually adapted and corporations can use the Ghanaian CPA framework, when operating in Ghana, and the Indian CPA framework, when operating in India. This ensures that the specific poverty elements and poverty reasons for that specific country are focused upon.

Future research could also focus on the other limitations that were not focused upon in this project. Specifically impact assessment can be chosen. By conducting studies to try to identify the real impact of CSR, it might change the focus of which shortcomings are most important to address and how to do so. New knowledge might be gained, that is vital to assess the shortcomings of CSR.

This project could also have chosen to focus on ways of motivating corporations to engage in pro-poor development. Which initiatives could be used to attract and make desirable poverty reduction goals for corporations? Here the idea of a poverty credit put forward by Lodge and Wilson can be examined. This pertains to the idea of giving the corporation economical gains for reducing multidimensional poverty. Consequently, to obtain this poverty credit, the corporation has to be able to measure its impact on poverty. This can be another future research area, pertaining to the measurement of poverty reduction. How can the corporation measure the impact of CPA in relation to poverty? But also how can the corporation measure the benefits it might receive from CPA?

9. Appendix

9.1. The multidimensional poverty framework

Figure 1: The multidimensional poverty framework by DAC (2007) p.18
9.2. Carrol’s pyramid

**Figure 2: The Pyramid of Corporate Social Responsibility by Carrol (1991) p.42**
9.3. Visser’s African CSR pyramid

![Diagram of Visser's African CSR pyramid]

- **Ethical Responsibilities**: Adopt voluntary codes of governance and ethics
- **Legal Responsibilities**: Ensure good relations with governmental officials
- **Philanthropic Responsibilities**: Set aside funds for corporate social/community projects
- **Economic Responsibilities**: Provide investments, create jobs and pay taxes

*Figure 3: Africa’s corporate social responsibility pyramid by Visser (2005) p.201*
9.4. Bottom of the pyramid

The World Pyramid
Most companies target consumers at the upper tiers of the economic pyramid, completely overlooking the business potential at its base. But though they may each be earning the equivalent of less than $2,000 a year, the people at the bottom of the pyramid make up a colossal market—4 billion strong—the vast majority of the world’s population.

Figure 4: Bottom of the Pyramid by Prahalad and Hammond (2002) p.51
10. References

10.1. Articles

development, Third World Quarterly, Vol.25, n.3 p.537–556

Psychological Empowerment: Contextual Issues in Empowerment Theory. Administration


Know, What We Don’t and What We Need to Know, International Affairs, vol.82, n.5,
p.967-977

• Saxby, J. (2003) Local ownership and development co-operation – the role of Northern civil
society: An Issues Paper. Resource document for a CCIC/CIDA Dialogue on March 20/21,
2003

Contradictory Agendas, Journal of Business Ethics

Publications

• Wheeler, D. et al.(2002) Paradoxes and Dilemmas for Stakeholder Responsive Firms in the
Extractive Sector: Lessons from the Case of Shell and the Ogoni, Journal of Business
Ethics, vol.39, no.3, p.297-318


10.2. Books


and Reporting. Palgrave


• Carmines & Zeller (1979) Reliability and Validity Assessment, Sage


10.3. Dictionary


10.4. Homepages

• http://www.samfundsansvar.dk/sw51873.asp (last viewed 21.09.09 at 13.33 p.m.)
10.5. Lectures

- Crabtree, A. (2007) DSGE course, Lecture 9

10.6. Reports