Corporate social responsibility at the base of the pyramid

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A B S T R A C T

The base of the pyramid proposition holds that transnational corporations (TNCs) can profitably serve the needs of the poor at the base of the global economic pyramid. This article explores the ethical dimensions of business ventures targeting the 2.6 billion moderate and extremely poor (MEP) at the base of the pyramid. It is shown that MEP populations are both cognitively and socially vulnerable, rendering them susceptible to harmful exploitation. We defend an empowerment theory of morally legitimate BoP business ventures and provide a multi-stage opportunity assessment process that allows TNC managers to determine when BoP ventures should be pursued and when they should be abandoned. This analysis is used to demonstrate the inadequacy of an instrumental, or economic, conception of corporate social responsibility (CSR) and to defend an ethical conception of CSR.

1. Introduction

The base of the pyramid (BoP) proposition (Prahalad & Hammond, 2002; Prahalad & Hart, 2002) holds that transnational corporations (TNCs) can exploit neglected entrepreneurial opportunities while simultaneously alleviating poverty by serving billions of previously ignored customers living in poverty. Prahalad (2004) describes the BoP as an invisible market of four billion people living on less than $2 per day, waiting to be tapped. London and Hart (2004) describe it as a huge base of potential customers earning less than $1500 PPP (purchasing power parity) per year. BoP strategies are recommended as win–win market opportunities that allow TNCs to do well by doing good. It is claimed that pursuing BoP strategies "means lifting billions of people out of poverty and desperation" (Prahalad & Hart, 2002) and enhancing the "dignity and choice" of the poor via access to more goods and services (Prahalad, 2004). At the core of the BoP proposition is the idea that socially responsible TNCs can simultaneously improve their profitability while benefitting the global poor. But, as will be argued, the validity of this claim depends on the specific BoP business venture, the ethical framework that is utilized to analyze the venture, and the theory of corporate social responsibility that is employed.

Given a lack of uniformity in the literature regarding the size and the purchasing power of the BoP, this article begins by clarifying the scope of the BoP and the poorest segments of consumers within the BoP: those living in moderate and extreme poverty as defined by the World Bank. Next, research in development economics and consumer behavior is utilized to characterize the vulnerability of the moderately and extremely poor (MEP). Karnani (2007) has claimed that the poor may be wrongly exploited by TNCs targeting the BoP, but the theoretical basis for claiming that some products or services are exploitative, while others are not, is unclear from his analysis. This article provides an account of exploitation that explains why marketing some products or services to the MEP is properly regarded as wrongfully exploitative. An exploitative approach is contrasted with an empowerment approach that respects the human rights of the MEP. A capabilities analysis is utilized to develop empowerment strategies for BoP ventures consistent with respect for human rights. A theory of serving the MEP grounded in the empowerment of the poor is defended and a multi-stage opportunity assessment process for implementing morally legitimate BoP ventures is developed. Finally, an empowerment theory of BOP ventures targeting the MEP developed in this article is utilized to demonstrate the inadequacy of the instrumental, or economic, conception of corporate social responsibility (CSR) and to defend an ethical conception of CSR.
2. Poverty and vulnerability at the base of the pyramid

The extremely poor live on less than $1.25 per day, the moderately poor survive on less than $2.00 per day, and together they constitute a market of 2.6 billion people (The World Bank, 2011). The limited purchasing power of the extremely poor has led some researchers to conclude that BoP strategies are unlikely to be helpful to them (Santos & Laczniak, 2009). More commonly, researchers implicitly or explicitly presume that the moderately and extremely poor, as well as those earning slightly more than $2.00 per day, will benefit from having a wider range of consumer choices made available to them. However, the concept of “benefit” is ill-defined in the literature and the assumption that products or services purchased by the poor are beneficial to them is widespread (Ireland, 2008; Prahalad, 2004). The implication seems to be that the MEP are much like Western middle-class consumers, only with fewer consumer choices and less purchasing power. This characterization of people living in extreme poverty is unwarranted. Considerable research has been undertaken on the social and economic experiences of people surviving on incomes below $1.25 or $2.00 per day (Banerjee & Duflo, 2007, 2011; Collins, Morduch, Rutherford, & Ruthven, 2009; Narayan, Chambers, Shah, & Petesch, 2000). This research provides valuable insights into the spending habits, mindsets, and vulnerabilities of the MEP and provides much needed context for assessing the ethical dimensions of targeting the poor as consumers.

2.1. The size and nature of the BoP market

There is a lack of consensus in the BoP literature regarding the size and income levels of the market. This lack of clarity can lead to inconsistency in the analysis of business ventures directed at the BoP. Researchers often introduce their work with different statistics on the population, spending power, and income levels of those at the BoP. For example, Prahalad and Hart (2002) define the BoP as 4 billion people living on less than $1.50 per day and $2.00 per day (Banerjee & Duflo, 2007, 2011; Collins, Morduch, Rutherford, & Ruthven, 2009, and Seelos and Mair, 2007). Prahalad (2004) defines the BoP as 4 billion people living on less than $2.00 per day and this figure is used by Altman, Rego, and Ross (2009), Stefanovic, Domeiseh, and Hulm (2007), and Webb, Kistruck, Ireland, and Ketchen (2010). Hammond, Kramer, Katz, Tran, and Walker (2007) define the BoP as 4 billion people living on less than $3000 per year and this figure is used by Fitch and Sorensen (2007).

Some of the variation in the literature can be attributed to the base year for purchasing power parity (PPP), but this does not explain the large deviation from World Bank data commonly cited in the development economics and poverty literature. The World Bank has published the so-called “dollar per day” and “two dollar per day” poverty lines since 1981. Estimates from 2002 showed 2.8 billion people living on less than $2.00 per day, not four billion (The World Bank, 2011). The current World Bank population estimate for those living below $2.00 per day is 2.6 billion (The World Bank, 2011). Clarity regarding the size and purchasing power of the BoP is helpful for at least two reasons. First, clarity provides a reliable basis for assessing the size of the market opportunity and evaluating the feasibility of the BoP proposition for TNCs. Prahalad (2004) estimates BoP spending power to be $13 trillion. Our analysis of World Bank data showed that those living below $2.00 per day totaled 2.8 billion at that time. Thus, we conclude that the size of the market opportunity for TNCs is overstated using Prahalad’s estimate of a BoP population of 4 billion living below $2.00 per day.

Hammond et al. (2007) estimate BoP spending power to be $5 trillion based on a population of 4 billion people living below $9.05 per day and Karnani (2007) defines the BoP in 2005 as 2.6 billion people living below $2.00 per day along with the World Bank and estimates their spending power to be $1.42 trillion in PPP terms (The World Bank, 2011). Because Karnani (2007) estimates are derived using the same PPP base year as Hammond et al. (2007), those living between $2.00 per day and $9.05 per day would represent $3.58 trillion in spending power at PPP terms. If the BoP is taken to include this segment as well, it is a much larger market opportunity. However, the issue is not merely defining the scope of the BoP but differentiating between market segments in order to better understand the needs of individuals living at different levels of poverty (Kotler, Roberto, & Leisner, 2006). The differences in the needs and purchasing power of, for example, individuals living at $6.00 per day versus those living at $1.25 per day are significant and should inform entrepreneurial TNCs seeking to serve these markets.

A second reason for clarifying the size and purchasing power of the BoP is to facilitate the assessment of the ethics of TNCs exploiting market opportunities among populations living at different levels of deprivation. Targeting vulnerable groups raises distinctive ethical issues. As with any vulnerable consumer group, such as children, the elderly, or the handicapped, BoP populations are particularly susceptible to harm to their well-being from market transactions relative to less vulnerable populations. Their vulnerability may be exacerbated if they are also very young, old, or handicapped. In his extended theoretical analysis of the concept, Brenkert defines the vulnerable in market exchanges as those with “qualitatively different experiences, conditions, and/or incapabilities, which impede their abilities to participate in normal adult market activities” (Brenkert, 1998: 13). The vulnerable are less able to protect their own interests and are susceptible to being “swayed, moved or enticed in directions which might benefit others but which might harm their interests” (p. 14) as a result of their unique circumstances. Individuals at the BoP are both cognitively and socially vulnerable.

The cognitive vulnerability of those living at the BoP is a feature of illiteracy or limited education. The illiteracy rate in nations with high BoP populations is substantial. In Bangladesh that rate is 52%, for India 39%, and for Nigeria 32% for those 15 and older (CIA, 2011). Poverty makes it difficult to attain education, even when it is provided at no cost by governments, because of the need of children to leave school to help support families (where the median size is between seven and eight), because of poor quality education, and because of the inability of illiterate or partially literate parents to support their children’s education (Banerjee & Duflo, 2007). Educational opportunities are also lost when young children are bartered, sold, or orphaned, as a result of the desperate poverty of their parents.

Social vulnerability is a result of poverty itself. Poor consumers spend to compensate for their penury and to feel a sense of belonging. Chakravarti (2006), drawing from Sen (1999), argues “the psychological reality of the BoP is revealed in sub-normative choices, self-defeating preference structures, and confused contradictions and preference reversals that block paths to self-improvement” (p. 367). In a study of Brazilians living on less than US$8 per day, Barki and Parente (2010) found that the poor have “a stronger need to compensate for a dignity deficit and low self-esteem” and “a high level of aspiration to feel socially included in society” (p. 21). These psychological traits make them vulnerable to market transactions that can undermine their well-being by reducing their ability to consume basic goods.

2.2. The composition of the BoP and the MEP

To better assess ethical issues that arise in serving BoP consumers, providing an account of the composition of the BoP is necessary. In order to resolve the inconsistencies discussed above, and to provide clarity with respect to the analysis undertaken in this article, the BoP is defined in the following terms. Consistent with Hammond et al., the entire BoP is defined as the population of 4 billion people earning less than $9.05 per day ($3260 per year at 2005 PPP) who primarily transact in the informal market economy.
However, rather than use the problematic segmentation of the BoP by Hammond et al., our analysis is grounded in the economics and poverty literature that already enjoys broad academic support. Consistent with standard usage in development economics, moderate poverty is defined as those earning $1.25 to $2.00 per day and extreme poverty as those earning less than $1.25 per day (Fig. 1). This allows for the clear identification of the most vulnerable members of the BoP: those living in moderate or extreme poverty. Approximately 1.4 billion people live in extreme poverty and 1.2 billion people live in moderate poverty for a global population of 2.6 billion MEP.

Our representation of the BoP differs from The Next 4 Billion (Hammond et al., 2007) by utilizing fewer segments. Hammond et al. use six annual income segments to describe the BoP: $500, $1000, $1500, $2000, $2500, and $3000. While we find that these income segments are beneficial, only 36 countries have population and expenditure data for each segment. For the many countries for which population and expenditure data are not provided researchers can only deduce the population figures for the entire BoP ($3000 and below) without knowing what percentage of the population belongs to each income segment completely. In our alternative approach we utilize World Bank data to establish tiers 4 and 5, which describe the MEP within the BoP. This approach uses household survey data from 115 countries and thereby represents a more robust picture of the MEP than the 36 countries used in Hammond et al. (2007).

2.3. Vulnerabilities of the moderately and extremely poor

Research by poverty and development scholars shows that the MEP live in a cycle of poverty and deprivation that causes cognitive and social vulnerabilities. Adults and children living in moderate and extreme poverty are subjected to a state of mental distress, depression, and a feeling of hopelessness, which ultimately affects well-being and alters their ability to aspire to a better life (Narayan et al., 2000). For the most part, the MEP are excluded from the formal market economy; instead, operating in a web of informal networks. “They have houses but not titles; crops but not deeds; businesses but not statutes of incorporation” (de Soto, 2000: 7). Often times, the MEP are socially excluded and taken advantage of by other poor members in the society who are marginally better off. According to Sachs (2005: 20), “They cannot meet their basic needs for survival. They are chronically hungry; unable to access health care, lack the amenities of safe drinking water and sanitation, cannot afford education for some or all of the children, and perhaps lack rudimentary shelter.” The harm to well-being, to which the MEP are susceptible because of their vulnerability, may take many forms such as a decline in caloric intake, malnutrition, ill-health accompanied by loss of income, or death. For example, individuals living in moderate and extreme poverty may be swayed or enticed to forego the purchase of basic goods for their families, harming the general physical and psychological capabilities necessary for human functioning.

Despite technological advances in agriculture and rising incomes, MEP households are consuming less food and survive on 1400 calories on average per person, roughly half of that needed for a healthy diet (Banerjee & Duflo, 2011). Adult malnourishment adversely affects current daily activities, long term welfare, and wages, while creating higher demand for medical care (DeRose, Messer, & Millman, 1998). Child malnourishment severely affects development, growth, cognitive ability, and occupational performance in adulthood (Chavez, Martinez, & Soberanes, 1995). Studies show that the MEP are not maximizing their caloric intake, often acting as if they are not malnourished by not spending more of their available income on extra food. According to Banerjee and Duflo (2007), unhealthy patterns of food, alcohol, and tobacco consumption among the MEP are quite common. In Mexico, for example, as high as 8.1% of the household’s budget goes to alcohol and tobacco. Impoverished urban MEP consumers in China spend as much as 46% of income on tobacco (Liu, Rao, Hu, Sun, & Mao, 2006). An estimated 41.8 million Chinese fall into poverty because of excessive cigarette spending each year (Liu et al., 2006).

Banerjee and Duflo (2011) point out that countries such as Mexico and India have seen an emergence in fast-moving consumer goods, oftentimes packaged in small sachets. The rising demand for such goods seems to correlate with falling food consumption. These behaviors are attributable to what Macarov (2003) describes as “norms, which are marked by very short term objectives and a live for the moment tendency” (p. 46). These studies underscore the critical trade-offs that MEP households make against providing necessities such as nourishment, education, and healthcare.

The vulnerability of the MEP is exacerbated by their inability to manage social and economic risks as a result of having limited access to assets (Alwang, Siegel, & Jorgensen, 2001). When the MEP are sick or injured, or when crops fail, there is little recourse other than family, and typically no savings and no insurance to cover expenses or lost income. The higher an individual’s placement among the economic tiers, the better an individual’s ability to manage risk. The susceptibility of the MEP to harm as a result of their vulnerability is unique relative to other economic tiers for two reasons.

First, their lack of assets is significantly greater than those at higher tiers leading to a greater inability to manage risk than those in tiers 1–3. Second, the potential harmful outcomes of those in tier 4 are greater than those in tiers 1–3. Those living in moderate poverty are at direct risk of slipping into extreme poverty and suffering greater malnutrition and ill-health as a result. Those living in extreme poverty at tier 5 have little margin for reduced consumption and, as a result, are at risk of severe acute malnutrition and death.

![Fig. 1. The economic pyramid.](image-url)
Finally, those living in the range above $2 a day, but near that figure, will often experience similar vulnerability to those living in moderate poverty making the population of vulnerable poor larger than 2.6 billion. A person living on $1.95 a day and a person living on $2.25 a day, for example, are likely to experience similar cognitive and social vulnerabilities. The line between the MEP and the remainder of the BoP should not be understood as hard and fixed. Understanding the vulnerabilities of the MEP can help scholars and practitioners to better understand the vulnerabilities of the BoP in general.

In summary, the 2.6 billion people that comprise the MEP live in multidimensional poverty and are both cognitively and socially vulnerable. This vulnerability contributes to them making sub-optimal purchasing decisions relative to their well-being, understood as the capacity to function well. Understanding this vulnerability will allow us to provide an account of the exploitation of the moderate and extremely poor and a theory of morally legitimate TNC ventures targeting these potential customers, producers, and workers.

3. An empowerment theory of morally legitimate BoP ventures

In this section several of the theoretical aspects of the BoP proposition are developed. A basic feature of the BoP proposition is the idea that BoP activities are morally legitimate. However, previous research on BoP activities has not provided an adequate theoretical basis for distinguishing between morally legitimate and morally illegitimate BoP activities. Moral legitimacy has been defined as “a positive normative evaluation of the organization and its activities” (Sachman, 1995: 579). This section explains how BoP business ventures can be understood to be morally legitimate or morally illegitimate. To facilitate this theoretical development, an account of exploitation is provided, an interpretation of the meaning of “benefit” in the BoP proposition is provided, and an account of the relationship of the BoP proposition to human rights is defended.

3.1. Exploitation

At the core of entrepreneurial activity is the exploitation of opportunities (Casson, 1982; Shane & Venkatraman, 2000). BoP theorists argue that TNC managers neglect many opportunities because of “orthodoxies” in assumptions and practices (Prahalad & Hart, 2002: 4) that lead them to neglect the BoP as a viable market. The “dominant logic” into which they have been socialized leads TNC managers to emphasize large unit packs, high margins per unit, and high volume sales (Prahalad, 2004: 49). What has been missing in most TNCs is managers who can imagine alternative strategies that will allow them to exploit BoP populations with the aid and assistance of knowledgeable local experts. However, as noted above, BoP strategies have also been criticized precisely because they are exploitative (Karnani, 2007; Santos & Laczniak, 2009). This dispute over the moral legitimacy of exploitative entrepreneurial activity at the BoP points to a need for theoretical development of the ethical dimensions of BoP strategies. To advance understanding of the ethics of BoP strategies it will be useful to clarify the role of exploitation at the BoP in general and of the 2.6 billion MEP in particular.

In ordinary language usage, it is common to refer to the utilization of a resource as exploitation. For example, one might exploit a hilltop vista to build a house or one might exploit a mineral deposit or a fishery for economic gain. In these cases, exploitation stands in for ‘use’ and carries with it an amoral connotation. Let us refer to this as the utilization meaning of exploitation. In entrepreneurship, this use of the term is commonly employed in characterizing the identification and targeting of underutilized, previously unknown, or newly created, possibilities to create positive outcomes. In the case of BoP business ventures, the intended outcome is binary in that it is intended to be both positive for the TNC and for the customer. The benefit for the TNC is profits, but the precise benefit for BoP customers is not always clear in the literature. We will return to the issue of positive outcomes for BoP populations below.

The meaning of the negative use of the term, exploitation, invoked in discussions of BoP strategies remains unclear. However, the use is clearly intended to connote harm. Let us refer to this as the harm meaning of exploitation. Wood (1995) has defended the position that the exploitation of people (as opposed to nature) always involves one party taking advantage of the weakness or vulnerability of another party (Arnold, 2003). However, taking advantage of the vulnerable should be understood as a necessary condition rather than a sufficient condition for exploitation. In market economies, entrepreneurial firms routinely take advantages of the vulnerabilities of competitors to exploit market opportunities, and this is commonly regarded as legitimate business activity. But when is exploitation morally wrong? Exploitation may be understood as wrong when it fails to respect human rights, especially basic human rights.

3.2. Human rights and international business

Human rights theory has played an important role in international business ethics and corporate social responsibility since Donaldson (1991) provided a theory of TNC human rights duties (Arnold, 2010, 2013; Campbell, 2006; Cragg, 2002; Cragg, Arnold, & Muchlinski, 2012; Kobrin, 2009; Wettstein, 2012). The TNC duty to respect human rights has a two-fold ethical justification. First, human rights are grounded in the idea that agency, or the capacity of autonomous action, is worthy of respect and that individual persons should be respected by those persons or organizations with whom they have relationships (Arnold, 2010). In the case of TNCs, this includes relationships with customers as well as other stakeholders such as employees.

Second, TNC human rights duties are defended on contractualist grounds (Cragg, 2002; Donaldson, 1991). Here, the argument is that the very reason that corporations are permitted to exist is to allow people to come together to make productive contributions to society. To accomplish this end corporations are granted such rights as property, ownership, and freedom. In virtue of being granted these rights, corporations have reciprocal duties to respect the rights of others, including the basic human rights enjoyed by real persons. These two arguments are compatible and together provide an overlapping justification for the view that corporations operating in different nations have a duty to respect human rights independently of the ability of host-nation governments to police and remedy human rights violations.

The adoption or endorsement of human rights norms for business by the United Nations (UN) and other global civil society organizations and the attendant adaptation and endorsement of human rights duties for TNCs by many companies themselves are important trends in international business ethics. In 2011, the United Nations Human Rights Council endorsed a new set of global guiding principles for business: the UN “Protect, Respect and Remedy” Framework. The UN Framework calls upon business enterprises to respect the rights of all persons and to provide remedy when those rights are violated (Ruggie, 2008). The UN Framework is itself an extension and articulation of elements of the UN Global Compact, a strategic policy initiative for businesses that facilitates the incorporation of ten universally accepted moral principles into business policy. Firms gain moral legitimacy when they act in a manner consistent with justified international human rights norms.

Many businesses highlighted in BoP case studies, such as CEMEX, Coca-Cola, ITC, and Unilever are among the over 8700 current business participants in the Global Compact. The specific human rights that the UN Framework calls upon businesses to respect, and those to which signatories of the Global Compact have pledged to accept, are those included in the International Bill of Human Rights (which includes the Universal Declaration). Among these rights is Article 25 (1) of the Universal Declaration, which states in part that “Everyone has the right to a standard of living adequate for the health and
well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services” (The United Nations, 1948).

MEP populations live in deprivation of the human rights to subsistence and well-being, and this deprivation undermines their ability to exercise other rights (Sen, 2009; Shue, 1996). Capabilities are needed to attain subsistence and the ability to function well is necessary for the attainment of well-being. Business ventures may either enhance or inhibit human capabilities to function well.

Harmful exploitation of MEP populations occurs when TNCs take advantage of the cognitive and social vulnerabilities of the MEP in ways that violate or undermine their human rights. Such exploitation is an example of morally illegitimate TNC activity. This account has the advantage of explaining morally illegitimate ventures targeting the MEP as well as allowing for morally legitimate ventures targeting the MEP. However, further analysis is needed to provide a more fully realized theory of morally legitimate TNC ventures targeting the MEP.

3.3. Utility

Products and services marketed to the BoP may either improve the welfare of individuals or it may exacerbate the poverty of individuals. For example, affordable clean energy sources for a community may improve health and living standards. Companies such as D. Light are bringing clean energy through the sale of solar-powered LED lanterns into BoP markets in rural India (Shukla & Bairiganjan, 2011). However, tobacco products will typically cause a decline in welfare by harming health and diverting money from basic needs. As we noted in the introduction, an essential feature of BoP ventures is the promise of benefitting BoP populations. There are at least two ways of characterizing the benefits to BoP populations in general, and the MEP in particular, that business ventures may bring: increased utility though the satisfaction of desires, or increased achievement of human rights via the capacity to function well (Sen, 1999). Clarifying these two ways in which the benefits to consumers may be assessed will provide us with additional conceptual tools for building a theory of morally legitimate TNC ventures that target the moderate and extreme poor.

Consider utility enhancement first, focusing on the MEP. With regard to food or consumer goods, for example, more choices can be seen as enhancing the possibility of utility satisfaction. An MEP consumer, in this view, is made better off by being presented with more opportunities to choose from in the marketplace (Ireland, 2008; Prahalad, 2004). Shops stocked with candy or sweets, tobacco products, sugary carbonated beverages, alcohol, skin whitening ingredients while reducing the volume per unit to reduce costs, or by allowing humans to maximize their well-being (Sen, 1993, 1999, 2005). The capabilities approach is a philosophical framework that emphasizes the importance of human functioning to well-being and stresses the importance of the capability to function well in allowing humans to maximize their well-being (Sen, 1993, 1999, 2005, 2009).

A second way of characterizing the benefits of ventures targeting the MEP is in terms of their ability to provide opportunities that enhance the capabilities of the MEP to function well as human beings. The capabilities approach is “a species of a human rights approach” and has been employed by the United Nations Development Program in its annual development reports since the 1990s in order to evaluate the attainment of human rights (Nussbaum, 2007: 21; see also Sen, 2005). The capabilities approach is a philosophical framework that emphasizes the importance of human functioning to well-being and stresses the importance of the capability to function well in allowing humans to maximize their well-being (Sen, 1993, 1999, 2005, 2009).

To function well is to engage in activities and to experience states that a person would have reason to value. Examples of activities...
include walking, reading, thinking, artistic expression, income generation, or political participation. Examples of states include being well-nourished, not being ashamed of one's poverty, being pleased for one's children, and having self-respect. A capabilities approach differs from other measures of well-being, such as utility, by taking account of the range of conditions that impact the ability of individuals to function well as human beings. It is the capability to function well that allows us to reach our human potential.

Utilizing a capabilities framework, benefits to the MEP can usefully be distinguished into two different categories. First, ventures that provide opportunities for the MEP to improve their capability to function well constitute capabilities empowerment. These opportunities may take the form of employment, purchasing MEP products, or providing entrepreneurial opportunities. They are characterized by the opportunity they present for individuals in the MEP to utilize their labor to improve their capability to function well by earning income, growing food, securing their legal rights, or insuring them against risk. For example, an agribusiness company that provided seed and fertilizer on an installment plan and delivered it to the purchaser would enhance the capability of farmers and their families to function well by better enabling them to grow crops for subsistence and for sale at market. Similarly, a company that provided the farmer with the means to secure legal title to his land, or to insure him against crop failure, would enhance the ability of the farmer and his family to function well.

Second, an MEP consumer may be benefitted by ventures that offer direct opportunities for them to function well by purchasing products or services, the use of which directly improves their well-being and which constitute functionings empowerment. For example, forests near population centers throughout the world are being depleted for cooking fuel used in rural homes. The emissions are a health hazard and the gathering of fuel negatively impacts local ecosystems. A company that sold affordable, reliable, and durable solar concentration cookers would provide an opportunity for MEP households to improve health conditions and reduce time spent gathering wood. With both types of empowerment, it may be necessary for TNCs to engage in education of MEP populations regarding the advantages of the opportunities provided in order to facilitate adaptation. Based on the foregoing analysis, business ventures benefit the MEP when they provide capabilities empowerment or functionings empowerment.

3.5. Exploitation versus empowerment

Business ventures that take advantage of the cognitive and social vulnerabilities of the MEP in ways that fail to respect their human rights are morally objectionable even though they may be profitable. Our earlier examination of the capabilities approach to poverty sheds light on when products or services can support human rights such as subsistence and well-being that are of particular relevance when addressing poverty. Business ventures that negatively impact capabilities and functioning undermine human rights, whereas ventures that positively impact capabilities and functioning support human rights. From an ethical perspective, TNCs wrongfully exploit the MEP if their business ventures undermine basic human rights such as subsistence and well-being. As we have seen, human rights norms are increasingly accepted as a basis for the normative evaluation of TNC activities. On this analysis, firms that target the BoP do so in a morally legitimate manner when they support the attainment of human rights.

The MEP struggle for survival and aspire to attain better lives for themselves and their children. Utilizing the theoretical framework developed in this article, the ethical dimensions of MEP business ventures fall into one of two categories: exploitation strategies or empowerment strategies (see Fig. 2 below). Exploitation strategies take advantage of the vulnerability of MEP populations to advance the interests of the firm without providing empowerment for the consumer and potentially harming the consumer.

Successful exploitation strategies are affordable in the sense that MEP consumers can purchase the good or service at a price that results in profits for the TNC, even if they must sacrifice basic necessities such as food for themselves or their families in order to purchase the product or service. Such ventures may be characterized as win–lose scenarios where the TNC wins in the form of profits and the MEP loses in terms of capabilities or functioning (see Fig. 2: 1). As we have detailed, the case of TCCC is an example of a win–lose scenario. TCCC has generated substantial profits while negatively impacting capabilities and functionings. (A detailed account of the potential exploitation of BoP workers and producers is beyond the scope of this article. For discussion of the exploitation of workers see Arnold, 2003, 2009).

Empowerment strategies take the form of capabilities empowerment or functionings empowerment and facilitate the attainment of human rights such as subsistence and well-being. Empowerment strategies are not necessarily affordable for the MEP consumer or profitable for the TNC. When the venture contributes to capabilities empowerment or functionings empowerment, but its products or services cannot be made affordable (see Fig. 2: 3), the venture fails as an MEP venture. Hindustan Lever, Limited (HLL), a subsidiary of the consumer products giant, Unilever, has been operating in BoP markets for many years. Like TCCC, their size and scale in BoP markets are among the largest in this category of TNCs. Annapurna Salt is a technological innovation brought to market by HLL that has clear benefits for the MEP in BoP markets (Rajendrah & Shah, 2003). This specially formulated salt retains iodine at a significantly higher rate than other branded and unbranded salts and can positively impact Iodine Deficiency Disorder (IDD), a serious health problem in many BoP markets. From a capabilities perspective, reducing mental defects among children and adults through salt consumption has the potential to allow millions to avoid IDD and realize their human potential. However, despite convincing research in support of the product and the marketing prowess of Unilever, Ireland (2008) shows that Annapurna Salt never achieved more than 10% market share, and the distribution channel made up of women in rural Indian villages, known as Project Shakti, reached a head count of just 12,000 despite HLL’s projection of over 500,000. Karnani (2007) shows that Annapurna Salt was simply too expensive at a price premium of 275% relative to available brands. Like many beneficial pharmaceutical and consumer products that require large investments in R&D to bring to market, Annapurna Salt could not be profitable by selling only to MEP consumers.
because the product is largely unaffordable for this segment. For this reason, HLL has positioned Annapurna Salt for wealthier segments of developing markets with greater success.

The corollary outcome is where the price for the product or service is made affordable but where the revenues are insufficient to make the product or service profitable (see Fig. 2: 2). To illustrate the corollary scenario, consider the case of Procter & Gamble (P&G). In 2003, P&G embarked on an ambitious project to bring a water purification product (PuR) to BoP markets (Hanson & Powell, 2006). Armed with the knowledge that inadequate sanitation kills millions of MEP consumers each year, they invested $20 million in marketing and research and development from 1995 to 2003, including three years of market tests to ensure the product met customer needs.

Water is used for drinking, cooking, and personal hygiene. When contaminated, it represents a dangerous mechanism for the transmission of disease. From a capabilities and human rights perspective, safe access to clean drinking water is an element of the basic human right to subsistence. The human body requires a minimum amount of water to survive. Contaminated water presents a drain on household resources, as family members often have to travel long distances to obtain water and spend an inordinate amount of time caring for sick household members who contract a variety of diseases. Having clean water would help MEP consumers utilize their time for more productive tasks that help them attain critical functionings to live well. Therefore, solving this problem represents a unique opportunity for P&G.

PuR sachets were proven to reduce diarrheal disease by 20–90% with an average reduction of 50%. Despite this promise, a cheaper (though less effective) bleach alternative existed in the market. “Although consumer research suggested that PuR was affordable to the consumer, at US$0.01 per liter it was still regarded as relatively expensive as a household water treatment strategy” (Hanson & Powell, 2006: 9). Even though PuR was affordable for MEP consumers, the product experienced low customer retention rates from competitive forces. As a result, P&G was not able to generate the revenue necessary to be profitable in the long term or recoup start-up costs in the short term. Lose–win scenarios are unsustainable as business policy, but they may be candidates for charitable activity or for partnerships with non-governmental organizations or government agencies. Despite being unprofitable, P&G continued the PuR project on a charitable basis because of the significant benefit it brought to BoP markets.

Finally, ventures that empower the MEP, and are both affordable and profitable, may be characterized as win–win scenarios (see Fig. 2: 4). Such ventures should be the goal of TNCs that aspire to do well by doing good while serving the MEP. The most far-reaching win–win business ventures present in BoP markets involve wireless information and communication technology (ICT).

Mobile telephony leads to functionings empowerment in a number of ways. The emergence of thousands of “phone ladies” and shopkeepers is an entrepreneurial benefit for communities providing new income sources. Access to mobile phone communications provides rural villagers with the ability to learn about market prices for commodities, contact health care professionals and government authorities more quickly, and maintain relationships with family members who have migrated. ICT has a multitude of ancillary uses aside from person-to-person communication. The adaptability of the technology is making it easier for MEP consumers to bank, communicate, trade, and obtain weather forecasts. Companies like Voxiva are using the scalability of ICT to communicate health alerts and prevent epidemics in remote villages. Microfinance institutions like Grameen Bank are using ICT to deliver banking services. TNCs like ITC Limited (ITC) are using the power of ICT devices to integrate their supply chain with rural farmers through programs like ITCs e-Choupal. Through ICT, MEP consumers can improve their ability to function well.

From an affordability perspective, the low cost to manufacture simple handsets has played a major role in the success of ICT. As village shopkeepers have shown, the upfront cost can be reduced or possibly eliminated when the phone is used as a productive asset. For the TNCs involved, profit margins can be substantial. Subscribers in developing countries worldwide grew five-fold between 2000 and 2005 to 1.4 billion users (Hammond et al., 2007). Telenor AG maintains margins between 40% and 50% and has over 30 million subscribers (Malaviya, Singhal, & Svenkerud, 2004). Celtel holds 28% of the market in Nigeria with 8 million subscribers with $888 million in revenues in 2006 at a gross margin of 36.3% (Anderson, Markides, & Kupp, 2010). These examples illustrate that mobile telephony is an example of a win–win scenario at the BoP.

4. Multi-stage BoP opportunity assessment process

Given the identification of the four distinct outcomes that BoP business models can generate, we are now in a position to identify a multi-stage opportunity assessment process for TNC ventures that target the MEP to aid them in achieving moral legitimacy as they seek to form profitable ventures. Fig. 3 illustrates this process.

The first stage in our assessment process involves the evaluation of entrepreneurial opportunities in the context of BoP Markets. Prahalad (2004) cites increasing competition and slowing growth in developed economies as motivating factors for TNCs to consider BoP markets. McMullen and Shepherd (2006) argue that prior knowledge and general motivation can result in the belief that entrepreneurial opportunities exist in a market. For example, a TNC may see opportunities via awareness of problems such as unsanitary water, disease, malnutrition, and a lack of financial services in BoP markets and ask, “What can be done about this?” If the TNC determines that an opportunity exists, a belief in a third-party opportunity forms. By themselves, third-party opportunities are not enough for a TNC to take action in the market because specific knowledge and motivation to exploit these opportunities may not exist within the firm. TNC managers must believe an opportunity exists for the firm thereby creating a first-party opportunity. An assessment of the firm’s knowledge (feasibility assessment) and motivation (desirability assessment) related to third-party opportunities must take place before a belief in a third-party opportunity can be transformed into a first-party opportunity.

The assessment process involved in forming a first-party opportunity begins with the acquisition of more knowledge by utilizing a consultant or assigning a task force of firm employees to look into the opportunity while assessing the potential risks and rewards. Before a firm can develop strategic intent (Hamel & Prahalad, 1989), assemble resources, form strategies, and penetrate markets, it must first form beliefs about the opportunities it sees in the market. Entrepreneurial opportunities in BoP markets with high MEP populations differ from other market opportunities, however, because they are closely related to problems associated with social and cognitive vulnerabilities in the context of pervasive poverty. For first-party opportunities to be morally legitimate, they must at least have the potential to empower MEP consumers and support their basic human rights.

The second stage in the assessment process involves understanding the circumstances of the MEP population being targeted in order to gain a clear assessment of the market opportunity. Attention to the importance of local context has received increased attention from international management scholars in recent years (Meyer, Mudambi, & Narula, 2011). The special circumstances of MEP populations will depend upon the context of each culture and the uniqueness of a particular country or region. For example, the MEP in Brazil primarily live in densely populated urban centers, whereas the MEP in Bangladesh are widely dispersed in rural villages.

Grameenphone’s partnership with Telenor illustrates the importance of local context (Malaviya et al., 2004). In order to penetrate rural markets in Bangladesh, Grameenphone pioneered the village phone concept. Individually, the poor in Bangladesh could not afford mobile phones; but collectively, each person could afford to pay for
a small amount of usage. To implement the idea, Grameenphone developed the role of the “village phone lady,” a village woman who would become a local merchant of Grameenphone services. Similarly, microfinance institutions, such as Grameen Bank, focus their services on rural women. Through these models, women become empowered and receive opportunities to improve their capability to function well. The practice of focusing on women emerges from a unique understanding of local context and local culture. Understanding these local contexts will help TNCs assess the community-level characteristics of the markets where they see promising first-party opportunities.

The third part of the assessment procedure concerns the multidimensionality of poverty. In addition to local context, unique dimensions and varying intensities of poverty exist in different settings. The academic and development communities have made significant progress in providing robust data on dimensions such as health, education, and living standards in recent years for many regions and countries. As more data has emerged, the United Nations Development Programme (UNDP) released the Human Poverty Index (HPI) in 2007, which laid the groundwork for a more robust Multidimensional Poverty Index (MPI) released in 2010. This index takes into account health, education, and living standards as central poverty dimensions. Altogether, the three dimensions that are supported by ten poverty indicators provide an overview of the intensity of poverty not previously attained by monetary approaches. The indicators provided in the MPI are not intended to be a definitive and final list, but instead reflect data that can be measured and is widely available.

An understanding of multidimensional poverty is important for three reasons. First, indexes like the MPI and HPI give TNCs tools to assess the efficacy of first-party opportunities. TNCs gain the ability to more accurately decipher the poverty alleviation potential of a perceived BoP opportunity. BoP opportunities that are potentially harmful to the well-being of the MEP should not extend beyond the opportunity assessment stages of this process. Second, TNCs can create specific poverty alleviation goals that will assist them in designing social value propositions during the planning stages of the venture.

Poverty alleviation goals are closely linked to our characterization of capabilities and functionings empowerment. Where TNCs engage in capabilities and functionings empowerment in MEP populations, they also engage in poverty alleviation, and thus, morally legitimate business activity. The MPI and HPI provide important matrices for TNCs to embed social value creation as a fundamental function to every step of the venture formation process. Third, multidimensional indicators can be used to predict the impact of a given business strategy before it has been launched. These predictions can then be used to assess impact after the strategy has been implemented. As a result, TNCs will be in a better position to increase total wealth through the combination of economic value creation and social value creation (Zahra, Gedajlovic, Neubaum, & Shulman, 2009) while continuing to monitor and reassess their strategy where necessary.

The fourth stage of the assessment process involves an appraisal of whether or not there is an opportunity to facilitate capabilities empowerment or functionings empowerment. Here, TNC managers explicitly focus on the ways that the potential product or service will engage the MEP given what they have learned in previous stages. TNCs that aim to give MEP populations an opportunity to improve their capabilities to function well will gather information on how they can employ the poor, provide them with entrepreneurial opportunities, or purchase goods directly from them. For example, SC Johnson found a way to integrate pyrethrum farmers in Kenya into their supply chain (World Business Council for Sustainable Development, 2004). By partnering with the Pyrethrum Board of Kenya, they were able to establish a market to purchase goods directly from the poor.
thereby improving their income. TNCs that aim to facilitate function- ings empowerment can gather information on how their potential products and services may provide opportunities for the poor to func tion well. For example, Danone began offering yogurt supplements that provided the MEP with fortified drinks to benefit growth and development in African BoP markets where malnourishment is common (Hawarden & Barnard, 2011).

Throughout this stage, as TNCs sketch out potential product proto-types or services, they can make a realistic appraisal of the unique so-cial and economic values the product or service has the potential to bring. TNCs can do this by using their knowledge of local contexts to produce lists of the types of capabilities and functionings that would help the MEP live better lives. In this respect, each country, re-gion, and culture will present unique challenges and deficiencies. TNC managers must ask three important questions at this stage of the pro cess. First, “What capabilities and functionings is our product or ser-vice likely to support?” Second, “How might the potential product or service contribute to these capabilities and functionings?” Third, “How might the potential product or service undermine these capa-bilities and functionings?” Considering whether or not the product can have meaningful social and economic values must be done realistically. No TNC can improve all deficiencies in capabilities and func tionings, nor should we expect them to. What is important is that TNCs gather information on whether their potential product or service will impact or degrade capabilities and functionings. As we have established, TNCs can achieve moral legitimacy when their products and services empower the MEP, but may reasonably be regarded as act-ing illegitimately when their business ventures wrongfully exploit the MEP. At this stage of the decision procedure, ventures that are deter-mined to be exploitative rather than empowering can be identified and abandoned.

The final stage of the process is the opportunity action assessment. One of the essential contributions entrepreneurship has made to broader business and economic theory is in the “examination of how, by whom, and with what effects opportunities to create future goods and services are discovered, evaluated, and exploited” (Shane & Venkataraman, 2000: 218). The first four stages of the assessment process focus on the evaluation of entrepreneurial opportunities through an ethical lens.

This stage of the entrepreneurial process is important because it is an antecedent to successful entrepreneurial action. Here firms ask, “How can we bring forth this potentially empowering product or service at this cost?” As this stage TNC managers will make cost pro-jections and develop context specific distribution and promotion strategies. London and Hart (2004) describe successful strategies that center around collaborating with non-traditional partners and building local capacity.

In conclusion, the multi-stage assessment process gives TNCs the ability to assess morally legitimate first-party business opportunities that can be exploited on the premise that both economic and social gains will result. This is accomplished through the extensive gathering of information related to culture, multidimensional poverty, capa-bilities, and functionings. At each stage, TNCs have the chance to look at ways to empower the MEP while systematically ruling out the op-portunities that can wrongfully exploit the MEP. If TNCs assess BoP markets through an ethical lens, they ensure that the “doing good” component of business ventures targeting the MEP is investigated with similar rigor and attention as the “doing well” component. Our analysis has focused on the social dimensions of poverty, but the en-vironmental impact of firm activities on the BoP will also need to be assessed before a complete assessment of a firm’s impact on the TNC can be assessed (Arnold & Williams, 2012).

5. Instrumental versus ethical corporate social responsibility

Morally legitimate business ventures that target the MEP should result in profitability for the firm and empowerment for members of the MEP, rather than harmful exploitation. Our conclusions have significant implications for theories of corporate social responsibility.

Instrumental, or economic, corporate social responsibility holds that corporations should engage in pro-social or ethical conduct beyond what is required by law, only when doing so will improve the return on investment of the financiers of the organization (Gond, Palazzo, & Basu, 2009; McWilliams & Siegel, 2001; McWilliams, Siegel, & Wright, 2006). The term “instrumental” CSR is more appropriate than the term “economic” CSR because it better reflects the idea that the exclusive duty or obligation of managers is to promote shareholder, or finan-cier, wealth within the law, regardless of other ethical considerations. In this sense, pro-social behavior is of instrumental value to shareholders or financiers. On the other hand, the term “economic” refers to a much broader domain of concern and might include, for example, consider-ations regarding public welfare beyond the narrow interests of shareholders or financiers. In this view, the role of managers regarding CSR is to engage in ongoing cost-benefit analysis that balances the claims and expectations of various stakeholders (both internal and ex-ternal) against firm profitability. Meeting increased stakeholder expec-tations will sometimes result in greater demand and improved revenues. According to the instrumental CSR position, in such cases the additional cost of CSR is justified because of increased revenues. However, CSR initiatives that do not increase revenues are not justified and should not be undertaken.

Defenders of the BoP proposition have yet to introduce into the liter-ature empirical data to support the conclusion that a TNCs failure to serve the BoP will result in reputational losses that will, in turn, lead to reduced revenues or profitability. However, from the perspective of instrumental CSR, if such external pressure on a firm were deter-mined to be a threat to profitability, any business venture targeting the MEP that relieved the external pressure would be justified regard-less of whether or not it exploited or empowered MEP populations.

Regardless of external pressure, from the perspective of instrumen-tal CSR, any venture targeting the MEP that can be made profitable should be undertaken unless there is a clear expectation that undertak-ing the initiative will result in an overall reduction in firm profitability or the opportunity cost of operating in an environment, such as the BoP, exceeds the return of another investment elsewhere. On this ac-count of CSR, both empowerment strategies and exploitation strategies should be undertaken when profitable. If one strategy is more profitable than the other strategy, then it should be pursued. In this view, the harmful exploitation of the world’s poorest populations is a normative requirement for socially responsible firms whenever it is profitable. That is, firms should engage in harmful exploitation whenever doing so is profitable. Ethical considerations, such as respect for basic human rights, are not relevant to TNC strategy development for its own sake, or out of consideration for related ethical values such as respect for persons or human dignity, on an instrumental conception of CSR.

There are at least two possible explanations as to why proponents of the instrumental conception of CSR may believe this is the case. First, advocates of this view may presume that a robust regulatory environment and social services for the MEP and other BoP segments are available as is the case in many developed nations. Operating with such an assumption, it may be presumed to be the role of governments to protect the vulnerable from the hardships of poverty. However, it is well understood that resource scarcity, corruption, and institutional failures in many developing nations help ensure that the MEP receive little in the way of governmental protection or services. A second explanation is that proponents of the instrumental model of CSR believe that the fiduciary duty of managers to TNC share-holders always outweigh competing ethical obligations to other parties. On this conception of CSR, the economic value of wealth cre-ation for shareholders always supersedes consideration of other values such as basic human rights. In order for this position to be vi-able, proponents of the instrumental view of CSR need to explain why the agent-based and social contract-based arguments supporting
The idea of corporate irresponsibility may also be utilized in evaluating the implications of the instrumental model of CSR regarding ventures targeting the MEP. Armstrong defines corporate irresponsibility as “a decision to accept an alternative that is thought by the decision makers to be inferior to another alternative when the effects upon all parties are considered” (Armstrong, 1977: 185). On Armstrong’s account of corporate irresponsibility, the effects of decisions regarding the MEP may impact both wealth creation for shareholders and the capability of the MEP to function well. According to the analysis provided above, a firm that engages in exploitation strategies when targeting the MEP will cause them to be worse off ex post than they would have been had the venture not been undertaken. On the instrumental model of corporate social responsibility, this harmful outcome is justified whenever doing so will enhance shareholder wealth. If the harm to the MEP caused by the exploitative strategy is taken to be significant, this may be regarded on Armstrong’s account as an example of corporate irresponsibility. Paradoxically, then, the instrumental view of corporate responsibility may require actions that constitute corporate irresponsibility.

This apparent inconsistency points to the need for an account of CSR that accommodates values or ends other than wealth enhancement for shareholders. According to Windsor, an ethical account of corporate social responsibility maintains that TNCs should practice “broad self-restraint and altruism” in order to take into account values other than wealth enhancement for shareholders (Windsor, 2006: 98; see also McWilliams et al., 2006). However, Windsor does not defend a particular set of norms that can be utilized to establish a framework for corporate policy that will serve as a basis for determining when self-restraint is appropriate and when it is not.

We can begin to partially fill in an account of ethical CSR by noting that the expectations regarding the ability of TNC managers to exercise self-restraint apply to both the instrumental and the ethical conceptions of CSR. To see this, let us first note that TNCs operate in multiple regulatory environments with different laws and regulations and varied enforcement capacities. In many jurisdictions, the enforcement of many laws and regulations is lax or nonexistent. TNCs that adhere to the instrumental model of CSR must exercise self-restraint in such contexts in order to adhere to the law, even when violating the law would be more profitable. Even if such self-restraint with respect to the law is exercised, opportunities for the legal exploitation of the MEP abound. When confronted with opportunities to pursue profitable exploitation strategies of the MEP, TNCs that adhere to an ethical model of CSR will exhibit similar self-restraint in order to avoid harming the poor at the BoP. Both conceptions of CSR share the assumption that managers are capable of guiding corporate behavior based on considerations other than mere profit maximization and should do so despite potential losses for shareholders.

Sound ethical reasons support respecting basic human rights grounded in conceptions of human agency and in social contract theory, thousands of companies have committed to respecting human rights, and international treaties and conventions have endorsed the position that TNCs have a responsibility to respect basic human rights. Taken together, these provide good reasons for believing that one element of ethical CSR should be respect for basic human rights and that TNCs should exhibit self-restraint to avoid violating or undermining such rights. The role of human rights in ethical CSR is best understood as a side-constraint on economic activity.

The pursuit of shareholder wealth is to be pursued via strategies and practices that respect basic ethical norms. TNCs operating in a global business environment have a particular need for universally binding side-constraints given the multitude of environments in which they operate, and respect for human rights constitutes an appropriate ethical constraint on business activity. This is not to claim that TNCs have a duty to supersede governments or to act as charitable organizations in enhancing the attainment of human rights. The claim defended here is that when they engage in business ventures, TNCs have a duty to respect the human rights of those with whom they have business relationships.

The logic of the instrumental conception of CSR leads to the conclusion that disrespecting impoverished individuals by exploiting their vulnerability and undermining their basic human rights is a duty of managers whenever doing so is profitable. But the economic value of shareholder wealth creation is only one of the values that is relevant to a fully realized theory of CSR. Other values are relevant as well, and one such value is that of respect for basic human rights.

6. Conclusions

When TNCs engage the MEP as customers, they should support the attainment of human rights in the goods or services that they provide. However, the arguments of this paper do not support the stronger conclusion that the TNCs have a duty to undertake ventures on their own that serve the MEP (or the BOP) as customers. TNCs have different competencies, experience, and knowledge of different markets. Not all TNCs are well situated to serve the MEP market. Some TNCs may be in a better position to partner with NGOs and governments to bring appropriate technology, such as basic health care, running water, electricity, or improved sanitation, to the MEP. Other TNC competencies may lead them to forgo engagement with the MEP altogether. It is when TNCs do target the MEP as a market that the duty to support human rights via capabilities and functionings empowerment is applicable. In this sense, the duty to promote MEP empowerment is not merely an instrumental response to external pressure by civil society but a binding duty, the fulfillment of which carries with it moral legitimacy. The duty to respect human rights is applicable in the context of relationships TNCs have with consumers or producers, but the duty does not arise independently of such relationships.

New TNC business ventures that target the MEP should be grounded in an awareness of the ability of a product or service to enhance capabilities or functionings in the particular cultural context of specific developing nations. Ventures that do not have a clear potential to empower the poor, but instead undermine the ability of the poor to achieve basic human rights, may be legitimately characterized as wrongfully exploitative based on the foregoing analysis. The promise of business ventures directed at the MEP and other BoP segments is not that of increased consumption leading to dignity, it is that of specialized products and services, as well as labor and production opportunities, empowering individuals to live more fully-human lives and thereby supporting the attainment of basic human rights. Because instrumental CSR cannot accommodate this conclusion, it should be rejected as an inadequate theory of CSR.

References