

MNE CSR-Strategies at BoP-Markets: Poverty Alleviation Through Micro- Franchise

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Abstract. Amidst increasing pressures for enhanced Corporate Social Responsibility (CSR) and the saturation of developed markets, multinational corporations (MNCs) are increasingly turning their attention to Bottom of the Pyramid (BoP) markets as viable business opportunities. This paper explores how MNC subsidiaries strategically adopt and implement CSR initiatives aimed at poverty alleviation in BoP markets. Through a case study of a Unilever subsidiary-micro-franchise-model in Indonesia, we investigate the management of CSR and situate this concept within the framework of voluntary corporate actions and explore MNCs operations in BoP contexts of international business.

Keywords: Bottom of the Pyramid (BoP), Micro-Franchising, Corporate Social Responsibility (CSR), Multinational corporations (MNC).

1. Introduction

Corporate Social Responsibility (CSR): Voluntary Corporate Actions

The topic of CSR first emerged in the 1950s, introduced by Bowen (1953). This concept has evolved over time and has been the subject of extensive research for many years (Perrini *et al.* 2007; Tan 2009; Torugsa *et al.* 2013). Jenkins (2009, p. 22) summarises the current consensus by defining CSR as relating “to the activities of businesses, particularly in terms of their contribution to achieving economic, social, and environmental sustainability”, where sustainability is “an ultimate objective of maintaining indefinitely the viability of our economies, societies in which they exist and the physical environment on which they all depend”.

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One key aspect of CSR is that it relates to voluntary action (Dmytriiev *et al.* 2021). Companies choose to engage in CSR initiatives beyond what is required by law or regulations. CSR practices and policies aim to have a positive impact on society and can encompass a range of activities, including philanthropy, environmental action, and community engagement. This voluntary nature allows businesses to tailor their CSR strategies to align with their values, goals, and resources. By doing so, companies can address specific social and environmental issues relevant to their operations and stakeholders.

The voluntary nature of CSR is significant because it allows companies to innovate and adopt best practices that go beyond mere legal compliance. It encourages businesses to take leadership roles in social and environmental stewardship, often leading to enhanced corporate reputation, customer loyalty, and competitive advantage (e.g., see Hah & Freeman 2014). Furthermore, voluntary CSR can drive industry-wide improvements and set new standards for responsible business conduct.

Companies, particularly multinationals, are increasingly under pressure to integrate social and environmental practices (Torugsa *et al.* 2013; Kolk *et al.* 2018). Furthermore, companies' shareholders are not the only stakeholder group for whom managers bear responsibility. The constellation of stakeholders for any firm includes its employees, customers, suppliers, and the communities in which it operates, along with its shareholders. For MNCs, the list of stakeholders often includes various governmental agencies, the media, non-governmental organisations, and advocacy groups (Davidson 2009) wherever they operate in the world.

While CSR is often considered a reactive response to pressure from various stakeholders, it may also be a proactive movement by companies wishing to position themselves as responsible. According to Torugsa and colleagues (2013, p. 384), "firms can be viewed as operating along a continuum of CSR ranging from reactive to proactive in nature", with CSR topics depending on the company's industry and geographical locations. However, the institutionalisation of CSR in recent years also contributes to delineating the respective economic, social, and environmental fields. The United Nations Global Compact (2024) specifies four broad categories of that organisations may consider as part of CSR: human rights, labour standards, environment, and anti-corruption. While in many developed countries, labour law and respect for human rights appear to be mastered based on prevailing legislation, the liability of multinational corporations in relation to voluntary action is viewed in a new light when considering their activities in emerging and developing countries, raising questions about the scope and extent of their responsibility (Tan & Wang 2011). In this context, CSR issues related to MNCs and international businesses have gained growing interest (for an overview: Hah & Freeman 2014) especially in the context of developing nations who have less resources and infrastructure than developed nations.