

A Balancing Act: Private Actors in Development Processes



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Professor Peter Knorringa



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1. Introduction

We live in interesting and challenging times because we find ourselves in a transition phase. Development models that are focused on the state and those that are focused on the market basically both have failed to deliver sustainable development outcomes at the global level. The past decades have seen industrial revolutions, service revolutions and ICT revolutions. They have been characterized by a capitalist growth logic, by unsustainable use of resources and by enormous prosperity in some places paired with continued poverty in others. The coming era calls for more integrated attention to sustainability, equity and solidarity. While both state-driven and market-driven models have lost much of their credibility, it is as yet unclear what kinds of development models might take centre stage in the new age.

On top of this, the economic and political rise of countries like China, India, Brazil and South Africa is likely to affect the present transition phase. Yet, we do not know how and to what extent these new economic and political powerhouses will influence discussions about more integrated attention to environmental sustainability and social responsibility.

A key underlying question for my professorial Chair on Private Sector & Development is to what extent socially responsible and environmentally sustainable forms of capitalism are possible. In other words, how can we achieve a better balance among economic dynamism, sustainability and social responsibility? Today I will focus on social responsibility and not discuss environmental sustainability. Not because environmental sustainability is unimportant, but because environmental issues have already received the bulk of our attention, and significant progress has been made. Social responsibility has received much less attention so far in the academic and popular debates. Moreover, for social responsibility it is more difficult to develop what in management jargon is called 'win-win' situations, where firms with a longer-term perspective can earn higher profits by also improving their social performance.

Before explaining the structure of this inaugural address, I will introduce the basic concepts that I use: development and the private sector.

‘Development’ to me is more than poverty reduction. Development also refers to endogenous localized economic development as an inclusive economic strategy and to the broader social and political dimensions of development, like social justice and political agency (Sen, 2009). These broader issues are often difficult to quantify. Yet one of my main points today is that to improve our ability to assess the developmental relevance of private actors, we need a real focus on these broader issues. With ‘social responsibility’, the International Labour Organization provides a useful point of departure. In its Decent Work indicators we can observe a distinction between relatively easy to measure indicators on minimum wages and health and safety conditions on the one hand and, on the other hand, less tangible but at least equally important enabling rights’ indicators on freedom of association and the right to collective bargaining (Barrientos and Smith, 2006; ILO, 2002). In short, therefore, development is not only about getting everybody above the poverty line. Development is also about struggle, about previously marginalized groups in society starting to claim their rights. Such new assertiveness inevitably leads to conflicts with established elites. This is an inherent dimension of development.

The next concept to introduce is the ‘private sector’. The role of the private sector is traditionally a sensitive and controversial issue in development studies, and for good reasons. After the independence of countries in Africa, Asia and Latin America, when development studies and theories got a boost, the reality was often one where large, white-owned private businesses, which had for decades or centuries enjoyed unfettered support from colonial administrators, exploited the people and resources of the newly liberated nations. That image of the private sector was solidified by continuation of illicit activities by quite some multinational companies in the Global South. This history greatly influenced development practitioners’ gut reactions to ‘the’ private sector. However, ‘the’ private sector is not a monolithic entity. The boy selling chewing gum on

a street corner can also be classified as private sector. Moreover, developing economies are full of domestically owned small and medium scale private firms. Without a vibrant private sector that generates employment and tax revenues, a state will be unable to engage in redistributive development interventions. At the same time, many unscrupulous entrepreneurs exploit workers and pollute the environment. Nowadays, numerous companies with previously doubtful reputations seem engaged in re-assessing their societal responsibilities. The issue here is then how we can critically investigate whether such claims are real or are simply marketing exercises. I would like to make the point that this is not so much an ideological issue but first and foremost an empirical question.

There is another word – or sign – in the title of my chair: the ‘&’. To the best of my knowledge no other chair yet exists on the private sector & development, as being different from private sector development as such. The distinction is important, as chairs on private sector development tend to focus on stimulating private sector activity as an engine of economic growth. I would say that a dynamic private sector is a necessary but not sufficient condition for development. My chair on Private Sector & Development will focus instead on where and when what types of private sector activities are more likely to contribute to development. Therefore, I intend to focus on the tensions and contradictions, as well as on the possible complementarities and synergies, between the activities of people in the private sector and those of development workers. In particular, I wish to move beyond simplistic perceptions of the private sector as either ‘the enemy’ or ‘the hero’ of development.

After this introduction, the remainder of my address consists of three parts and a conclusion. The first part looks at the role of private actors in relation to the roles of states and civil society in the quest for more responsible development. The second and third part deal with concrete themes that are expected to offer illustrative empirical evidence for the more conceptual line of research. The first theme is the developmental relevance of ‘corporate social responsibility’. The second theme is alternative market development opportunities, especially those in which non-governmental

organizations (NGOs) try to assist poorer people in professionalizing their businesses. In many cases such interventions are set up with ideas around Fair Trade, cooperatives and social enterprise, to emphasize their distance from the standard capitalist model.

2. The role of private actors in more responsible development configurations

This section starts from Joseph Schumpeter's idea of creative destruction, which identifies both innovation and instability as the two constituting dimensions of capitalism (Schumpeter, 1942). Schumpeter's main preoccupation was with this tension inherent in capitalist development. Capitalism, according to Schumpeter, is a superior mechanism to achieve economic dynamism and growth, raising average incomes and the potential for a welfare state. However, capitalism also produces volatility and periodical crises that destruct now economically unsustainable lifestyles and vested interests

Schumpeter's life's work was dedicated to developing ideas about how state actors might ensure more stability and prosperity for larger segments of the population, without stifling entrepreneurial initiatives. Much political debate today continues to be about this same tension, and about different perceptions of whether 'a bit more market' or 'a bit more state' will provide more effective outcomes.

In development studies we have gone through various stages in thinking about the role of the state and other actors. In the post-colonial period after World War II, states were seen as the lead actor with primary responsibility for delivering development. We are less naive now about what states can achieve, but there is still no real substitute for the state in terms of its legislative responsibilities. In the 1980s, enthusiasm in the development discourse about civil society in general, and NGOs in particular, led to a wave of interventions in which NGOs were hailed as the new heroes delivering development, as they were perceived as embodying the interests of the poor and marginalized. Not surprisingly, NGOs could not live up to this expectation. In the last 10 to 15 years, more and more observers have claimed that the private sector should take the lead in delivering development. However, one does not need to be a prophet to predict that private actors cannot and will not take on this role.

It seems clear to me that no one actor can deliver development. Nonetheless, even in recent debates we often continue to employ simplistic images, with the state as the rule-maker, civil society as the do-gooder and watchdog, and private actors as the enemy or the hero of development, depending on one's ideological stand. These images have always been caricatures at best. Actors may move out of their traditional comfort zones and take on additional roles. For example, multinational companies operating in failed states sometimes self-enforce social responsibility standards, often in cooperation with or pushed by civil society organizations. In the United States large firms play a major role in this sense, kept somewhat in check by an active and assertive civil society that uses both soft power and litigation to put pressure on firms. Government then focuses on a minimalist set of roles, but is active in promoting the interests of its main corporations across the globe. In contrast, in China the private and the public spheres are so strongly intertwined that it becomes really difficult to distinguish between them. Clearly, however, the state is in the driving seat in terms of setting the rules of the game and developing overall strategy. The role of civil society is much less visible, and independent and critical organizations especially are restricted in their room for manoeuvre. This might explain why China, while being very successful in reducing poverty, has made little progress in enabling rights of workers.

In recent years we have seen a rapid rise of responsibility initiatives in which companies and other stakeholders experiment with new and tailor-made divisions of tasks and responsibilities. In the Netherlands this ranges from the A-brand company Verkade, which now sells only Fair Trade certified chocolate, to the major Dutch retailer Albert Heijn, which has initiated an ambitious programme towards guaranteeing that all products sold in its stores are responsibly produced within the next few years. These companies would not have started these responsibility initiatives without societal pressures, and they cannot implement them on their own. This requires building new coalitions and partnerships, with the actual producers, with civil society organizations, with trade unions and with government officials.

The word 'partnership' does not assume a smooth and cosy cooperation. These configurations usually bring together people with inherently conflicting interests. As I emphasized in my introduction, development also entails a struggle by marginalized groups to assert their rights. Nevertheless, I observe an increasing willingness by various groups in business, in government and in civil society, to confront these conflicts of interest and try to find negotiated ways forward.

What I see emerging is a variety of public-private-civic configurations that deal with specific challenges. Therefore, we need to move beyond the idea of one new blueprint development model. The key challenge for research then becomes to identify patterns in where and when specific public-private-civic configurations deliver meaningful development outcomes.

This also means we need to move beyond a priori assumptions about the moral superiority of one actor versus another. There is plenty of evidence of corrupt government officials, disempowering NGO workers and exploitative entrepreneurs. Yet good examples also exist of all three types of actors. So, we need to assess actors based on their performance, not their label.

Of course, private actors need to focus on the bottom line to keep their business healthy and profitable. But every good businessperson also knows the importance of longer-term relationships based on shared values and trust (Humphrey and Schmitz, 1998; Knorringa and Van Staveren, 2006). Moreover, changing norms in society lead to changes in expectations about the minimum level of social responsibility that private actors need to show to maintain their societal license to operate. In short, morality plays a role in markets and among private actors.

I want to draw three intermediate conclusions from this first part of my address. First, I do not envisage a new blueprint development model with one lead actor. Instead, I expect a flexible and issue-specific variety of hybrid configurations of private, public and civic actors that drive development. In this search for what some authors

call ‘new social contracts’ or ‘the political economy of responsibility’, I plan to work together with Karim Knio. My second conclusion is that we need to empirically investigate where and when private actors are more likely to play which role in private governance initiatives like roundtables. On this, I hope to work more with Greetje Schouten, Gerdien Meijerink and Otto Hospes. My third conclusion is that morality in markets exists; but the question is where and when it is likely to play more significant roles in enhancing social responsibility. For this line of research I intend to build on my earlier work on trust and networks, on joint work with Irene van Staveren on social capital, and on work with Adele Lebano on morality in markets.

The next two sections deal with applied areas of research. In one the private sector is the main driver, and in the other civil society takes the lead. The first illustrates how private actors might appropriate part of the regulatory role traditionally assigned to governments. The second investigates a more institutionalized role for civil society as a catalyst in creating market opportunities for poorer producers. Both provide examples of the shifting ‘division of labour’ between states, civil society and private actors.

3. The developmental relevance of corporate social responsibility

Mainstream debate on social responsibility has so far been dominated by the increasingly unsatisfactory label of 'corporate social responsibility' (CSR). Perhaps we should instead talk about 'societal accountability of firms', but for this presentation I use the customary label of CSR. In a recent edited volume, Peter Utting and Jose Carlos Marques (2010) convincingly argue that the mainstream CSR literature is a-historical, empirically weak, theoretically thin and politically naïve. Moreover, in practice CSR functions as a business tool, to create so-called 'win-win' situations for both the company and society. Michael Blowfield (2007) shows that CSR reports focus on business concerns like effectively adhering to standards and the effects of that on consumer perceptions. This will not change by itself. We cannot expect firms to develop a focus on developmental impacts beyond what they need in terms of verifiable information to satisfy their stakeholders. Therefore, it is up to the development community to force a shift towards more attention for broader developmental concerns (Knorringa and Helmsing, 2008). So far private actors have been very successful in setting the agenda and determining a limited set of indicators to be used for measuring social responsibility. At present, therefore, CSR has little developmental relevance.

Now, why would any serious development scholar even want to engage with such a compromised debate? I plan to do so because I think there is significant potential to improve, and there is an urgent need to bring development issues more to the fore in the social responsibility debate. I take my cue from a recent overview paper in a special issue on CSR and development in *Third World Quarterly*. It states, 'CSR initiatives work for some firms, in some places, in tackling some issues, some of the time... the challenge for engaged researchers is to explore the potential and limitations for CSR in specific settings' (Newell and Frynas, 2007: 674). In my view this nicely captures the critical and constructive attitude needed to identify where and when CSR can be made more developmentally relevant.

This also means that my focus will be on strategic CSR, where responsibility becomes mainstreamed in a firm's business strategy and sourcing operations. It is important to distinguish this from a focus on philanthropy, which is often the first association with the idea of CSR. While philanthropy is basically about ways to use profits to 'give back to the community', I focus on CSR as 'the way in which the company does business' (Chapple and Moon, 2005: 425). The next question then is what types of firms in what market segments can be expected to actually make CSR a part of their strategy.

Recent research shows that firms are more likely to become active on development issues when they see a clear risk to their company or sector. For example, a brand-name company might perceive a risk of public outcry if its suppliers fail to adhere to minimum wages and health and safety standards. Or, as is happening at present in the cacao sector, continued poverty among producers may lead to a situation in which many small farmers seem ready to abandon production. This now threatens the supply base of the major global chocolate brands, which are actively trying to reverse this trend. Other reasons why firms are likely to become active in CSR are if it offers a clear business opportunity, like to serve a new market, or if it can help to overcome inefficiencies (Blowfield, 2007; Van Tulder, 2010). On entering new markets, I saw a telling example of this on a recent trip to China. There we visited local producers of suitcases who are now contemplating upgrading from producing suitcases for the domestic market to developing a brand that can compete with global names like Delsey and Samsonite. For these entrepreneurs it was obvious that improving their social responsibility performance is one of the conditions to enter the top-brand market segment.

Moreover, there is an important territorial dimension to enhancing the developmental relevance of CSR. Meaningful initiatives tend to involve not only local private business associations but also local trade unions, civil society organizations, engaged government officials and development professionals, who together negotiate what local development priorities are to be tackled. What matters most is not so much attaining the highest possible standards in a few

export factories, but ways in which such improved labour standards can catalyse other local development interventions. After all, labour codes and standards in formal factories can obviously only be one element in a broader development strategy (Barrientos, 2000).

For this presentation, I roughly distinguish four types of CSR strategies, and I visualize their relative occurrence in a pyramid.¹ The top of the pyramid is formed by a small but significant set of firms for which achieving and maintaining responsibility is a key element in their value creation strategy. Often-mentioned examples are The Body Shop and Triodos Bank. The next and larger layer is formed by groups of companies that aim to protect their brands and see investing in multi-stakeholder initiatives as a sensible strategy to boost their reputation and strengthen continuity in their supply base. Many examples exist, like the roundtables for soy and palm oil, the Forest Stewardship Council for responsibly produced wood, 'Made By' and 'Fair Wear' for clothing, the Ethical Trade Initiative in the United Kingdom and the Sustainable Trade Initiative in the Netherlands, as well as my earlier mentioned example of Albert Heijn. While these initiatives display significant differences between them, they can all be positioned in the second layer of the pyramid as firms that in one way or another have an explicit CSR strategy. Business school literature on CSR focuses almost completely on these two top layers in the pyramid, where formal sector firms and consumer brand names are at stake. However, this covers only a very small percentage of all firms in the global economy.

The next and much larger layer in the pyramid consists of formal sector firms that focus on abiding by the law, which means they make sure they cannot be formally blamed or sued for any of their activities. In, for example, China it is often said that firms that comply with all laws and regulations are already 'doing CSR', because there are so many loopholes to avoid having to comply with exist-

1 The idea for this pyramid came from a discussion with Nico Roozen from Solidaridad, who showed me a similar but different image of a pyramid to explain his intervention strategy.

ing regulations. Finally, the fourth and by far largest group of firms, forming the base of the pyramid, is made up of informal sector firms that often do not comply with existing minimum legal requirements. This large army of invisible firms may operate as subcontractors to formal firms, but most of them produce for local and domestic markets. Individual entrepreneurs might engage in local philanthropy, but a key point is that the larger group of entrepreneurs and managers in the bottom two layers have no clear incentive to incorporate responsibility attributes into their business strategy.

By presenting it in this way, I hope to make clear that in my view the major challenges in enhancing social responsibility do not lie with the relatively few firms operating in the top two layers of the pyramid. Instead, I see two major challenges to work on in the coming years. The first is to bring the bottom two layers of the pyramid into the debate. I plan to do this by identifying and investigating new public-private-civic configurations that deal more effectively with the responsibility challenges in the bottom layers of the pyramid. The second challenge is to bring a dynamic perspective into the debate. The real policy challenge probably revolves around getting more groups of firms to move to higher layers in the pyramid, like the Chinese suitcase producers. The question then becomes, how can we dynamize and synergize interactions between the various layers in the pyramid. And, perhaps the most difficult longer-term policy question, how can we influence the shape of the pyramid in such a way that more firms operate in higher layers?

Before getting carried away by what might be an overly optimistic view of this dynamism, let me restate my central message: the question is an empirical one. We need to investigate where and when such positive processes are perhaps more likely to take place, not build ideological 'castles in the air' that either say 'this will automatically happen' or 'this will never happen'.

One way to ground an empirical approach with a dynamic perspective is to look at the pyramid and the positioning of firms through the lens of structure-agency thinking (Granovetter, 1985; Walsh,

1998). The basic idea here is that firms operate in a more or less given structure, but within that structure they can make choices, for example, choosing a position in the CSR strategy pyramid. However, these choices are influenced by structural characteristics of the firm, like whether or not it sells a brand-name product. In the existing literature on the interaction between CSR and development we see that most of the management literature focuses on agency, while most development scholars focus on structure. This reflects a broader heritage in which business schools often display a 'can do' mentality, while in development studies we often predominantly see problems and structural constraints. My point here is that both are important, and the potential for successful interventions depends crucially on understanding how agency and structure interact in specific settings.

To illustrate the importance of looking at both structure and agency, I briefly introduce a topic on which I hope to be able to do research in a project funded by the ESRC in the United Kingdom. The rise of China, India, Brazil, South Africa and others is not limited to their increased importance as production countries. The newly emerging middle-class consumers in these countries could transform global demand for social responsibility attributes. Already hundreds of millions of people in the Global South have entered the middle class, which a recent study defined as households with an income between US \$17,000 and \$72,000 per year. It is estimated that by the year 2030, 92 per cent of all middle-class consumers will live in what we now still call developing countries (this is also because many OECD upper middle-class consumers are labelled 'rich', as they earn more than \$72,000 per year) (World Bank, 2007).

How likely is it that these new middle-class consumers in the Global South will actually demand more socially responsibly produced products? The sad truth is we have no reliable data on this. It seems that, outside a few marketing agencies which for obvious reasons do not wish to share their data, nobody is doing this type of research as yet. I would like to study this using a structure-agency lens, because consumer demand does not arise in a vacuum. In the

literature on consumer behaviour, the classic debate is between those who pose that consumers are sovereign and decide their own priorities, and those who claim that large firms like retailers and producers significantly influence or manipulate consumer choices. Moreover, consumer organizations can play an important role in mobilizing consumers for pro-developmental causes like social responsibility. In short, the behaviour of new middle-class consumers from the Global South, whoever determines it, will be a key factor in whether social responsibility concerns become a more or less important factor in global consumption patterns.

I draw two intermediate conclusions from this section. First, my aim is to contribute to broadening the debate on social responsibility to look at all four layers in the pyramid, as well as to identify patterns in where and when which combinations of private voluntary self-regulation, public regulation and civil society soft power are successful in achieving pro-developmental outcomes. Second, I want to play a role in enhancing the developmental relevance of CSR by contributing to aligning the development community to more systematically push firms and multi-stakeholder initiatives to include not only easily measurable indicators but also less tangible but crucial broader developmental indicators that deal with social justice, empowerment and political agency.

On the developmental relevance of CSR, I am involved in two partly overlapping funded research projects with, among others, Gary Gereffi, Stephanie Barrientos and Khalid Nadvi. In the Netherlands I have been working on a proposal around standards and agency with Bert Helmsing, Sietze Vellema, Paul Inglenbeek and Rob van Tulder. Here at ISS I work with Lee Pegler on the labour dimension. All of these kinds of research aim to push for a more responsible or civilized type of capitalism.

The second and last theme I would now like to introduce is that of alternative development opportunities. Instead of trying to tweak the system from within, these initiatives aim to seek out a different path.

4. Civic-driven change in markets

Since the start of my studies in development economics and my first fieldwork in India, I have been fascinated and appalled by how in a country like India economic dynamism and chronic poverty can co-exist. And, even though it is more common for development economists to specialize in either growth or distribution, in either creating economic dynamism or reducing poverty, I have always been interested in the interaction between the two. How can one establish a type of growth that is inclusive and offers opportunities for poor and marginalized groups to latch onto and benefit from economic dynamism in their society? Therefore, I am especially interested in development interventions that aim to create market opportunities for poorer producers; and, even more particularly, in interventions by NGOs that experiment with alternative approaches, like Fair Trade, to create more equal exchange relationships based on dignity, social justice and solidarity. The idea underlying many such interventions is that the ultimate aim is for poor and marginalized groups to build a countervailing power that allows them to better bargain for their rights, be they economic, social, cultural or political entitlements. If decades of research and evaluations on informal sector businesses have taught us anything, it is that sustained poverty reduction among relatively marginalized groups requires them to be able to increase their bargaining position in various domains simultaneously. This is a lesson I learned especially from Erhard Berner.

In recent years, my involvement in issues around poverty and exclusion has been mainly through teaching here at ISS and through advisory work for Dutch development NGOs. In different combinations I have worked with Bert Helmsing, Erhard Berner and Georgina Gomez in projects with HIVOS, Woord en Daad and Fair Trade Original on how they might strengthen their income and employment programmes with a focus on reducing poverty and fighting exclusion.

I draw an example for today's address from my recent work with Coen van Beuningen from HIVOS (Van Beuningen and Knorringa,

2009). It provides inspiration for future research on the development of alternative mechanisms to allow, for example, small-scale farmers to build a better bargaining position for themselves from the bottom up. The HIVOS project was born out of a frustration with the practice of standards. Kenyan coffee farmers, organized in cooperative societies, were increasingly disheartened by the confusing and competing messages from various standards systems, like Fair Trade, Utz and Café Practices. While these standards claim to work for the benefit of poor farmers, the reality on the ground in Kenya is one of conflicting and continuously changing demands by standard setters and certification agencies. Moreover, small farmers have little grip on how their cooperative board members operate or on whether their fellow farmers actually put in their best efforts. In all, this leads to a strong sense of disempowerment and frustration. The project aimed to assist cooperative societies in setting up a quality management system to create a much more transparent information flow. The system reveals the exact prices at which managers of the cooperative society sold the coffee and it clearly shows which farmer deposited what volumes of which quality. Perhaps even more importantly, such a quality management system offers a mechanism for cooperative societies to build their countervailing power in the chain and raises their ability to systematically absorb differences in demands by various standard setters. In short, by developing their own robust information and management system, cooperative societies can become more effective and proactive in responding to changes. Implementing and systematizing the use of such a system is still a major challenge, but that does not lessen the potential. It could help groups at the bottom of the value chain to build a better bargaining position. Moreover, experiences suggest that when farmers have positive experiences in holding their board members accountable, they also acquire a more assertive attitude in associated domains of life. As such, this mechanism might be a step towards more political agency.

This example can be linked to a broader research project spearheaded at ISS by Kees Biekart and Alan Fowler on what they call civic-driven change. Most of their cases deal with civic-driven change in political and social domains. I intend to contribute to

this agenda by trying to identify and investigate examples of civic-driven change in markets, like the Kenyan coffee market. The Kenyan example can also be linked back to the earlier discussion on CSR and to the need from a development perspective to bring in enabling rights, next to social responsibility indicators which are easier to measure. Our example of civic-driven change among Kenyan coffee farmers simultaneously addresses both dimensions of development. One might even say that the focus lies on social justice and political agency. Moreover, this example can be linked to the earlier discussion on public-private-civic configurations. The intervention was initiated by a civic actor. But to consolidate these types of initiatives, at some point they need to be aligned with public regulations, and to maintain economic viability they need to engage constructively with private interests.

Therefore, these more alternative and civic-driven initiatives might inspire mainstream interventions that aim to reinforce social responsibility. Without advocating the replicability of such initiatives, I do feel there is more scope for shared learning between different but also complementary responsibility initiatives, as I discuss further in my concluding section.

First, however, I wish to make one sobering observation. In practice, many alternative initiatives are not as different or alternative as they claim. This should not come as a surprise because it is difficult enough to develop sustainable income earning opportunities, even within the system, and to make these types of opportunities accessible to poorer participants. Moreover, once a specific intervention is successful, most policymakers and NGOs look for rather linear upscaling, which is often a way to lose the more alternative elements. Therefore, as with CSR initiatives, alternative interventions need to be critically monitored and evaluated.

The main message here is that, in my view, alternative civic-driven development initiatives can play an important role as catalysts of change and serve as a source of inspiration for more mainstream responsibility initiatives.

5. Conclusion

My plan with this Chair on Private Sector & Development for the coming four years is as follows. I do not see private actors as either heroes or enemies of development, but I plan to empirically investigate where and when they are more likely to play which roles. Instead of one new development model, I expect the emergence of a variety of hybrid public-private-civic configurations. For me, the key issue is to investigate which configurations more effectively deliver developmental outcomes. In the quest for improved social responsibility outcomes, we need to pay attention to visible and practical issues, like wages and health and safety standards, and also to issues that are more difficult to measure, like enabling rights, social justice and political agency. It is up to the development community to push harder to ensure inclusion of these difficult-to-measure but crucial issues in mainstream responsibility initiatives.

I plan to do empirical research on the developmental relevance of CSR and on civic-driven change in markets. These two themes play complementary roles in a broader approach to enhance attention to responsibility. While the first is at least potentially about small changes for many people, the second is about setting in motion catalytic examples that might serve as a source of inspiration for more mainstream initiatives.

Looking across these two themes of CSR and civic-driven change, I see three generic challenges to work on in the coming four years. First, I want to contribute to developing better tools with which to measure developmental relevance. Steps in this direction are to make evaluations more learning oriented and to develop more meaningful indicators to establish whether progress is made on, for example, freedom of association or the scope for political agency (Macdonald and Marshall, 2010).

Second, I want to contribute to creating synergies among responsibility initiatives. The present practice, in part due to funding pressures, is that different initiatives often compete with each other and claim moral or impact superiority. Moreover, initiatives that

focus on social responsibility do not systematically learn from experiences in environmental sustainability initiatives, and vice versa. What we need is more open mutual learning based on recognition of differences and of complementarities. One way to help create a less competitive atmosphere is to show more clearly the complementary roles of various initiatives. My research on various layers of the pyramid and on changes in consumer behaviour illustrates these complementarities.

The third and last generic challenge is conceptual. Plenty of case studies exist about responsibility initiatives in specific sectors. What is lacking, and what I wish to focus on, is more systematic identification of patterns in where and when which public-private-civic configurations deliver more genuine developmental outcomes. Moreover, these patterns will help us to identify possible synergies between different configurations that are successful at distinct levels in the pyramid.

Finally, I have outlined the need for critical academic work as well as engagement and diplomacy. With the Chair that I happily accept today, I wish to contribute to both. In particular, I wish to stimulate interaction between academic work and practical initiatives to strengthen the developmental potential of private actors in development processes.

6. Word of thanks

First of all, I would like to thank the Vereniging Trustfonds of the Erasmus University Rotterdam, and our previous rector at ISS, Louk de la Rive Box, for establishing this extraordinary Professorial Chair on Private Sector & Development.

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I decided against mentioning a long list of people I would like to thank for the various ways they enrich my life. Instead, I will thank them in more personal ways. But I do want to mention Ingrid, the love of my life, and my daughter Noa, because she helped me with the Power Point presentation.

Finally, I promised my children, Yoram, Jair and Noa that I would at least finish my inaugural address in Dutch, in the customary fashion, by saying that I have said what I wanted to say, which in Dutch sounds like this, 'Ik heb gezegd'.

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Address

International Institute of Social
Studies
P.O. Box 29776
2502 LT The Hague

Location:
Kortenaerkade 12
2518 AX The Hague
The Netherlands

T +31 70 4260 419
F +31 4260 759
E info@iss.nl
www.iss.nl