



# Multinationals, international business, and poverty: A cross-disciplinary research overview and conceptual framework

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## Abstract

This article examines the role of multinationals and international business in poverty alleviation, based on an analysis of articles in the top journals in business, economics, and policy. We develop a conceptual cross-disciplinary framework that maps and disentangles the impact of different types of international business activities on five dimensions of poverty, moderated by country and industry effects. While our study suggests that the impact of all the types of business activities on poverty is still unclear overall, we contribute to research and policy debates by identifying key insights from and main gaps in this cross-disciplinary stream of literature. A distinction is made between firm effects as part of both 'mainstream' and 'responsible' globalization, and firm-specific activities with and without the explicit goal of poverty alleviation, considering investment and trade. We propose areas for further research based on the framework, including the importance of interaction effects and contextual factors.

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## INTRODUCTION

What is the role of multinational enterprises (MNEs) and international business (IB) activity in poverty alleviation? After decades of research in economics, policy, and, more recently, business, and in spite of great progress in our understanding, debates are still ongoing. In development studies and development economics, proponents of trade liberalization and proponents of government-led policies present conflicting arguments and evidence regarding the respective roles of governments, trade, and MNEs in poverty alleviation (Rudra & Tirone, 2017). In management and international business, scholars in the base of the pyramid (BoP), subsistence marketplace, corporate social responsibility (CSR), and social entrepreneurship literatures, among others, discuss the way in which for-profit organizations should engage with the poor in low-income countries to have a positive impact on poverty



(Kolk, Kourula, & Pisani, 2017; Kolk, Rivera-Santos, & Rufin, 2014). With ongoing debates within research streams and with disciplinary literatures that do not always engage with one another, the role of MNEs and IB in poverty alleviation, and the connection to other determinants of poverty, remains controversial.

In this article, we examine different literatures exploring poverty alleviation in business, development economics, and development policy, and identify the scholarly conversations providing insights into the impact of MNEs and IB activity on poverty alleviation. Although we consider published research at all levels of analysis, our focus is on the activities of MNEs, as the key actors within the field of IB, and thus has a micro-level emphasis, i.e., at the level of the enterprise. It should be noted that we deliberately refrained from a targeted analysis of IB-specific journals, as earlier reviews already found rather limited attention to poverty in these outlets (Kolk et al., 2017; Kourula, Pisani, & Kolk, 2017). Furthermore, a closer inspection of the articles that they identified, showed that most studies were either relatively generic or focused on BOP and microfinance, thus not revealing a vast, existing body of knowledge on IB, MNEs, and poverty alleviation. Our aim instead is to leverage insights from other fields and bring them into the debate on international business policy.

To organize and connect the different literatures' findings, we develop a broader cross-disciplinary framework mapping the main relationships emerging from them. This framework seeks to not only disentangle the impact of different types of MNE activities on different dimensions of poverty, but also to connect the impact of these activities to country and industry characteristics, thereby emphasizing the importance of considering the context when exploring MNEs' impact on poverty. In bringing together the different research literature streams we find that, although they are complementary in their approaches, they often fail to engage with one another. While this peculiarity is a main drawback, it also means that there is a substantial potential for cross-fertilization across disciplines that can be very beneficial. Our approach uncovers understudied areas, opening up new avenues for future investigation and helping set a research agenda on the impact of MNEs and IB on poverty that highlights the importance of interaction effects and contextual dimensions.

This article is organized as follows. The first section deals with the focus, scope, and boundaries.

We subsequently explain the journal selection and approach followed to identify articles in business, economics, and policy. The discussion of the relevant scholarly conversations on the link between MNEs, IB, and poverty starts with the presentation of a cross-disciplinary framework. It maps the relationships between different types of international business activities on five dimensions of poverty, moderated by country and industry effects. This framework is subsequently used as a guide to present the broader literature's main arguments and findings. We conclude with a discussion of the gaps uncovered through our review of the literature and propose cross-disciplinary avenues for future research.

### FOCUS, SCOPE, AND BOUNDARIES

Before we can consolidate the literatures in business, economics, and policy, bring together the scholarly insights on the role of MNEs and IB in poverty alleviation, and develop a broader conceptual cross-disciplinary framework, it is important to determine the boundaries of our study, to define the key concept of poverty, and to subsequently (see the next section) present the methodology followed to search for and select relevant papers. Clarifying boundaries, concepts, and search criteria are essential for any overview of a scholarly literature, but they become particularly important for this type of study. The strongly cross-disciplinary nature of research on poverty, the breadth and depth of the debates that, in some cases, span many decades, and the complex interactions that characterize the determinants of poverty and its different dimensions, make this work particularly challenging.

Following our focus on MNEs and IB, we limit the study to international business activities with an impact on absolute poverty in low-income countries. In other terms, domestic business activities, which constitute the majority of social entrepreneurial ventures and microfinance initiatives, for instance, are outside the scope of our article, unless an international business aspect is present (e.g., Beck & Ogden, 2007; Zahra, Rawhouser, Bhawe, Neubaum, & Hayton, 2008). Similarly, non-profit and government-led activities, albeit an important aspect of poverty alleviation initiatives, are also outside the scope of this study, unless a foreign for-profit entity, such as an MNE, is involved (e.g., Venkatesh & Sykes, 2013). Our goal to understand the direct effects of MNE and IB activity on poverty



similarly leaves second-order impacts, such as agglomeration economies (as exemplified by the big-push model in Murphy, Shleifer, & Vishny, 1989) or clustering effects (Porter, 2000), outside the scope of this study, unless they are considered in the context of an analysis of a direct impact of MNE and IB activity on poverty.

We further limit our research to studies that explicitly consider poverty in their design, meaning that studies focusing on important factors that are related to poverty, such as child labor (e.g., Lund-Thomsen & Nadvi, 2010), pollution and environmental degradation (e.g., Maung, Wilson, & Tang, 2016), or human rights (e.g., Clarke & Boersma, 2017) are not included, unless they concentrate explicitly on poverty (e.g., Chiputwa, Spielman, & Qaim, 2015; Wettstein, 2008; Zulu & Wilson, 2012). Finally, the more recent stream of research on poverty alleviation in developed countries is neither considered here, as not only the country context but also the type of poverty typically involved, i.e., relative poverty (Ravallion & Chen, 2009), differ significantly from our focus. In sum, our study concentrates on business activities with an impact on absolute poverty in low-income countries, either directly led by multinationals or with a strong international business dimension, such as global value chains, which may or may not directly involve an MNE.

The definition and measurement of poverty, one of the key dimensions of the United Nations' Millennium Development Goals and of the more recent Sustainability Development Goals (SDGs) (Kolk et al., 2017), has significantly evolved over time (Ravallion, 2015). Poverty is typically conceptualized in terms of income levels in the management and international business literatures (Kolk et al., 2014): what distinguishes the poor from the non-poor is a level of income that does not allow them to cover basic needs in terms of food, clothing, and shelter. Contrasting with this one-dimensional view of poverty, the economic development and development studies literatures suggest that poverty is a multidimensional construct that cannot be reduced to a simple analysis of income levels (Alkire, Roche, & Vaz, 2017). Poverty can be relative, when it refers to a lack of resources needed to enjoy the customary living standard in a given society, or absolute, when it refers to a lack of resources needed to ensure physical well-being and survival (Ravallion, 2015). We concentrate on absolute poverty, as poverty is typically defined in absolute terms in low-income countries, the focus of our analysis.

We follow the World Bank's (2000) seminal report identifying five distinct, albeit interrelated, dimensions of poverty. *Material deprivation* is the most intuitive of the five dimensions and occurs when income is too low to cover the expenses incurred to meet basic needs: food, shelter, and clothing (e.g., Hallerod, Rothstein, Daoud, & Nandy, 2013). *Lack of education*, the second dimension of poverty, refers to situations in which education levels are too low for the poor to be able to not only protect themselves and avoid harmful decisions, but also to recognize and take advantage of income-generating opportunities, such as a specialization in a specific skill or the discovery of a new market (e.g., Tilak, 2002). The third dimension of poverty includes *ill health* and lack of access to health services and medication. Ill health directly leads to a higher prevalence of disabilities among the poor and shorter life expectancies, and to low-income-earning potential, as it is harder for people with poor health to keep physically demanding jobs (e.g., Elwan, 1999). *Vulnerability*, the fourth dimension of poverty, is a high exposure to risks, which include not only health issues and disabilities but also, in many cases, violence, economic dislocation, environmental degradation, and a higher prevalence of natural disasters (e.g., Stern, Dethier, & Rogers, 2005). Social networks typically provide the only, albeit limited, 'insurance' against vulnerability (Banerjee & Duflo, 2007; Udry, 1990). Finally, poverty is also characterized by *voicelessness and exclusion*, which can be defined as the lack of influence on decisions that can impact one's life, and the exclusion from formal institutions (e.g., Radcliffe & Pequeño, 2010).

The literature suggests that these five dimensions of poverty are strongly interrelated and cannot be fully analyzed separately (World Bank, 2000), not only because they represent different aspects of poverty, but also because they influence each other, such that ill health can lead to lower income, while low income can increase voicelessness, for instance. Viewing poverty through the exclusive prism of income, as is the case in much of the management and international business literature on poverty (Kolk et al., 2014), may lead to a misrepresentation of poverty and to an incomplete assessment of the role of multinationals in poverty alleviation. In this study, we follow the economic development and development studies literatures, and define poverty as a multidimensional construct. Although the World Bank's multidimensional dimension of poverty builds on extensive research, it is



important to note the boundaries set by the above definition of poverty. In particular, it excludes studies examining outcomes, such as working conditions, that do not bear directly on poverty as defined by the World Bank, but are connected, such as better working conditions resulting in better health and reduced vulnerability.

**JOURNAL SELECTION AND SEARCH APPROACH**

Because of the cross-disciplinary nature of the study of multinationals and poverty, and in view of our objective to leverage insights from other fields than IB as such, we included journals from business, economics, and policy in the literature search. Our final list of 67 top journals includes the top 50 journals across business disciplines listed in the FT50 (*Financial Times*, 2017); the top 10 journals in development studies identified by the International Development Research Network, based on the ICT4D list (IDRN, 2013); and the top 10 journals in development economics identified by the econphd network (Roessler, 2017). A few overlaps between the lists explain the final number of 67 journals, instead of the expected 70 (see Table 1).

We deliberately focused on the top journals from these lists, as they are typically looked at in rankings and perceived as having the highest standards for original contribution, theoretical development, and methodological rigor. As a result, they tend to have substantial impact on research and policy. As noted in the introduction, a further specific set of IB-journals was left out, but we considered a recent systematic review covering several SDGs including poverty over a 30-year period (Kolk et al., 2017), which showed the value of bringing in the body of knowledge from other disciplinary areas in view of the limited number of articles found. Interestingly, another recently published review that included both the FT list and lists of the top IB and CSR-specific outlets highlighted that especially economics journals from the FT list yielded additional insights relevant to business and management research in Africa (Kolk & Rivera-Santos, 2018). This shows the value of considering not only the FT list but also further economics journals.

For each of the 67 journals in the sample of our study, we conducted, in October 2017, a search for the term “poverty” in the abstracts and keyword lists, in order to identify those papers that explicitly

**Table 1** Journal list and summary results

Journals	Papers with “poverty”	Papers involving multinationals and IB
<b>FT Top 50</b>		
<i>Academy of Management Journal</i>	4	2
<i>Academy of Management Review</i>	0	0
<i>Accounting, Organizations and Society</i>	10	2
<i>Accounting Review</i>	0	0
<i>Administrative Science Quarterly</i>	0	0
<i>American Economic Review</i>	29	1
<i>Contemporary Accounting Research</i>	1	1
<i>Econometrica</i>	3	0
<i>Entrepreneurship Theory and Practice</i>	4	1
<i>Harvard Business Review</i>	11	3
<i>Human Relations</i>	1	0
<i>Human Resource Management</i>	0	0
<i>Information Systems Research</i>	1	1
<i>Journal of Accounting and Economics</i>	0	0
<i>Journal of Accounting Research</i>	0	0
<i>Journal of Applied Psychology</i>	1	0
<i>Journal of Business Ethics</i>	32	15
<i>Journal of Business Venturing</i>	24	3
<i>Journal of Consumer Psychology</i>	0	0
<i>Journal of Consumer Research</i>	4	0
<i>Journal of Finance</i>	1	0
<i>Journal of Financial and Quantitative Analysis</i>	0	0
<i>Journal of Financial Economics</i>	1	0
<i>Journal of International Business Studies</i>	0	0
<i>Journal of Management</i>	1	0
<i>Journal of Management Information Systems</i>	2	0
<i>Journal of Management Studies</i>	5	5
<i>Journal of Marketing</i>	0	0
<i>Journal of Marketing Research</i>	1	0
<i>Journal of Operations Management</i>	8	4
<i>Journal of Political Economy</i>	0	0



Table 1 (Continued)

Journals	Papers with "poverty"	Papers involving multinationals and IB
<i>Journal of the Academy of Marketing Science</i>	0	0
<i>Management Science</i>	0	0
<i>Manufacturing &amp; Service Operations Management</i>	0	0
<i>Marketing Science</i>	0	0
<i>MIS Quarterly</i>	1	0
<i>MIT Sloan Management Review</i>	0	0
<i>Operations Research</i>	0	0
<i>Organization Science</i>	2	0
<i>Organization Studies</i>	2	2
<i>Organizational Behavior and Human Decision Processes</i>	0	0
<i>Production and Operations Management</i>	5	1
<i>Quarterly Journal of Economics</i>	7	0
<i>Research Policy</i>	3	2
<i>Review of Accounting Studies</i>	0	0
<i>Review of Economic Studies</i>	0	0
<i>Review of Finance</i>	0	0
<i>Review of Financial Studies</i>	0	0
<i>Strategic Entrepreneurship Journal</i>	12	2
<i>Strategic Management Journal</i>	2	0
<b>IDRN Top 10</b>		
<i>World Development</i>	316	9
<i>Journal of Development Studies</i>	168	8
<i>Oxford Development Studies</i>	48	0
<i>Development Policy Review</i>	89	8
<i>Studies in Comparative International Development</i>	3	2
<i>Sustainable Development</i>	10	4
<i>European Journal of Development Research</i>	82	2
<i>Development &amp; Change</i>	81	9
<i>Information Technology for Development</i>	8	0
<i>Information Technologies &amp; International Development</i>	19	4
<b>econphd Top 10</b>		
<i>Journal of Development Economics</i>	60	1
<i>World Development</i> (duplicate)		
<i>Quarterly Journal of Economics</i> (duplicate)		
<i>World Bank Economic Review</i>	25	1

Table 1 (Continued)

Journals	Papers with "poverty"	Papers involving multinationals and IB
<i>American Economic Review</i> (duplicate)		
<i>European Economic Review</i>	6	0
<i>Journal of Political Economy</i>	0	0
<i>Economic Journal</i>	10	2
<i>Journal of International Economics</i>	2	1
<i>Journal of Economic Literature</i>	27	1
<b>Total</b>	<b>1132</b>	<b>97</b>

discuss poverty, in the period between 2007 and 2017. The decision to limit our search to the most recent 10-year period leaves out important papers published prior to 2007, although the cumulative nature of research ensures that the most important insights and findings from previous papers are reflected and considered in the more recent 10-year period. The search resulted in 1132 papers. In a second step, we read through the abstracts and the papers to remove from the list those outside our scope, i.e., studies that are purely domestic, that do not involve a direct impact of multinationals or international business actors, and that focus on poverty in developed countries. This filter resulted in 97 papers that involve multinationals or international business activities, such as trade, that may not directly involve multinationals, suggesting that, somewhat surprisingly, the vast majority of academic studies on poverty (over 90%) do not consider the role of multinationals and international business in poverty alleviation. The list of journals and the number of articles per journal can be found in Table 1; the full list of the 97 articles is available in a separate Appendix.

Despite the value of our approach for the purpose of this article, we are aware of the limitations of journal selection and time period. Some relevant papers published in less prestigious outlets, in journals published by international (development) organizations or focused on specific regions may have been missed. This also applies for earlier periods, although we think that the 10-year period chosen is likely to be ample enough for important results, regardless of outlet, to be reflected in the papers we reviewed, excepting very recently published work that has not yet gained recognition.

Finally, it should be noted that our article is not set up as, and not meant to be a ‘formal’ systematic review (as done e.g., by Pisani, Kourula, Kolk, & Meijer, 2017, for international CSR; cf. Gaur & Kumar, 2018; Tranfield, Denyer, & Smart, 2003) with, *inter alia*, extensive coding. Its purpose is, as indicated, to provide a cross-disciplinary overview and framework based on diverse bodies of knowledge and expertise to suggest a research agenda and inspire further investigation.

### THE ROLE OF MULTINATIONALS AND IB IN POVERTY ALLEVIATION: A FRAMEWORK

The analysis of the 97 papers linking MNEs and IB to poverty alleviation shows significant variation in terms of theories, units of analysis, and empirical approaches, which is not surprising for studies grounded in different academic disciplines. However, because these papers study different aspects of the same phenomenon from a variety of perspectives, the review also allows us to inductively uncover the implicit conceptual cross-disciplinary framework underlying the literature. This framework maps the relationships emerging from the literature and provides an overarching view of the contributions of different disciplines to our understanding of the link between MNEs and poverty alleviation. Most importantly, it also uncovers under-researched areas, which stem both from scholarly conversations that often do not talk to one another across disciplines in spite of complementary approaches, as is the case for the BoP and Foreign Direct Investment (FDI) literatures in business and economics, and from links between parts of the framework that have remained under-investigated, as is the study of several moderating effects. These gaps thus offer new avenues for cross-disciplinary research that build on the complementarities across disciplines.

The framework, presented graphically in Figure 1, disentangles the different dimensions of poverty, IB, and MNE activities, as well as country and industry characteristics, and connects these different aspects. This is based both on the insights provided by the analysis itself and on the understudied conceptual links that emerged as the framework developed. The findings show a prevalence of studies defining poverty as material deprivation, but we also found that some scholars take the other dimensions into consideration, including education (e.g., McCaig, 2011), ill health (e.g., Vakili & McGahan, 2016), vulnerability (e.g., Zulu

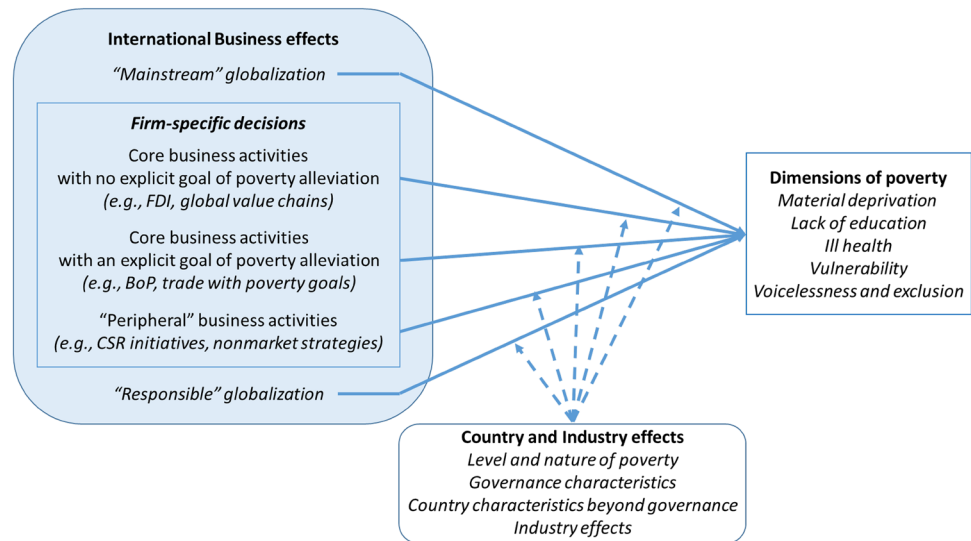
& Wilson, 2012), and voicelessness and exclusion (e.g., Rice, 2010; Scott, Dolan, Johnstone-Louis, Sugden, & Wu, 2012), suggesting an underlying recognition of the multidimensional nature of poverty as discussed earlier in this article. Importantly, our analysis points to different aspects of IB and MNE activities that can influence these five dimensions of poverty.

Considering the left-hand box of the framework, we found that 43 of the 97 papers focus on the impact of globalization and trade in general, especially in economics and development studies (e.g., Bergh & Nilsson, 2014), while the other 54 analyze the impact of specific firm decisions on a given community (e.g., Venkatesh & Sykes, 2013). Within the 43 studies on the impact of globalization in general on poverty, the literature makes the important distinction between two types of globalization. What could be called “mainstream” globalization, meaning increased trade, investments, and international transfers as a percentage of GDP (e.g., Bergh & Nilsson, 2014), represents the bulk of research, with 33 papers. By contrast, what could be called “responsible” globalization, meaning a globalization spearheaded by actors who view poverty alleviation and sustainability as key goals of trade, is represented by 11 papers (e.g., Maak & Pless, 2009).<sup>1</sup> We will discuss the mainstream and responsible globalization research in the next section in more detail.

A more complex subdivision emerges from the set of papers focusing on the impact of specific firm decisions on poverty alleviation (indicated specifically in the left-hand box), with three different possibilities that are studied side by side in a few papers.<sup>2</sup> First, 16 papers analyze the impact on poverty that firms can have through the activities related to their core business functions (“core business activities”), even when they do not consider poverty alleviation as a goal for their activities. FDI, for instance, can have both positive and negative impacts on the different dimensions of poverty, regardless of the goals of the investment *per se* (e.g., Nunnenkamp, Schweickert, & Wiebelt, 2007). Similarly, global value chains that integrate producers from low-income countries have an impact on growth and poverty alleviation in these countries, even though they may not have a specific goal of poverty alleviation in mind (e.g., Minten, Randrianarison, & Swinnen, 2009). Second, some firms can embed, in their core business activities, the specific goal of poverty alleviation, leading to firm decisions that take into account the



**Figure 1** Modeling the link between International Business, MNEs, and poverty.



impact they can have on the poor. Paralleling the distinction between investment-based mainstream globalization via FDI and trade-based mainstream globalization via global value chains, this subset of 30 papers studies the impact of investment-based responsible globalization via BoP, social entrepreneurship, or microfinance initiatives (e.g., Dolan & Rajak, 2016; Zahra et al., 2008), as well as the impact of trade-based responsible globalization via fair trade initiatives (e.g., Blowfield & Dolan, 2010), for example. A third and last subset of 10 papers highlights the role of so-called “peripheral” business activities, meaning activities that are important but generally not regarded as part of a firm’s core business functions, in poverty alleviation, emphasizing the importance of CSR and non-market strategies (e.g., Osuji & Obibuaku, 2016). Further details per category will be discussed in a separate section below.

Finally, the country and industry effects that moderate the relationship between MNEs and IB on one side, and poverty on the other, also emerge from the review, albeit with less emphasis, with four different types of effects taken into consideration.<sup>3</sup> First, in a group of 33 papers, the degree and type of poverty prevalent in the country are considered and sometimes moderate the impact of MNEs and IB, by distinguishing between rural versus urban poverty (e.g., Duygan & Bump, 2007), for instance, or between different levels of poverty (e.g., Read, 2010). Second, 27 papers show that the governance characteristics of the country, including not only policy decisions (e.g., Duygan & Bump, 2007), but also institutional characteristics (e.g., Parmigiani &

Rivera-Santos, 2015), interact with decisions by multinationals and thus influence their impact on poverty. Third, other country characteristics, especially in terms of communities and non-profit organizations with which potential partnerships can be created with the goal of poverty alleviation (e.g., Gonzalez, 2016), are considered in 16 papers, suggesting that country characteristics beyond governance can influence the link between MNEs, IB activities, and poverty. Lastly, 40 papers consider the impact in specific industries, such as mobile phones (e.g., Carmody, 2012) or mining (e.g., Loayza & Rigolini, 2016), even though only a subset of these papers have cross-industry comparisons (e.g., Colen, Persyn, & Guariso, 2016), suggesting that industry is also a moderator in the relationship between MNEs, IB, and poverty alleviation.

As a whole, then, the conceptual framework emerging from the analysis of the full set of 97 papers maps the relationships and connects the insights from different literatures that talk to one another all too infrequently. Although originating from different objectives, assumptions, and methodologies, these literatures call for attention to the potentially differential impact of non-purposive versus purposive action, both at the level of “mainstream” and “responsible” globalization as a whole, and at the level of different types of MNE activities, including core business activities with no explicit goal of poverty alleviation; core business activities with an explicit goal of poverty alleviation; and “peripheral” business activities, i.e., those activities that are not core to firms’ business model. A second cross-literature pattern reflected in the



framework is the multidimensional nature of poverty, involving material deprivation, lack of education, ill health, vulnerability, and voicelessness. The third connection across literatures, also highlighted in the framework, is the existence of factors that moderate the impact of MNEs and IB on poverty, particularly country and industry effects, including the level and nature of poverty, governance characteristics, and other country and industry characteristics. In the next two sections, we follow the framework to highlight the main findings that have emerged, first focusing on the impact of globalization and then on the three different types of firm-specific activities. The discussion is enriched by insights from additional studies where relevant based on the authors' knowledge. After these two sections, we provide suggestions for a cross-disciplinary research agenda.

### THE IMPACT OF GLOBALIZATION AS A WHOLE ON POVERTY

After several decades of research, there is surprisingly little empirical evidence of a positive relationship between globalization and poverty (Athukorala, 2011; Crafts, 2013; Harrison & McMillan, 2007; Mitchener, 2012; Santos-Paulino, 2013). Although Bergh and Nilsson (2014), for instance, find a significant relationship between globalization, measured in two different ways, and the reduction of absolute poverty in a sample of 114 countries, other scholars question the underlying assumptions of globalization models and highlight the negative impact of globalization on the poor instead (Hill & Rapp, 2009; Murshed, 2008; Opoku, 2008; Wettstein, 2008). Overall, the debate between scholars arguing that trade liberalization and globalization is associated with poverty alleviation, such as Jagdish Bhagwati, and scholars arguing that government policies, especially in terms of redistribution, should be prioritized in the fight against poverty, such as Amartya Sen, is still ongoing (Rudra & Tirone, 2017).

The literature points to the possibility of differential effects depending on the type of globalization and its context, which may explain why the debate is still ongoing after decades of research. Scholars find evidence that different parts of the globalization process, for example, lead to different types of growth and thus different impacts on poverty alleviation (Romer, 2010). Similarly, some studies point to the differential impact of globalization on the five dimensions of poverty, such as

voicelessness and exclusion (Mooij, 2009) or health (Romer, 2010), underscoring the importance of understanding poverty as a multidimensional construct. Beyond the different aspects of globalization, single-country studies uncover interactions of globalization with country effects that nuance some of the claims of multi-country studies (Looi Kee, Nicita, & Olarreaga, 2009; Wiggins, 2008). Duygan and Bump (2007), for instance, highlight the importance of the rural dimension of poverty in Tanzania and decisions made by poor households in response to trade and other government policies for understanding the impact of globalization in this country. Similarly, the level of poverty, the landlocked nature, and relative size of the country also influence the impact of globalization on poverty (Read, 2010), underscoring the need to take country effects into account in discussions on the impact of globalization.

With the debate on the impact of globalization on poverty still ongoing, some scholars argue that a distinction needs to be made between the impact of "mainstream" and "responsible" globalization, in the context of a greater inclusion of businesses in developmental goals, through UN initiatives such as the Global Compact (UN Global Compact, 2007) or the Millennium Development Goals, followed more recently by the Sustainable Development Goals (Kolk et al., 2017). This stream of literature leads to calls for business leaders around the world to better take into account the potential impact of their global strategies on poverty, arguing that it is necessary to frame business strategies in terms of rights and responsibilities (Hahn, 2009; Wettstein, 2008) or that business leaders should view themselves as citizens of the world (Maak & Pless, 2009; Schwittay, 2009). Although favoring prescriptive over descriptive approaches, in the sense that their goal is to prescribe what behaviors should be rather than describe what behaviors are, scholars in this stream of research also highlight what they see as success stories in responsible globalization, such as Project Ulysses led by PricewaterhouseCoopers (Pless & Maak, 2009) or HP's e-Inclusion program (Schwittay, 2012), and highlight the role of responsible globalization in helping tackle grand challenges pragmatically (Ferraro, Etzion, & Gehman, 2015), especially through innovation and low costs (Kaplinsky, 2011; Knorringa, Peša, Leliveld, & van Beers, 2016).

Summing up, the link between globalization and poverty appears to be too complex to display a clear and unquestionable relationship. The level of analysis matters greatly in this regard. Macro





approaches involving multi-country data can provide overall results relating broad measures of globalization to widely available measures of poverty, particularly income, whereas studies at smaller scales reveal much greater nuance, particularly regarding the specific context of each country. But the intent of the research also appears to make a significant difference, with scholarship that seeks to influence business or public policy generally finding that purposive action has a clearer positive impact on poverty. A clear implication for research is the need to better understand the connection between the macro and micro levels, much like the long-standing search for a coherent framework connecting the micro-level behavior of economic actors and macro-level business cycles. A second implication concerns the more precise understanding of how purposive or “responsible” activity differs from activity that does not have such purpose, and the rigorous analysis of the relationship between purpose and results, in order to avoid inadvertent biases that hide potentially neutral or negative relationships between intent and results. In this regard, the recent emphasis in development economics and practice on more rigorous evaluation of results, for example, through randomized trials (Tollefson, 2015), should offer a valuable set of tools for researchers examining the impact of “responsible” globalization.

### THE IMPACT OF FIRM-SPECIFIC BUSINESS ACTIVITIES ON POVERTY

The impact of decisions made by firms as they pursue their global strategies, whether these firms are MNEs or not, constitutes the most important aspect of the cross-disciplinary literature on the impact of IB on poverty alleviation. Three different types of firm-specific decisions (exhibited in the left-hand box of Figure 1) that have an impact on poverty emerge from the literature: core business activities that have no explicit goal of poverty alleviation, core business activities that have an explicit goal of poverty alleviation, and “peripheral” business activities. These three categories are discussed consecutively below.

#### The Impact Of Core Business Activities With No Explicit Goal Of Poverty Alleviation

Even though the management and IB literatures have paid less attention to the impact of MNE core business activities that do not have an explicit goal of poverty alleviation, the literatures in economic

development and development studies have devoted significant attention to them, distinguishing between *investment-based* activities, i.e., FDI, and *trade-based* activities, i.e., global value chains incorporating the poor, whether the buyers interact directly with producers in low-income countries or whether they buy from the producers on a global market.

Like the impact of globalization as a whole (Harrison & McMillan, 2007), studies suggest that *Foreign Direct Investment* can directly impact local poverty levels by providing new revenue streams and by decreasing costs (Gohou & Soumaré, 2012; Kaplinsky, 2013). The most straightforward source of additional revenue for the local population is direct employment by the MNE (Aaron, 1999; Bardy, Drew, & Kennedy, 2012). However, the MNE's activities can also create opportunities for local firms to grow by joining the MNE's local ecosystem, leading to employment opportunities. FDI can also decrease the costs of products sold in the host country when they can tap into economies of scale or higher efficiencies (Jain & Vachani, 2006) and introduce higher-quality products, which can enhance consumer well-being, or decrease product lifetime costs through fewer breakdowns or longer useful lives (Agénor, 2004). Furthermore, MNEs' investment-based activities can create opportunities for other firms and international entrepreneurial ventures to also invest in the country, thereby leading to additional employment opportunities (Kaplinsky, 2013; Kiss, Danis, & Cavusgil, 2012). These impacts are mostly felt in the short to medium run, as they are directly linked to the arrival of the MNE. However, FDI can also have long-term and less direct impacts on poverty, since it can lead to higher economic growth, although these links are still debated (Harrison & McMillan, 2007).

Nuancing these findings, some scholars argue that the sector in which the FDI occurs changes the dynamics associated with FDI and growth (Colen et al., 2016). Idemudia (2009), for instance, finds that oil companies have the same limited and often negative impact on poverty, regardless of whether they engage with local communities or not. Hamann and Bertels (2017) find that the type of employment in the mining industries perpetuates inequality and has a negative impact on poverty. Zulu & Wilson (2012) find no impact of extractive FDI on local communities in Sierra Leone. Other studies suggest a more positive relationship, arguing that the mining sector alone is not sufficient to

understand the link between FDI and poverty. Loayza and Rigolini (2016), for example, find that communities living close to mining centers in Peru tend to be less poor. Other sectors show even clearer links between FDI and poverty reduction. Studies show, for instance, that the spread of mobile phones tends to have a positive impact on poverty (Beuermann, McKelvey, & Vakis, 2012; De Silva, Ratnadiwakara, & Zainudeen, 2009; Ilahiane & Sherry, 2012), even though it may reinforce patterns of uneven development globally (Carmody, 2012). Similarly, the development of electricity grids has positive implications for poverty (D'Amelio, Garrone, & Piscitello, 2016), and so does FDI in infrastructure, although, interestingly, the impact is greater in countries with weaker institutions and is more common with MNEs coming from the developing world (Shah & Batley, 2009).

Some scholars further highlight the importance of understanding the interactions between FDI, dimensions of poverty, and country effects, especially in terms of policy decisions. Nunnenkamp et al. (2007), for example, argue that the government needs to extend the impact of FDI on poverty in Bolivia by restructuring the labor market and investing in complementary infrastructure. Shah and Batley (2009) find the impact of FDI on poverty to be stronger in weak institutional contexts. Similarly, Gohou and Soumaré (2012) see that the positive impact of FDI on poverty varies significantly across sub-Saharan countries, finding its greatest impact in poorer countries and in communities in Central and East Africa.

A firm's global strategy does not necessarily have to involve an FDI-style investment to have an impact on poverty. *Trade-based* strategies have also been examined, especially with an eye to the implications of global value chains (Parmigiani & Rivera-Santos, 2015; Werner, Bair, & Fernández, 2014). Although some scholars highlight the positive potential of global value chains for poverty reduction (Werner et al., 2014), others argue that power imbalances in value chains can result in a reinforcement of poverty patterns, leading to situations of extreme exploitation (Phillips & Sakamoto, 2012). Considering the number of actors involved in a chain and the possibility that any supplier in the chain can behave inappropriately (Hartmann & Moeller, 2014), studies on the impact of value chains on poverty have called for strong measurement tools to assess a chain's impact (Neu, Rahaman, & Everett, 2014).

The contradictory arguments and findings about the impact of value chains when studied in general are nuanced by scholars who distinguish the impact of different types of value chains, operating in different contexts. Vakili and McGahan (2016), for instance, argue that institutional factors, such as the adoption of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) by low-income countries, can influence the extent to which neglected diseases affecting the poor can be treated. According to Werner et al. (2014), value chains that focus on market failures in low-income countries can have the most positive impact, while Parmigiani and Rivera-Santos (2015) state that the type of institutional voids prevalent in a market directly impacts the structure and the outcome of sourcing strategies.

In terms of differences between sectors, the literature suggests that agricultural value chains typically have a negative impact on poverty, even though some scholars find some positive impacts in the context of small contract farmers in Madagascar (Minten et al., 2009). Others suggest that the impact is inherently difficult to assess, because it interacts with the impact of other concurrent decisions (Verma, 2011). The negative impact of agricultural value chains stems from the way in which agricultural value chains are structured, which can actually increase the costs for producers, for instance, through marketing expenses and the cost of intermediaries (Balat, Brambilla, & Porto, 2009), while the variation in the price of crops can create significant financial problems for producers (Moncarz, Barone, Calfat, & Descalzi, 2017). Although the literature suggests that the impact of agricultural chains on poverty tends to be negative, the context can significantly influence this impact. Tobias, Mair, and Barbosa-Leiker (2013), for instance, find that entrepreneurship emerging around coffee value chains in post-conflict Rwanda is not only associated with poverty reduction, but also with conflict resolution. Kolk and Lenfant (2015) observe a similar process of improved livelihoods and reduced tensions, and the filling of institutional voids through cross-sector partnerships in the coffee sector in Eastern Congo (DRC).

Interestingly, the impact of value chains in other industries, such as tourism (Medina-Muñoz, Medina-Muñoz, & Gutiérrez-Pérez, 2016; Winters, Corral, & Mora, 2013), clothing (Huq, Chowdhury, & Klassen, 2016), and even ecosystem services (McAfee, 2012), also seems to vary according to the



structure of the value chain, the type of poverty involved, especially with regard to the education dimension of poverty, and country characteristics, particularly in terms of labor markets. This means that, overall, the literature suggests that the positive potential impact of global value chains, as is the case with the impact of globalization as a whole and of FDI discussed above, depends on their interaction with the context (Kis-Katos, 2015; McCaig, 2011).

Hence, whether the activity of MNEs and IB unintentionally alleviates poverty depends on the industry and country contexts, but a clearer positive relationship seems to exist between FDI and poverty than between trade (via global value chains) and poverty. The deeper involvement of MNEs with their host communities that takes place under FDI seems to impact local conditions in more dimensions, such as employment, skill development, or local infrastructure, than in the case of trade. But the contextual factors need to be discerned more clearly. A research strategy identifying specific country factors and industry differences through macro-level studies across several countries and industries, and then connecting these findings with work at a smaller scale of analysis, would allow for a careful examination of causal pathways. The results would be particularly valuable for the activities covered in the next subsection – those with an explicit poverty alleviation goal – which could then be tailored more carefully so as to attain greater poverty reduction.

### The Impact of Core Business Activities with an Explicit Goal of Poverty Alleviation

Maybe reacting to the mixed results regarding the impact of mainstream globalization, FDI, and global value chains on poverty (Hahn, 2009), some firms incorporate an explicit goal of poverty alleviation in their core business activities, whether their global strategies are *investment-based*, as is the case with base-of-the-pyramid initiatives, international social entrepreneurship, and foreign-led microfinance, or *trade-based*, as is the case with fair trade or producer-focused initiatives. Surprisingly, in both cases, the literature suggests more mixed results than could be expected given the explicit goal of having a positive impact on poverty. In an IB context, most investment-based core business activities are associated with BoP initiatives; the microfinance and social entrepreneurial ventures typically analyzed in the literature are domestic, with a few exceptions (Beck & Ogden, 2007; Venot,

2016; Zahra et al., 2008), and are thus outside the scope of this study.

Several studies point to the positive impact on poverty of *investment-based* BoP initiatives. Scott et al. (2012) find that, in South Africa, Avon helps women not only earn a better income, but also inspires empowerment, thus suggesting that Avon's initiative helps alleviate at least two of the five dimensions of poverty. Similarly, Venkatesh and Sykes (2013) show how an initiative spearheaded by a multinational to introduce IT in an impoverished Indian village was embraced by the villagers, helping to reduce the education gap and providing new income streams. Several studies, however, point to mixed or negative results of other BoP initiatives. Sesan, Raman, Clifford, and Forbes (2013), for instance, describe the failed introduction of a sustainable stove-and-fuel technology in Nigeria due to the difficulty of understanding the specificities of poor customers, while Rein and Stott (2009) highlight the disconnect that can exist between the good intentions of BoP initiatives and the real benefits for the poor. Critiquing the BoP approach more deeply, Venot (2016) argues that incorrect assumptions regarding the market and institutional environments have slowed the spread of drip irrigation in the developing world. Chatterjee (2016) further contends that, at its core, the BoP approach unwittingly reinforces patterns of marginalization and poverty, due to what she considers a reductionist view of globalization. In a similar vein, Dolan and Rajak (2016) assert that the initiatives' focus on thresholds of material deprivation can be counter-productive.

Bringing nuances to the debate around the effectiveness of BoP and similar initiatives, we found studies that point to the need to adapt the initiatives to the characteristics of the poverty contexts. Some refer to adaptations in the firms' approach to the market, recognizing the specificities of purchasing behaviors among the poor and how they differ across levels and types of poverty (Ilahiane & Sherry, 2012; Martin & Hill, 2011). Others focus on business models, referring to different ways of segmenting the market (Rangan, Chu, & Petkoski, 2011; Venot, 2016), to the need to preserve and develop the social capabilities specific to the market (Ansari, Munir, & Gregg, 2012), to the possible reliance on micro-outsourcing (Gino & Staats, 2012), or to incentive structures appropriate for people living in poverty (Kistruck, Beamish, Qureshi, & Sutter, 2013a; Kistruck, Sutter, Lount, & Smith, 2013b). We also came across scholars who

recommend adjustments in how firms innovate for these markets (Khavul & Bruton, 2013), including frugal innovations (Baud, 2016) and bricolage (Halme, Lindeman, & Linna, 2012), in the context of interactions with government policy that can promote or stifle innovation, for instance, through patent laws in the case of nanomedicine (Woodson, 2016).

The importance of understanding the specificities of the poverty context to assess the positive or negative impact of BoP initiatives on poverty does not only lead to calls for business adaptation to market contexts, but also to broader calls for adaptation to the institutional environment (London, Esper, Grogan-Kaylor, & Kistruck, 2014). Adaptations to the institutional environment often take the form of cross-sector partnerships (Rivera-Santos, Ruffin, & Kolk, 2012), highlighting the role of BoP activities as part of a broader set of initiatives to fight poverty involving the government, non-profit organizations, aid agencies, and communities, in spite of different overall goals (VanSandt & Sud, 2012). Calton, Werhane, Hartman, and Bevan (2013), for instance, argue that cross-sector partnerships are necessary for a positive impact on communities due to the interactive process of learning that helps better understand problems. Woodson (2016) contends that a collaboration between companies and governments is essential to develop medicines for neglected diseases of poverty, as companies can develop the medicine, but governments need to provide a supportive institutional environment. Rahaman and Khan (2017) similarly plead for an alignment between socially minded businesses and aid to realize a positive impact on poverty. Finally, Gonzalez (2016) goes farther in this line of argument, calling for quadripartite partnerships between international development agencies, governments, MNEs, and civil society for a positive impact on communities (cf. Rivera-Santos et al., 2012).

Paralleling insights from the literature just discussed, studies on *trade-based* core business activities with an explicit goal of poverty alleviation – fair trade initiatives, sustainable value chains, or producer-focused initiatives (sometimes also labeled BoP by some) – seem to condition their potential positive impact on poverty to their interactions with different types of poverty, country, and industry contexts as well. Highlighting the specificities of the small and poor producers involved in these initiatives, scholars argue that value chain analysis needs to be extended to

include social and environmental goals (Bolwig, Ponte, Du Toit, Riisgaard, & Halberg, 2010; Riisgaard, Bolwig, Ponte, Du Toit, Halberg, & Matose, 2010), even though they may not be sufficient to fully understand the impact on poverty (Meaton, Abebe, & Wood, 2015). These analyses help not only identify the opportunities that responsible value chains create for the poor as suppliers or distributors (Sodhi & Tang, 2014), but also design multinationals' pro-poor initiatives in the chains.

Yet the literature also points to mixed results regarding the positive impact of these initiatives on poverty. Steinkopf-Rice (2010), for instance, argues that fair trade's impact on women's voicelessness and inequality is still unclear, while Matos and Hall (2007) contend that current management techniques are not sufficient to understand the complexity of the impact of responsible chains. Providing an empirical assessment of the impact of fair trade chains, Chiputwa et al. (2015), for example, compare three sustainability-oriented standards for coffee value chains in Uganda and find that two of them have no impact on poverty, while the third, Fairtrade, reduces poverty. These results provide an interesting contrast with Blowfield and Dolan's (2010) findings that the impact of Fairtrade in tea value chains in Kenya is questionable, and Cramer, Johnston, Mueller, Oya and Sender's (2017) description of poor payment and non-pay working conditions in value chains dominated by Fairtrade producer organizations in Ethiopia and Uganda, leading them to conclude that Fairtrade does not effectively reduce poverty. Finally, Boersma (2009) criticizes the lack of voice among poor producers in fair trade chains, while Hauf (2017) contends that the voice of producers may be underestimated in the developed world.

Overall, it is remarkable that the research focused on business activities with an explicit poverty alleviation objective – a literature largely based in the fields of management and IB – does not offer a clear consensus regarding the impact of these activities. Instead, much seems to depend on adequate adaptation of company initiatives to the context, while scholarly analyses of one and the same initiative (as the example of Fairtrade above), offer contradictory results. Context-dependent and conflicting findings imply that the research agenda should be directed to a more precise specification of the contextual factors and the means available to adapt to these factors, in spite of the challenges associated with a lack of adequate controls for contextual factors that moderate the impact of pro-



poor initiatives. This suggests that, at least when it comes to impact evaluation, the fields of management and IB would be well served by adopting the methods currently employed in development economics, such as careful baseline and post-intervention measurement (Tollefson, 2015).

### The Impact of Firm-Specific “Peripheral” Business Activities on Poverty

Firm-specific decisions that can impact poverty do not only pertain to core business activities. The impact of what we here label as “peripheral” activities, including some CSR and non-market initiatives, has also been explored by the literature. It should be noted that we have here approached CSR as non-core (i.e., covering those aspects not inherently related to core business functions) and refrain from further definitional debates (for recent contributions from an IB perspectives, see Kolk, 2016, and Pisani et al., 2017). Although some studies suggest that the contribution to poverty alleviation is linked to the voluntary nature of social responsibility initiatives and to the size of the organization (Medina-Muñoz et al., 2016), or highlight the mediating role of experts such as accounting firms in the alignment of CSR initiatives with organizational practices (Malsch, 2013), others point to questionable results of CSR initiatives, suggesting that the impact of CSR on poverty alleviation is unclear. Newell (2008), for instance, contends that the general focus on CSR distracts organizations from the interventions that are necessary to effectively alleviate poverty. Likewise, Ite (2007), focusing on the case of Shell in Nigeria’s Niger River Delta, argues that the firm’s original approach to CSR encouraged unsustainable development and dependency, rather than poverty alleviation, leading the firm to radically rethink its CSR initiatives. Similarly, Beck and Ogden (2007) warn MNEs with good intentions against some types of CSR initiatives, especially micro-credit, arguing that they may backfire.

Several papers in this stream of literature emphasize the link between the impact of CSR initiatives on poverty and characteristics of the environment, thereby providing some nuances to claims of positive or negative impacts. Lund-Thomsen, Lindgreen and Vandhamme (2016a, b), for instance, find that CSR institutionalization is less prevalent in developing countries, which has a negative impact on the effectiveness of CSR initiatives for poverty alleviation in industrial clusters in these countries. Similarly, Alawattage and Fernando

(2017) show that postcolonial contexts create hybrid cultural identities among managers, which influence the organizations’ approaches to CSR. Finally, some scholars highlight the connection between CSR and other poverty alleviation initiatives, arguing that CSR is most effective when it can be viewed as part of a broader framework of government-based policies against poverty (Osuji & Obibuaku, 2016), when it can be aligned with other actors’ initiatives through partnerships (Gonzalez, 2016), or when it is linked to broader FDI and IB strategies (Bardy et al., 2012).

The conclusions arising from this subset of papers are similar to those related to core business activities focused on poverty alleviation: the lack of clear results necessitates a deeper analysis of the relationships linking CSR, poverty, and “context,” as well as a more rigorous and widely accepted approach to impact evaluation. Companies naturally want to attribute reductions in poverty to their own actions, and may be unable or unwilling to devote the time and resources required for rigorous assessments, but without careful research, CSR initiatives will continue to be contested. At any rate, the studies reviewed in this section leave, as a whole, many underexplored areas that can be included in a cross-disciplinary research agenda, based on an underlying framework that helps to map the relationship between the different moving parts.

### TOWARDS A CROSS-DISCIPLINARY RESEARCH AGENDA

Our review of the MNE and IB activities identified in the literature – i.e., globalization as a whole, firm-specific core business activities without and with an explicit goal of poverty alleviation, and firm-specific “peripheral” business activities – failed to point to a clear and undisputed impact on poverty alleviation, either positive or negative. The reasons for this lack of a clear relationship can perhaps be discerned from our conceptual framework shown in Figure 1, in the sense that it points to a multiplicity of pathways and influencing factors. With such a degree of causal complexity, it should not be surprising that the relationship is far from uniform. Moreover, as we have pointed out above, with the relevant research being conducted across a range of research fields, with often divergent foci, examining different factors, and using different methodologies, a variety of results might also be expected.

In fact, the idiosyncrasies of the various fields could also help explain one of our other findings, which is that several aspects of our framework, such as non-market strategies beyond CSR, certain dimensions of poverty like vulnerability, or country characteristics beyond governance, seem to be significantly understudied. In addition, at least a few studies in each of the streams of literature point to important interaction effects between the business activity and its characteristics on one side, and the different dimensions of poverty and country and industry effects on the other, suggesting that some of the mixed results may be due to interaction and moderating effects disregarded in research.

At the same time, the conceptual framework emerging from this review combines insights from different disciplinary literatures and uncovers gaps that open avenues for future research. The gaps stem both from understudied sections of the framework and from understudied links between the different parts of the framework. Put together, these gaps outline a cross-disciplinary research agenda to further our understanding of the crucial link between IB and poverty, highlighting the particular importance of interaction effects and contextual factors.

### Understanding the Differential Impact of International Business Activities

The list of the different activities identified in the framework disentangles broad international business effects from firm-specific activities, core business activities from “peripheral” business activities, and activities with no explicit goal of poverty alleviation from activities with an explicit goal of poverty alleviation. Unfortunately, however, they correspond to different streams of literature in different disciplinary traditions that do not always engage with one another. As a consequence, parallel studies of similar phenomena co-exist with limited contact, with significant implications for our overall understanding of the role of MNEs and IB in poverty alleviation, namely, that an important avenue for future research consists of bridging these different literatures.

For instance, the only distinguishing factor between FDI and BoP initiatives, which are both investment-based business activities, seems to be the intent to alleviate poverty incorporated in BoP initiatives. Yet while several studies emphasize the importance of intent in poverty alleviation (Medina-Muñoz et al., 2016; Rein & Stott, 2009; VanSandt & Sud, 2012), others point to the

disconnect that often exists between intent and results (Beck & Ogden, 2007), suggesting that a deeper exploration of the link between intent and results in BoP initiatives is called for, especially with the possibility of using FDI in similar locations and industries as a counterfactual. Global value chains could provide a similar counterfactual to better assess the impact on poverty of responsible value chains, including fair trade. Furthermore, a comparison of the impact on poverty of investment-based activities, i.e., FDI and BoP, versus trade-based activities, i.e., global value chains and fair trade chains, would provide important insights, as they base their impact on significantly different mechanisms. Finally, the understanding of the differential impact of CSR and other peripheral business activities on poverty, which have received less attention in the literature, is likely to benefit greatly from a comparison with the effects of core business activities, especially considering that some aspects of CSR can be considered core for firms (Pisani et al., 2017; Yuan, Bao, & Verbeke, 2011).

Beyond the comparison of the differential impact on poverty of the various kinds of international business activities, the review and the framework also uncover understudied areas within each type of business activity. For instance, trade openness has been widely shown to be a mechanism through which mainstream globalization can impact poverty, but the parallel mechanism through which responsible globalization can impact poverty is less clear, although this mechanism seems important in the context of business leaders becoming more involved in UN initiatives like the SDGs (Kolk et al., 2017). Similarly, even though the industry often influences the positive or negative impact of business activities on poverty (Colen et al., 2016; Gohou & Soumaré, 2012; Minten et al., 2009), the specific determinants of industry-specific differential impacts are unclear. Yet these determinants are crucial, as differences between income-enhancing products and services, such as electricity or cell phones, and income-absorbing products and services, such as beer or cigarettes, among others, are likely to deeply influence the impact of business activities on poverty. Furthermore, some studies show that the country of origin and the size of MNEs influence their approach and their resulting impact on poverty (Medina-Muñoz et al., 2016; Shah & Batley, 2009), suggesting the need for a deeper investigation of possible influencing characteristics of the multinational, such as geographic



origin, size, organizational culture, experience, or governance structure.

Among business activities, CSR and other “peripheral” activities seem to have received less attention in the literature on poverty, opening up important avenues for studies to better understand their impact. The literature suggests that there are different types of CSR (Pisani et al., 2017), which are likely to have different impacts on poverty, especially when the main goal of the CSR activity is achieving legitimacy in the community rather than poverty reduction. Beyond CSR, very little attention has been devoted to the broader non-market strategies, which can also have an impact on poverty. An MNE pressuring a government to develop infrastructure to support its activities or fighting corruption to establish its business is likely to have indirect effects on poverty alleviation, but these are little understood.

### Understanding The Country and Industry Effects, And Poverty Dimensions

Even though country characteristics emerge in the literature as important moderating factors in the relationship between MNEs, IB, and poverty alleviation, the specific pathways of these interactions are, like those of industry factors, not well understood yet. Likewise, the level and type of poverty are likely to be important moderators of the link. Several studies suggest that the impact of poverty alleviation business initiatives is greater for poorer households (Gohou & Soumaré, 2012; Moncarz et al., 2017), while others find a differential impact between the urban and the rural poor (Duygan & Bump, 2007). The specific dimensions of poverty used to measure impacts are also important, since the impacts are likely to vary across dimensions.

To begin with, different dimensions of poverty define different baselines. Education levels, for example, are likely to influence the extent to which the poor can participate in a business-led poverty alleviation initiative. In addition, the various dimensions of poverty may receive different attention in poverty alleviation initiatives. Since the dimensions of poverty are interconnected (e.g., lack of education is often associated with ill health and vulnerability among the poor), research that only emphasizes one of the dimensions will not only offer a partial assessment of poverty alleviation impacts, but is also likely to miss important effects on the other dimensions of poverty, such as unintended effects that may counteract the positive impacts in other dimensions. The vast majority

of studies seem to only focus on one dimension, typically material deprivation, with only a few papers focusing on education (e.g., McCaig, 2011), health (e.g., Woodson, 2016), or voicelessness, mostly through the prism of social exclusion and discrimination (e.g., Steinkopf-Rice, 2010), and some studies incorporate different dimensions of poverty in their design (Baud, 2016; London et al., 2014; Zulu & Wilson, 2012). Virtually no attention has been devoted to vulnerability as a key dimension of poverty, suggesting the need to better understand the specificities of vulnerability, in addition to using broader, multidimensional measures of poverty in future studies of the link between IB and poverty.

Beyond the level and type of poverty, the governance characteristics of a country are also likely to moderate the relationship between international business and poverty, as studies of the impact of weak institutions (D’Amelio et al., 2016) or institutional voids (Kolk & Lenfant, 2015; Parmigiani & Rivera-Santos, 2015) suggest. Similarly, although government-led poverty alleviation policies interact with virtually every type of business initiatives (Gonzalez, 2016; Nunnenkamp et al., 2007; Osuji & Obibuaku, 2016; Vakili & McGahan, 2016), we are only beginning to understand the dynamics of these interactions, which indicates the need for significant research efforts in this area.

Finally, whereas the influence of industry characteristics has been explored, both through direct cross-industry comparisons (e.g., Colen et al., 2016) and via studies set in different industries like mobile phones (e.g., Beuermann et al., 2012), mining (e.g., Loayza & Rigolini, 2016), or agriculture (e.g., Minten et al., 2009), the influence of country characteristics beyond governance is hinted at in the literature, but has received very limited attention, in spite of its likely importance. For instance, the BoP literature highlights the benefits of cross-sector partnerships for the success of poverty-alleviation initiatives (Rivera-Santos et al., 2012; VanSandt & Sud, 2012), but there is little discussion of the necessary existence of non-profits to join these partnerships, their characteristics, or their power in a given country, in spite of the great implications that their role in the country is likely to have for the partnership. Similarly, the presence of activists in a country or the strength of the media are likely to become important moderators of the relationship between international business and poverty alleviation, but so far these considerations have barely received attention.



## Understanding Business Activities As Part Of A Broader System

The cross-disciplinary framework not only points to important gaps that remain in our understanding of the link between MNEs, IB, and poverty, but also to the necessity of a more systematic approach, both conceptually and empirically, to the study of poverty. Most importantly, the interactions between the different elements of the framework seem to be key in understanding why definitive results are elusive in this stream of research, suggesting the need to explicitly consider these interactions in future studies. In this context, the proposed framework can be helpful for researchers who seek to focus their analysis on a given relationship, but also need to consider the rest of the system, which can influence the relationship of interest. This seems particularly important in randomized controlled trials and experiments, which are becoming increasingly common in development studies and, to some extent, in business (Banerjee, Duflo, Glennerster, & Kinnan, 2010; Chicoine & Guzman, 2017; Kistruck et al., 2013b; Tollefson, 2015), and which can, by design, miss important interaction effects.

More broadly, this approach aims at recognizing business activities as part of a broader set of initiatives and determinants impacting poverty, which opens avenues for future research beyond IB. In particular, business initiatives that are typically domestic, such as social entrepreneurial ventures or microfinance institutions, and non-profit-led initiatives, which are outside the scope of this study, are an important element in the fight against poverty, and are likely to interact with international business activities in their impact on poverty. This points at the need for researchers to better understand the dynamics of the link between business, poverty, and other actors in the system. In general, the dynamic considerations regarding the unfolding of impacts over time has been somewhat overlooked in the literature, but the impact of time on the extent and type of the impacts of MNE and IB activities on poverty deserves significantly more attention. As a complex, long-standing phenomenon, poverty may not be easily altered in the short run, particularly with regard to slower-changing dimensions such as health or exclusion. Hence studies that use shorter time frames may significantly underestimate impacts on poverty, while activities that have an explicit anti-poverty intent might increase their impacts by building into their design an explicit

understanding of the timing of various actions and effects.

Overall, even though the literature on IB and poverty finds mixed results along most dimensions, the framework emerging from this literature clearly identifies gaps and sets a research agenda that can bring nuances to the results, in particular with a more systematic consideration of interaction effects.

## CONCLUSIONS

In this article, we examine the role of MNEs and IB in poverty alleviation. Searching through the top journals of business, economics, and policy, we identify 97 papers published between 2007 and 2017 that contribute to answering this question from different perspectives, with different theories, and with different empirical approaches. Reviewing the findings from these papers, we develop a conceptual cross-disciplinary framework that maps the relationships between (1) different types of international business activities, which can be core or “peripheral,” investment-based or trade-based, and with or without an explicit goal of poverty alleviation, and (2) five different dimensions of poverty, namely, material deprivation, lack of education, ill health, vulnerability, and voicelessness, moderated by (3) country effects, including the level and nature of poverty, governance characteristics, country characteristics beyond governance, and industry characteristics.

Despite much research on poverty in development economics and development studies, and, more recently, in business, the role of MNEs and IB in poverty alleviation is still debated, with different studies providing contradictory arguments and empirical results. The literature as a whole seems to point at the existence of interactions between different elements of the framework and contextual factors as a potential explanation for the mixed results. Building on these results, we follow the conceptual framework to identify the main gaps in this cross-disciplinary stream of literature, which emerge both from understudied elements in the framework and from understudied interactions, and thereby help set a systematic research agenda for the study of the link between multinationals, international business, and poverty.

Our contributions to the literature are thus threefold. First, we develop a conceptual framework that disentangles the differential impact of several types of international business activities, which





recognizes the multidimensional nature of poverty, and that highlights the moderating role of country and industry effects on the link between business activities and poverty, thereby developing an overarching and systematic conceptual model of a particularly complex phenomenon. Second, we bring together, in this framework, insights from different disciplines that often do not talk to one another, thereby underscoring both the complementarities and differences of different approaches to studying the same phenomenon. Finally, and most importantly, the framework helps us uncover understudied research areas, opening up new avenues for future research and helping set a research agenda on the impact of multinationals and international business on poverty that highlights the importance of taking into consideration interaction effects and contextual factors.

As any scholarly endeavor, this study has limitations. Our focus on international business activities, for instance, leaves important business initiatives for poverty alleviation, such as social entrepreneurship and microfinance, which are typically domestic initiatives, outside the scope of our study. An analysis of the impact of domestic business initiatives on poverty alleviation would provide interesting complementary insights to our study. Similarly, our intention of identifying influential scholarly conversations on IB and poverty led us to narrow our search to the top journals in

business, economics, and policy, according to external rankings, and to papers explicitly referring to poverty in the abstract and keywords. As a result, some relevant papers may not have been identified, even though we are confident that our search methodology has identified the most influential conversations on the topic of international business and poverty.

After decades of research, it seems that we still have considerable scope to gain a deeper understanding of the impact of MNEs and IB on poverty. At the same time, the cross-disciplinary literature points to major gaps that lead the way for future research on this topic. We hope that our study will entice other researchers to continue exploring this fascinating and important area of research.

## NOTES

<sup>1</sup>Numbers add up to 44 instead of 43 as one study explicitly compares the two types of globalization (Steinkopf-Rice, 2010) and has thus been included twice, in both categories.

<sup>2</sup>Consequently, numbers add up to 56 instead of 54.

<sup>3</sup>Here too, numbers exceed the total of 97 as papers sometimes cover more than one effect.

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## APPENDIX: LIST OF PAPERS

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