



Norwegian University of
Science and Technology

Job Creation in Underprivileged Rural Communities

Case: The LAMTIB Initiative in Myanmar

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Globalization

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PROBLEM DESCRIPTION

This thesis aims to investigate factors that contribute to, or harm, further development in Myanmar. The specific focus will be on job creation in rural underprivileged communities, as a strategy to leapfrog these communities out of poverty. It will focus on a CSR approach to development with a case study of the LAMTIB Initiative's work in Myanmar. The study is centred around theories on global wealth inequality and skewed alleviation of poverty, as well as the framework from the UN of the Sustainable Development Goals. The research will present the case, an analysis of the conditions in Myanmar and an analysis of the case's potential as a job creator in rural communities. Based on the research some further recommendations for the LAMTIB Initiative will be presented.

PREFACE

This thesis is conducted at the Norwegian University of Science and Technology and completes the two-years interdisciplinary master program: Globalization: Transnationalism and Culture. The thesis is handed in under the Department of Industrial Economics and Technology Management (IØT).

I would like to thank the people who have contributed to make this thesis a reality. My supervisor, John Eilif Hermansen, at IØT for support and help during the writing process. Tom Preststulen, managing partner at Elkem Chartering and the brains behind the LAMTIB Initiative. I am very thankful for the opportunity he granted me to work with, and learn about the Initiative, and his guidance along the way.

I would like to give a special thanks to Soe Thet San, the LAMTIB Initiative's country manager in Myanmar. The hospitality and generosity shown by her, her family and their contacts during my fieldtrip to Myanmar exceeded every expectative I could have had, and made it possible to truly experience the beautiful country. Her contacts, insight into the communities and her unwavering patience as a translator made the fieldtrip possible, and I am forever grateful.

The thesis would not have been possible without the insightful and informative answers to my interview questions provided by Soe Thet San and Alan Lee. Their insight into the workings of LAMTIB itself and the communities it operates within provided valuable information.

ABSTRACT

The aim of this study has been to reflect on a broader understanding of development challenges in Myanmar, with an emphasis on the agricultural sector. Sustainable poverty alleviation will be crucial to reach the sustainable development goals set forth by the UN. A vast majority of the global poor live in rural areas, and to end poverty these communities need to be targeted.

Key obstacles to rural development and business creation is identified as; access to credit, lack of infrastructure and technology, lack of network and weak rule of law. The study has found that the LAMTIB Initiative has a unique opportunity to boost job creation and hence, rural poverty alleviation. Their main strength lies in their leapfrogging technologies of energy and ICT tools.

Based on the results, recommendations have been proposed for further actions by the LAMTIB Initiative that could enhance job creation. These recommendations are specific for the structure and conditions of LAMTIB though some aspects and conclusions could be transferable to other development initiatives.

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LIST OF ABBREVIATIONS

APA	American Psychological Association
ASEAN	Association of Southeast Asian Nations
CSR	Corporate Social Responsibility
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign Direct Investment
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
HIC	Hatchery in Containers
IMF	International Monetary Fund
IMTA	Integrated Multi-Trophic Aquaculture
LAMTIB	Leapfrogging Autonomous Micro- Technopolis in Boxes
LAMTIB SEM	LAMTIB Social Enterprise Myanmar
MDG	Millennium Development Goals
NIC	Nursery in Container
OECD	Organization for Economic Co-operation and Development
PESTEL	Political, Economic, Social, Technological, Environmental and Legal
RTC	Real-Time Communications
SDG	Sustainable Development Goals
SWOT	Strengths, Weaknesses, Opportunities and Threats
UN	United Nations
WTO	World Trade Organization

1 Introduction

Myanmar finds itself in a challenging transition from an oppressing military rule to finding its way as a new democracy. The developmental challenges in the country are tremendous, but Myanmar also has the potential to grow rapidly as technology from the rest of the world can be harnessed to leapfrog¹ the population out of poverty. Poverty is a substantial issue in the country though it has declined in recent years. The poverty rate in the country has steadily declined from 32.1% in 2004 to 19.4% in 2015, as shown in a report from the joint efforts of the Ministry of Planning and Finance in Myanmar and The World Bank (The World Bank, 2018c). Despite this substantial decline in poverty about 37% of the population still live either near or below the poverty line.

The analysis shows, however, that poverty remains substantial, especially in rural areas where people rely on agricultural and casual employment for their livelihood. Those who live near the poverty line are susceptible to economic shocks.

(The World Bank, 2018b)

This study will analyse the factors which can influence further development in Myanmar and how job creation in rural communities can enhance poverty alleviation in the country.

The research questions sought to be answered in this study are:

- Which factors contribute to, or harm, sustainable development in Myanmar?
- What possibilities do the LAMTIB Initiative have to create sustainable jobs in rural underprivileged communities in Myanmar?

The development initiative LAMTIB, Leapfrogging Autonomous Micro- Technopolis In Boxes, is used as a case study to look at the issues at hand. This study will focus on the LAMTIB Initiative's strengths, weaknesses, threats and opportunities to leapfrog the underprivileged rural population in Myanmar out of poverty.

¹ «The «leapfrogging» concept has its origin in the belief that some countries, which today find themselves in a state of relative underdevelopment, industrially and technologically, have nevertheless the preconditions, the potential and the historic opportunity to transit, in a relatively short span of time, from the condition of relative underdevelopment to that of an advanced industrial and technological state» (Bhagavan, 2009, p. 48).

1.1 Background

In 2015 the United Nations developed new goals on sustainable development to replace the millennium development goals (United Nations, 2018a). The 17 Sustainable Development Goals, along with their 169 associated targets, aim to transform our world in a sustainable way. The SDGs are ambitious and comprehensive and efforts from multiple actors, both public and private, are essential to make the combined effort needed to reach the goals. An initiative like LAMTIB has the potential to affect this transition and contribute in its field to reach the goals set out by the UN.

The first goal in the SDGs aims to end poverty in all its forms everywhere. This is an ambitious goal which requires multiply targeted efforts from several actors. The poverty rate has significantly declined since the MDGs were set out, and from 1990 to 2010 the global poverty rate was cut in half (The World Bank, 2018a). However, poverty still remains substantial. The most recent comprehensive estimates of the poverty rate is from 2013 and shows that 767 million people, or 10.7 percent of the globe's population, were at the time estimated to live below the international poverty line, which is set to \$1.90 per person per day (World Bank Group, 2016b). The distribution of the global poor shows that a vast majority live in rural areas, are employed in the agricultural sector and are poorly educated. More than half of the global poor are under 18 years old (The World Bank, 2018a). The major issues for a significant part are the lack of access to financial and labour markets, and technology. And they lack the global influence needed to enhance their positions.

Former senior vice president and chief economist at the World Bank, Francois Bourguignon (2004) describes a relationship between poverty, growth and inequality in his 2004 paper "The Poverty-Growth-Inequality Triangle" (Bourguignon, 2004). He shows that income distribution matters as much as economic growth for poverty reduction and that income distribution has a direct effect on economic growth rates. According to Piketty (2014) half of the worlds wealth is controlled by the 1% richest people in the world, and their share is increasing. The skewed distribution of wealth in the world poses a serious risk to development and economic growth. In a world where the globes resources could be enough to provide its whole population, hunger and poverty are grave market failures that should be the top priority for everyone to correct. In 2011 the majority of countries had a Gini coefficient ranging from 0.25-0.60 for inequality in

the individual countries. If one looks at the numbers for global inequality, for the whole population of the world, the number lies outside this range, close to 0.7 (Milanovic, 2011). This shows that the structural imbalance of wealth distribution is a large issue on a global scale, not just within countries, and thus an issue that the global community has a responsibility to prioritize.

The outstanding faults of the economic society in which we live are its failure to provide full employment and its arbitrary and inequitable distribution of wealth and incomes (Keynes, 1936, p. 372)

1.2 The LAMTIB Initiative

The LAMTIB Initiative, hereby referred to as the Initiative, is a corporate social responsibility project that aims to change the inequality of wealth in the world. By harnessing the innovation, technology and platforms of business the Initiative wish to empower and leapfrog rural communities out of poverty (Tom Preststulen & Partners, 2016). The Initiative is still in its start-up phase when it comes to several aspects of the planned full extent of their work. Therefore, this thesis will look at both the current status of the projects and future plans and visions. The Initiative is based in Singapore.

1.3 Outline of Study

Chapter 2 describes the methodology used in the research, and describes the methods used for primary data, secondary data, analysis and ethics. Chapter 3 discusses theoretical framework and builds a theoretical and global perspective on the issues. Chapter 4 presents the Case, the LAMTIB Initiative, and the Initiative's aim, structure and current progress are presented. Chapter 5 is a PESTEL analysis of the macroenvironment in Myanmar. It looks into the political, economic, social, technological, environmental and legal factors in the country that could be relevant for the Initiative's operations. Chapter 6 presents the main SWOT analysis that looks at strengths, weaknesses, opportunities and threats the Initiative could face when carrying out operations in Myanmar. The internal factors, strengths and weaknesses, will build on the presentation of the case from chapter 4, while the external factors, opportunities and threats, will build on the theoretical framework from chapter 3 and the PESTEL analysis from chapter 5. Chapter 7 presents the results of the SWOT analysis and a discussion of the quality and limitations of the study. Chapter 8 proposes some recommendations for the Initiative's

further operations in Myanmar. While chapter 9 provides a conclusion to the study that will relate back to the research questions sought to answer.

2 Methodology

This thesis is a qualitative study into the effect/importance of small-scale business creation/job creation on development in underprivileged rural areas in Southeast Asia. As the case examined in this study is still in the implementation phase, primary data is a significant part of the foundation for this study. This chapter will describe the methods and analytical tools used to examine the research questions.

2.1 Research Structure

The research model in figure 2.1 is modified from Davies (1996, p. 27). The model presents the main pillars Observation, Context, Concepts, Construct and Conclusion, with the addition of the Case pillar. The arrows in the model shows how the pillars are linked together.

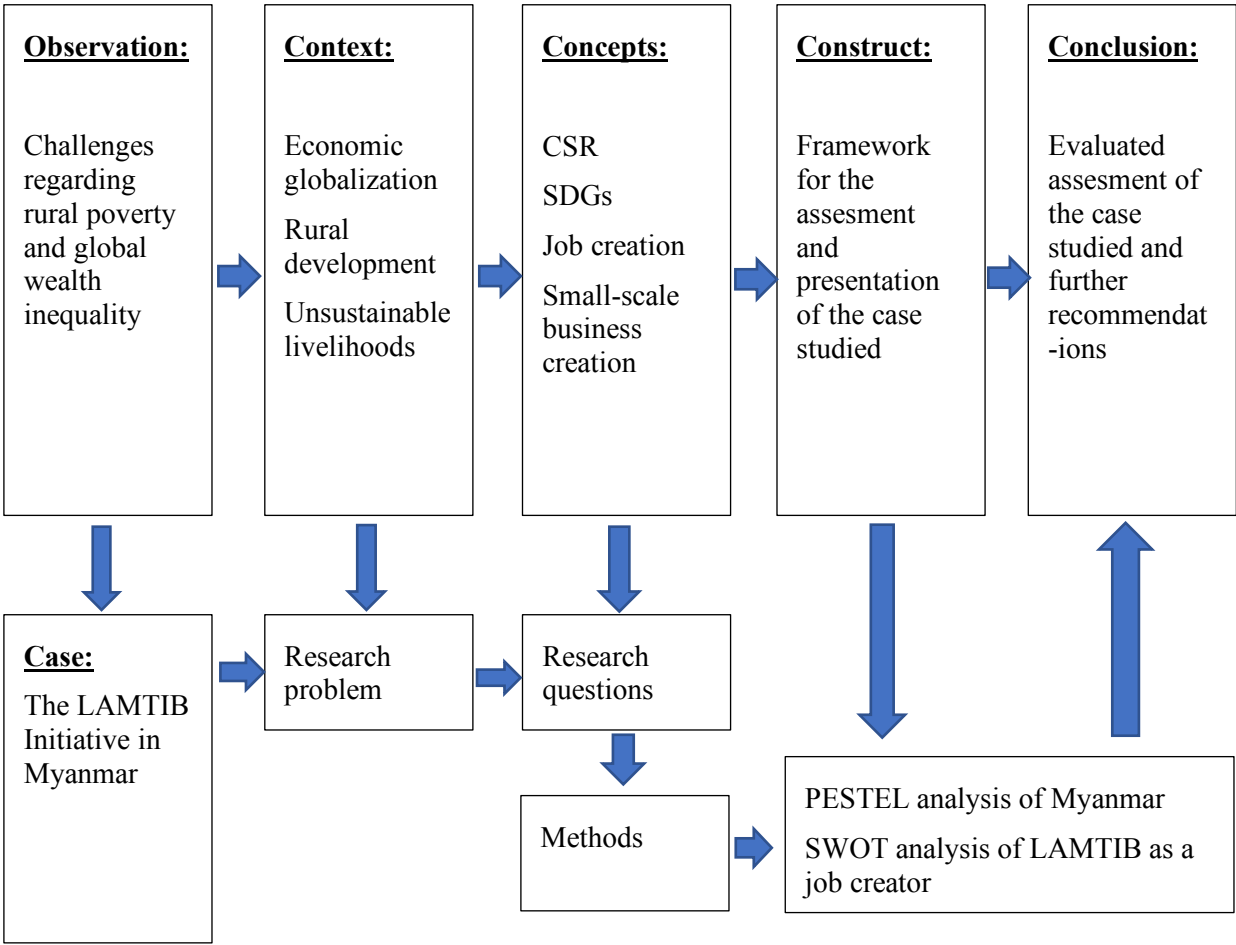


Figure 2.1: Research Model

2.2 Data

The collected data used in this study consists of both primary and secondary data. Hox (2005, p. 593) defines primary data as “...*original data collected for a specific research goal*” and secondary data as “...*data originally collected for a different purpose and reused for another research question*”. The secondary data is a collection of books, articles, information and theories relevant for the research topics and methods. In addition, the researcher has collected primary data through interviews with the people involved in the LAMTIB project, a field trip and through participant observation during an internship for Elkem Chartering in the fall of 2017.

2.2.1 Literature search

In addition to the primary data collected through participant observation and interviews the study includes a broad collection of information and previous research in the fields relevant for the research subjects. This both to place the research within a theoretical framework and to gain deeper insight into the topics researched to find the best allocation of resources for this specific project. The secondary information used is based on giving insight into the macroenvironment surrounding the project, most importantly when it comes to joint international efforts (SDGs) in poverty alleviation and creation of sustainable livelihoods, and the surrounding environment at the sites LAMTIB operates within.

The main search engine used is Oria, which is a joint search engine for the collected material of most Norwegian scholar and research libraries. In addition, Scopus, Jstor and GoogleScholar are used, with the latter mainly to find specific works already known to the researcher as the quality of the sources is not guaranteed through the search engine. The main part of the literature and concepts referred to is found by using different keywords, most frequently used are “poverty alleviation”, “rural poverty”, “small-scale business creation”, “job creation”, “development”, “sustainable development”, “SDG” and “economic inequality”. All searches have been conducted in English, and the majority of the data referred to in this study is written in English, with a few exceptions in Norwegian. The results found from these searches are supplemented with different keywords on specific economic theory found relevant by the researcher for the specific fields of this study and have thus been found with targeted searches.

In addition, information from the curriculum from the master's program in relevant subjects, is used frequently.

Specific sites as UN.org and worldbank.org is frequently used to find up to date information and data on the state of development and poverty globally and in specific areas, and also on the progress of the development efforts being targeted by the United Nations. From these organisations there are a few reports that is frequently referred to in this study and has worked as an important framework to place the projects developmental efforts in a global perspective. Most noteworthy of these are «Progress towards the Sustainable Development Goals: Report of the Secretary-General» (United Nations, 2017) and «Poverty and Shared Prosperity 2016: Taking on Inequality» (World Bank Group, 2016b).

Throughout the study it has been a priority to find up to date sources and information, and with the exception of certain economic and development theories all secondary data gathered contains as recent data as possible. The secondary data is mainly applied in chapter 3: Theoretical framework, with the exception of specific information relevant to supplement the primary data in the later chapters. The study includes a literature list as the last chapter, and sources are referenced according to the APA referencing style.

2.2.2 Case study

The case examined and analysed is the LAMTIB Initiative's possibilities when it comes to small-scale business creation and job creation in underprivileged rural communities in selected Southeast Asian countries. The most important foundation of the study is the insight into the project gained from working as an intern for Elkem Chartering in Singapore the fall of 2017. The researcher worked full-time on the Initiative's work.

To be able to take part of the everyday work, and to cooperate with the people involved in the project, provided the researcher with extensive knowledge of the visions, way of operating and status of the Initiative's work. The researcher's interdisciplinary academic background, with an emphasis on economics, showed valuable to better understand and observe the work being done by the Initiative.

Gerring (2004, p. 342) defines a case study as “*an intensive study of a single unit for the purpose of understanding a larger class of (similar) units*”. In this study the case, The LAMTIB Initiative, is used both to look at the possibilities of this specific project, but also to look into the general impact development efforts similar to LAMTIB could have on eradicating poverty and fulfilling the sustainable development goals. To be able to reach the goals put forward in the SDGs joint efforts from several actors are crucial, and private sector initiatives is one of these actors.

In the course of the internship the researcher underwent a 15-day fieldtrip to Myanmar. The fieldtrip took place before operations were up and running in the country, and included visits to possible sites, interviews and meetings with possible collaboration partners. Meetings with local businesses were conducted for the researcher to gain a better insight into business structure, workers conditions and rights in the country. The fieldtrip was undertaken with a fellow student researching the educational system in the country, which gave the opportunity for the researcher also to visit schools and meeting people working with education in the country. Though not directly linked to the research topic for this study, the meetings provided the researcher with a more comprehensive understanding of the country and its citizens. To better report and learn from the fieldtrip the researcher kept a diary throughout the fieldtrip, with notes from meetings, site visits and general observations.

2.2.3 Interviews

Two interviews have been conducted for the direct purpose of this study. Firstly, with Soe Thet San, Managing Director of LAMTIB Social Enterprise Myanmar (LAMTIB SEM) and Country Manager in Myanmar for the LAMTIB Initiative. Secondly, with Alan Lee, Aquaculturist for Gaia Mariculture. The concept of the LAMTIB Initiative was setup after Gaia Mariculture and is basically one and the same operation. Both interviews were conducted through email due to time difference and the difference in location, as Thet San is located in Myanmar and Lee in Singapore. The issues that can arise from not conducting an interview in person will be further discussed in the considerations section found in chapter 7.1: Considerations. Both interviews are frequently referred to throughout the study, especially in chapter 4: The Case, 5: PESTEL Analysis and 6: SWOT Analysis.

2.3 Analyses

To answer the research questions a SWOT analysis is used to examine the LAMTIB Initiative's strengths, weaknesses, opportunities and threats when it comes to small-scale business creation and job creation in underprivileged areas. As the prospect to create sustainable livelihoods for the rural underprivileged population is the underlying goal, the focus will be wider than just direct business creation. The project is in its initial stages and the analysis will contain both an examination of the current status and future possibilities. At the current stage the focus will be on the impact LAMTIB is making to improve livelihoods for the underprivileged population. As for future possibilities the research will emphasize both the impact on livelihoods and the prospects of small-scale business creation.

A SWOT analysis is a tool used to identify strengths, weaknesses, opportunities and threats to a business or organization when trying to reach an objective. Strengths and weaknesses are seen as internal factors within a business or organization, and opportunities and threats examine external factors from the environment the business or organization operates in. The structure of a SWOT Analysis is shown in figure 2.2.

The analysis is often linked to business strategy to achieve profit-maximizing and to realize a specific firm's challenges when competing with other firms or entering a new market. However, it is not limited to this use. The LAMTIB Initiative does not have a primarily market-driven/profit-driven approach but is structured as a CSR based development project. The Initiative still both have an objective and much of the work, especially at the current stage and when it comes to business and job creation, works as a for-profit social enterprise. The structure of the LAMTIB Initiative business side and the limitations of the methods used will follow in respectively chapter 4: The Case and chapter 7.1: Considerations.

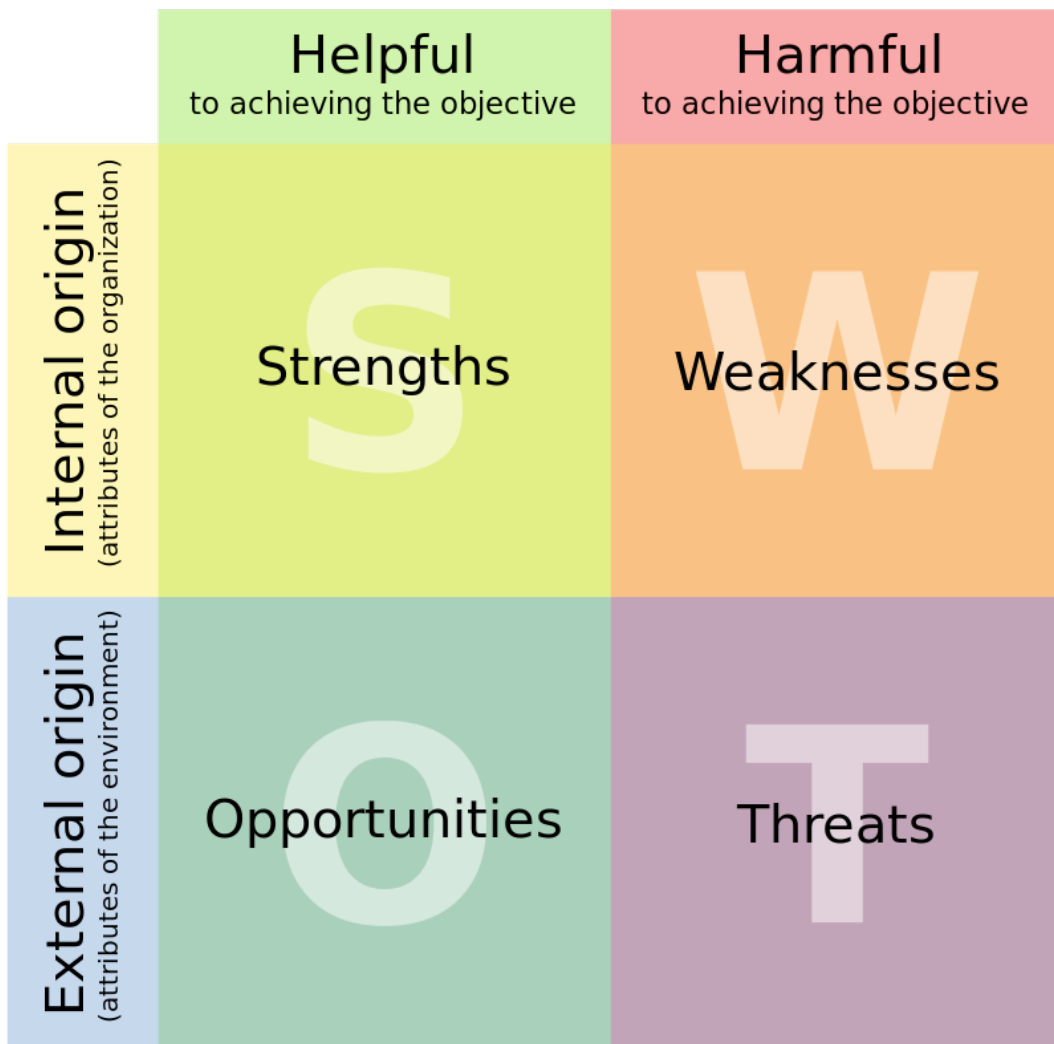


Figure 2.2: SWOT Analysis Structure (Professional Academy, 2018a)

This study will make use of a PESTLE analysis to assess the Initiative’s possibilities and threats when operating in Myanmar. A PESTLE analysis forms a more comprehensive version of a SWOT analysis. *This concept is used as a tool by companies to track the environment they’re operating in or are planning to launch a new project/product/service etc. (PESTLE Analysis, 2018).* This tool of the SWOT analysis looks deeper into the macro-environmental factors that could have an impact on a business or an organization’s operations. From this it will be easier to form a more comprehensive plan of action for a business or organization starting up in a new market as well as to identify the opportunities and threats when forming a SWOT analysis.

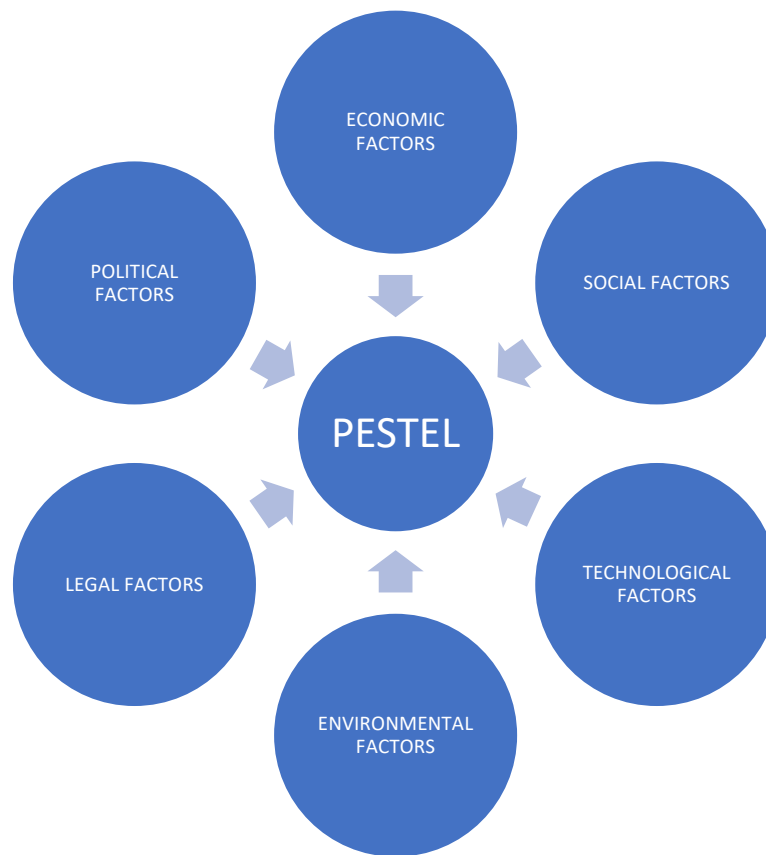


Figure 2.3: PESTEL Analysis Structure

The PESTEL analysis looks at the opportunities and threats for a company by analysing the macro-environment surrounding the business or organization. It looks into six specific aspects that could help navigate in a new environment and its structure is presented in figure 2.3.

Political factors will concern the level of, and how, a government intervenes in the economy. An organization has to take into account legislation in the environment it operates in, both in the current state and how this might change in the future (Professional Academy, 2018b). Anticipated future changes in legislation will be highly relevant to this study as LAMTIB is a CSR based initiative and will work in developing countries that might suffer from instability in the governmental sector. Relevant legislation from a government that can affect an organization could be “*government policy, political stability or instability in overseas markets, foreign trade policy, tax policy, labour law, environmental law, trade restrictions and so on*” (Professional Academy, 2018b).

Economic factors include both the macro -and micro economic factors that could impact an organization operating in an environment. Where macroeconomic factors refer to a country`s economic situation in terms of economic growth, exchange rate fluctuations, interest rates, trade balance and more. Microeconomic factors deal with the consumer -and producer side of the economy. The most relevant factors here are, but not limited to, disposable income (consumers and businesses), consumer spending behaviour and existing production patterns.

Social factors include the social and cultural environment of a society and could be described as the shared attitudes and beliefs of a population. These factors could include, but are not limited to, age distribution, population growth, health consciousness and career attitudes (Professional Academy, 2018b). It is important for an organization, regardless of whether they have a profit-driven or developmental approach, to understand the population and environment they operate in. Both in order to understand what drives them as consumers, and in order to maximize the effect of different aspects of development.

Technological factors relate to new innovation. It might be especially relevant when it comes to innovation and changes in the production of specific goods. Also, innovation can impact a business if new ways of distribution, or communication with consumers and markets, is rethought.

Environmental factors refer to ethics and sustainability when it comes to the effect a business or organization could have on its surroundings. It is an issue that has increased its importance because of the shift in focus when it comes to a business` or organization`s impact on the environment. Climate change and scarcity of raw materials are in focus more than ever, and consumers are increasingly demanding that products are produced ethically and as far as possible from sustainable sources.

Legal factors include both internal and external aspects to an organization or business. Internally the organization will have their own framework of policies and regulations concerning operations. External factors will be legislation in the environment the organization

operates in when it comes to labour laws, consumer rights, safety standards, product safety and so on.

2.4 Quality

This section will present different aspects considering the quality of a research study. A further discussion on whether these aspects have been considered when it comes to this research project will be presented in chapter 7.1.1: Quality of the Study. The following description will define validity, reliability and ethics as key aspects in determining the quality of a research project.

According to Bernard (2011, p. 41) **validity** refers to “*the accuracy and trustworthiness of instruments, data and findings in research*”. The term speaks of in what degree all components of a study can be trusted. To be able to trust the results and findings of a study the data the results are based on have to be accurate. **Reliability** considers if the results of a study would stay the same when repeated several times. For a study to be reliable the conclusion will stay the same independently of the number of times the study is repeated and by whom the study was conducted. If the researcher conducting the study has a bias or self-interest in the research topic it is likely that the conclusion and results would differ if the study were conducted by a different researcher. A research study should seek to portray the truth in the best manner possible and seek to do good. The ethical considerations are especially important in a study that involves people as participants, where participants level of privacy, consent and confidentiality is crucial.

3 Theoretical Framework

In this study the focus used to analyse the LAMTIB Initiative is to both look at the internal considerations for the organization, and to look at the macro-environment the Initiative operates within. The theoretical framework that will be presented in this chapter will reflect the global macro-environment. Issues of wealth inequality, the distributing of global poverty and the effect these have on development are favoured because it sets the premises for the issues the Initiative wish to tackle.

3.1 Sustainable Development Goals

In 2015 the Millennium Development Goals were replaced by the United Nations with the Sustainable Development Goals. There are 17 goals with 169 associated targets and the aim is to transform our world in a sustainable way (United Nations, 2018a). While as the MDGs focused on developing countries, the SDGs aim to be universal. The focus has shifted to the view that the actions of all nations, especially rich nations, are affecting sustainable development, most noteworthy when it comes to climate changes.



Figure 3.1: Sustainable Development Goals (UN Women, 2018)

The SDGs are comprehensive and ambitious and have received wide support from the academic community. However, some critics have pointed to the fact that the targets are not specific enough for clear action. In the report *“Review of Targets for the Sustainable Development Goals: The Science Perspective”* ICSU & ISSC (2015) it is shown that out of the 169 targets 49 (29%) are considered well defined, 91 (54%) require more work and to be more specific, and 29 (17%) are considered weak and require significant work. The report acknowledges that the SDGs are a large improvement from the MDGs, the study however shows that the targets *“...suffer from a lack of integration, some repetition and rely too much on vague, qualitative language rather than hard, measurable, time-bound, quantitative targets”*. Horton goes even further in his critic of the SDGs and describes them in *The Lancet* as *“...fairy tales, dressed in the bureaucratise of intergovernmental narcissism, adorned with the robes of multilateral paralysis, and poisoned by the acid of nation-state failure”* (Horton, 2014, p. 2196).

In this study the SDGs will be used as a framework to place the issues discussed in a global context, as part of the wider macro-environment looked at in the analysis part of the study. The SDGs are ambitious and comprehensive and efforts from multiple actors, both public and private, are essential to make the combined effort needed to reach the goals. At the home page of UNs website about the SDGs it is stated: *“Governments, businesses and civil society together with the United Nations are mobilizing efforts to achieve the Sustainable Development Agenda by 2030”* (United Nations, 2018a). An initiative like LAMTIB has the potential to affect this transition and contribute in its field to reach the goals set out by the UN. The SDGs and the progress of the SDGs will be presented here as a framework to be able to see more clearly what and where the Initiative could contribute in the process.

In figure 3.1 the 17 goals are presented. As seen, the goals are comprehensive and cover a wide range of development efforts that is needed to transform our world. The goals are all complex and are all important for the combined efforts needed to reach sustainable development in a wide sense. However, in the purpose of this study one goal will be the main focus. The first goal in the SDGs aims to end poverty in all its forms everywhere. The goal is far more ambitious than what was found in the MDGs. Here the goal where to cut the poverty rate from 1990 in half by 2015, which were accomplished ahead of time in 2010 (The World Bank, 2018a). The most recent comprehensive estimates of the poverty rate is from 2013 and shows that 767 million people, or 10.7 percent of the globes population, were at the time estimated to live

below the international poverty line, which is \$1.90 per person per day (World Bank Group, 2016b). The distribution of the global poor shows that a vast majority live in rural areas, are employed in the agricultural sector and are poorly educated. More than half of the global poor are under 18 years old (The World Bank, 2018a).

The global poverty rate decreased from 28 percent in 1999 to 10.7 percent in 2013 (United Nations, 2017). The decline in the poverty rate is unevenly distributed between different parts of the globe and can therefore give a somewhat wrong picture of status in some regions. Regions with the highest decrease in the poverty rate were in 2013 east and southeast Asia. The poverty rate here declined from 35 percent in 1999 to 3 percent in 2013 (United Nations, 2017). In contrast to these regions, sub-Saharan Africa still suffered from conditions of extreme poverty with 42 percent of the population still living beneath the poverty rate. The progress in the east and southeast Asian countries is highly significant and can be backed up by trends in the global economy. Dicken (2015) singles out the resurgence of the Asian economy as *“by far the most significant global shift in the world economy during the past 50 years”* (p. 28). It is further pointed out the importance of economies such as Japan, China and India, and the rapid growth of the newly industrialized economies of Hong Kong, Korea, Singapore and Taiwan. Of these countries only Singapore is part of Southeast Asia, and if the numbers are isolated, the Southeast Asian countries poverty rate were at 7% in 2013, significantly higher than the 3% estimated when combining the east and southeast Asian countries (ASEAN, 2017). The southeast Asian region still suffers from low development to a significant extent. Even though extreme poverty in the Southeast Asian countries fell from 17% in 2005 to 7% in 2013, 36 million people are still estimated to live below the poverty line (ASEAN, 2017).

For this study poverty alleviation is the main focus, however two other goals are worth mentioning; Economic growth and reducing inequalities.

Decent work and economic growth aim to *“Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”* (United Nations, 2018b). In his report concerning the progress towards the SDGs the Secretary-General states that *“..increasing labour productivity, reducing the unemployment rate, especially for young*

people, and improving access to financial services and benefits are essential components of sustainable and inclusive economic growth” (United Nations, 2017, p. 10).

Reduce inequalities aims to reduce inequalities both within and among countries. In his report, the Secretary-General focuses on the inequalities between developing and developed countries. He points to two factors; The need to strengthen developing countries role in decision-making forums of international financial and economic institutions, and that the high cost of money transferring reduces the benefits from remittances (United Nations, 2017).

3.2 Economic Globalization

“Globalization: The myriad forms of connectivity and flows linking the local (and national) to the global – as well as the West to the East, and the North to the South” (Steger, 2013, p. 2).

The term globalization is complex and covers a wide range of areas, such as economic, political, social and cultural. In the context of this study it will be most useful to look at the economic aspect of the term, and this subchapter will therefore be limited to economic globalization. This is not to say that the other aspects mentioned could not be relevant for the study, but as the term is so complex it will be more applicable to look at the part that closest relate to the issues studied.

Economic globalization concerns the increased interconnectedness in the world economy. Steger (2013, p. 37) defines economic globalizations as a term that *“refers to the intensification and stretching of economic connections across the globe”*. Today the world is highly connected when it comes to financial systems, trade and flows of goods and services. The focus on economic cooperation after the Second World War, with the establishment of institutions as the International Monetary Fund (IMF), The International Bank for Reconstruction and Development (later known as the World Bank) and the General Agreement on Tariffs and Trade (GATT), which later was succeeded by the World Trade Organization (WTO). The establishment of these institutions, in addition to the currency system also adopted at the Bretton

Woods conference², formed an economic environment that led to what Steger (2013) refers to as the golden age of controlled capitalism, that lasted until the collapse of the regime in the early 1970s. In the 1980s the focus of the political leaders in both the US and Britain shifted from a state-regulated economy to a neoliberal free market direction. Thus, moving away from the economic ideas of John M. Keynes with state-regulated economy to the liberal thinking of Adam Smith and David Ricardo of self-regulated markets. To enhance the political agenda to liberate the state-regulated economies around the world business elites in the US and Japan began to link the term globalization to this process (Steger, 2013).

In the book *Global Shift*, Dicken (2015) points to three major dimensions of the increasing interconnectedness within the global economy:

Firstly, the notion that trade has grown faster than output. Dicken (2015, p. 17) shows that exports (trade) have grown significantly faster than output (GDP) close to every year since 1960. The ratio of trade to output a country is facing shows how much a country's economy depends on external trade, high ration yields a high dependency.

Secondly, economic interconnectedness has grown due to the fact that foreign direct investment (FDI) has grown faster than trade. Foreign direct investment is “...*direct investment across national boundaries to buy a controlling investment in a domestic firm or to set up an affiliate*” (Dicken, 2015, p. 19). With only a few exceptions, the growth in FDI was higher than trade all the way from 1985 until the onset of the financial crises in 2008. This trend is significant because it shows a shift in the mechanisms of economic interconnectedness from mainly trade to not only include FDI, but to FDI as the main mechanism.

Thirdly, the emerge of structural imbalance in the global economy caused most notably by the networks of trade and FDI. The increased dependency on trade and the economic interconnectedness have created a situation where some countries run huge trade and current

² The Bretton Woods conference in 1944 gathered the major economic powers of the global North, under the leadership of Great Britain and the United States of America, to find a common ground to reverse the protectionist economic policies from the interwar period (Steger, 2013).

account deficits while others have large surpluses. In other words, the global economy ends up in a situation where some countries finance their deficit by issuing more debt while some countries accumulate too much capital for their economy to absorb. This situation creates an imbalance and instability in the global economy.

3.3 Inequality and Development

The economic system dominating the world today is largely developed by the western world, with the USA in the leading role. This reflects from their dominating role in the global economy after the Second World War, in 1950 the USA alone accounted for more than one fourth of the global GDP (Dicken, 2015). To experience economic growth development countries are largely connected to and also reliant on outside capital. As so, to grow as an economy, a country in development is closely bound to the dominant economic systems that operate in the world today to succeed. The following subchapter will look into economic inequality firstly when it comes to the balance between core and periphery countries, and how the imbalance in capital affects development processes. Secondly how inequality affects economic growth. Core countries in this context refer to western developed nations, while periphery countries refer to developing nations. Three development theories are interesting to look closer at in this perspective.

3.3.1 Development theory

Modernization theory rose as the dominant theory on development in the era after the Second World War. According to Greig (2007) the key defining feature of modernization theory is *“that all societies will inevitably converge as they industrialize and pass through ascending stages of growth”* (Greig, 2007, p. 111). Modernization theorists believed that the most efficient way to experience development and growth for periphery countries was to implement financial structures and patterns from core countries. Periphery countries would in this way hold an advantage compared to the core countries when they developed their economies with learning from the core countries’ experience and their now developed systems. By providing financial aid and technological assistance core countries could generate the exogenous force needed to *“unlock the forces of self-generating economic growth”* (Greig, 2007, p. 75) in the periphery countries. In this way, theorists believed that periphery countries could catch up to the core countries and in this process eradicate the (economic) inequality gap between countries (Greig, 2007).

Dependency theory rose as a challenge to the modernization theory in the 1960-70s. “*The core accumulated its resources for modern development through exploiting countries that consequently underdeveloped*” (Greig, 2007, p. 91). By forcing western capitalism onto the periphery countries their development performances, and ways of obtaining development, would only be measured according to the core countries standards, not adjusted to their own economies and systems. Capitalism is largely built on the premises of a divided globe with a core of developed nations and a periphery of undeveloped countries. Dependency theorists would argue that this imbalance is one of the central aspects of capitalism (Greig, 2007). Therefore, economic development in the periphery countries will stagnate because the system is built on the premises of the core exploiting the periphery. Figure 3.2 shows the geographical division of labour that development theorists viewed as the core exploiting the periphery, resources (raw materials) are moving from the periphery to the core, while manufactures were sold back in periphery markets.

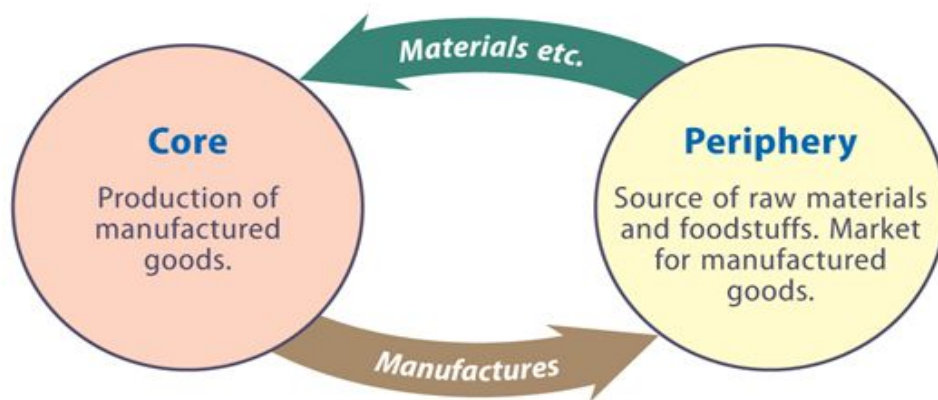


Figure 3.2: Geographical Division of Labour (Dicken, 2015, p. 15)

Neoliberalism is capitalism without government interference. It builds on the ideas of Adam Smith (1723-1790) and his theory of “the invisible hand” that explains how economic mechanisms lead to self-regulating markets where the equilibrium between supply and demand will bring the best allocation of resources for all (Smith, 2008). In the aftermath of the Second

World War the core countries were set on leading an economy with more state regulation of the markets with the use of financial and monetary policies formed by the ideas of John Maynard Keynes (1883-1946). With the fall of the Bretton-Woods system the Keynesian economies were gradually replaced with neoclassical theories of economy and moved further towards a laissez-faire³ understanding of economic markets. This started with the USA working as a “prototype” for the economic system with their deregulation of the financial markets starting in the 1980s, their status was used to promote neoliberalism to the periphery countries. Neoliberals argue that free markets are the most effective way to develop a nation through democratic capitalism, through the private sector and private entrepreneurship. “The invisible hand” will lead to the best allocation of resources and the country will experience multiplying economic growth through the market forces (Greig, 2007).

The similarity in all three of these theories is the link to adaption of capital systems brought forth by the western countries. Modernization theorists and neoliberals are positive to the effect capitalism would have on growth in development countries, while dependency theorists see the relationship between core and periphery countries as a way of exploitation from the core countries with a negative effect on periphery countries.

As pointed out by modernization theorists the positive influence for development countries is that they have systems they can adapt which shortens the process of development by not having to build a whole new system from scratch, and rather learn from the experience of the core countries. One issue that could be argued is that the world is much different now than when the core countries built their economies. The intricate web of economic interconnectedness existing globally today makes it virtually impossible for a country to run autonomous decision making when building industries. The price of being part of the international economy is to give away control of some aspects on how industries are built, often with the loss of local content in resource industries.

³ Laissez faire is «a phrase borrowed from the French that indicates an economy left alone to reflect, without involvement by the state, the decisions of free enterprises in markets» (Stilwell, 2012, p. XVI).

3.3.2 Economic Inequality

“Economic growth under capitalism may have far surpassed that of other economic systems, but inequality remains one of its most controversial attributes” (Jahan, 2015)

The link between development in periphery countries and economic inequality has several aspects, in the context of this study the researcher has chosen to focus on two of these. The relationship between inequality and development, and global distribution of wealth between the richest and the poorest.

Firstly, the relationship between inequality and development, here seen as economic growth. According to Milanovic (2011) there has historically been a view amongst economists that inequality is good for growth, and that some level of inequality is necessary to propel economic growth. Okun (1975), an influential American economist, argued that there is a trade-off between equality and growth, and societies will have to choose how much of one they are willing to sacrifice for the other. This view has been widely held by economists, but in recent years the position that income inequality harms economic growth has gained confidence amongst several economists as an alternative view to the original theory of a trade-off between the two. Milanovic (2011) credits this shift in positions to the growing importance human capital holds in development. The reasoning he argues is that savings and investment were the key to economic growth when physical capital were more important, while widespread education is the key to economic growth when human capital is increasing its importance in economic development. Berg (2011) finds that the level of inequality could be the deciding variable between countries that experience rapid growth for many years, or even decades, and countries that experience growth spurts that fade quickly. According to Berg (2011) countries may find that they can improve their efficiency, here seen as bettering sustainable long-term growth, by improving equality.

Former senior vice president and chief economist at the World Bank, Francois Bourguignon (2004) describes the relationship between poverty, growth and inequality in his 2004 paper “The Poverty-Growth-Inequality Triangle”. The model proposed in the paper considers the interactions between inequality and growth and thus differs from previous models looking at poverty which have looked at the two variables separately. Figure 3.3 shows the effect the three

variables have on each other, where both inequality and growth affect poverty, while there is a two-way relationship between inequality and growth.

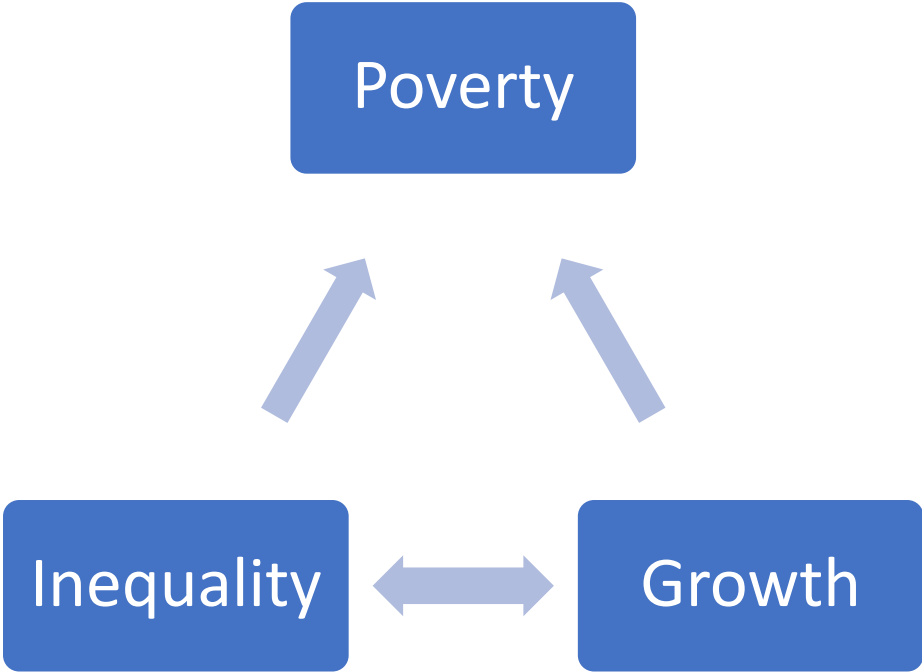


Figure 3.3: The Poverty, Growth and Inequality Triangle

The effect on poverty can be decomposed as a function of income distribution (inequality), the change in distribution (change in inequality) and growth. To effectively reduce poverty both growth and inequality need to be a priority, as a positive change in income distribution will increase the effect on poverty for a given level of growth. Considering the SDGs growth alone will not be enough to fulfil the goals set forth by the UN. Bourguignon (2004) finds a negative correlation between wealth inequality and growth, which means that redistribution of income may lead to increased growth.

Kuznets (1955) describes the relationship between development and inequality as an inverted U-shape, as shown in figure 3.4. Kuznets assumes that in the stage before development most of the population will be poor, and there will be only a small gap between rich and poor. When development starts off some people will experience growth rapidly and exploit their advantage, which will increase the gap between the rich and poor in an economy. This early growth may be concentrated in the modern sector, where employment is limited, while wages and

productivity are high. The turning point, at the top of the U-shape, shows that when an economy has developed to a certain level more resources will be allocated to benefit the population as a whole. The process of industrialization leads to democratization and a welfare state with mechanisms of redistribution. The inequality gap will then decrease.

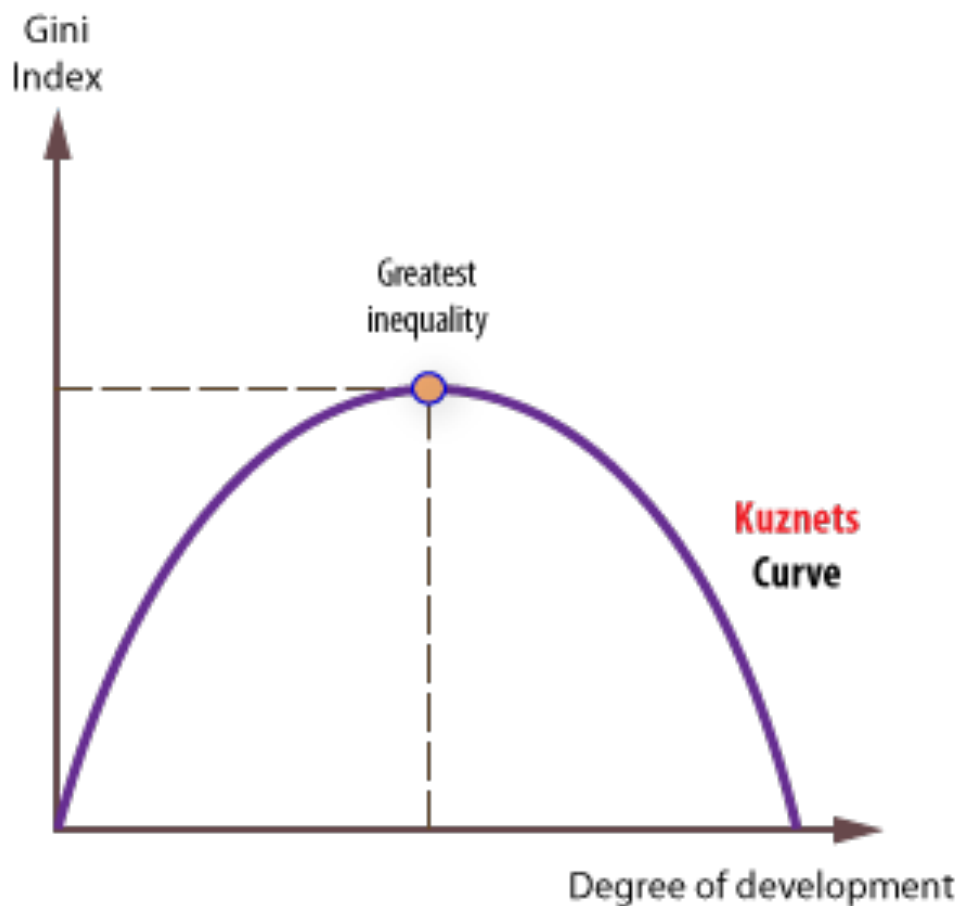


Figure 3.4: Kuznets Curve. (Economics Online, 2018)

The Gini index on the Y-axis of figure 3.4 refers to the level of inequality by rating the distribution of income from 0 to 1, where 0 means perfect equality and 1 means perfect inequality (Todaro, 2015).

There has been several critics of Kuznets view on inequality and development. Palma (2011) argues that several low-middle and low income countries today, have a distribution of income similar to that of many middle-income countries. Thus, the statistical evidence for the relationship between inequality and development for the upwards side of the graph has disappeared. In his book “Capital in the Twenty-first Century” French economist Piketty (2014) suggests that Kuznets mistook the data gathered previous to his study as the end of the

cycle. He suggests that the drop in inequality Kuznets describes is not the end of the story, and shows to growing inequality since the 1950s. In his concluding remarks Kuznets himself makes the humble remark that “the paper is perhaps 5 per cent empirical information and 95 per cent speculation, some of it possibly tainted by wishful thinking” (Kuznets, 1955, p. 26).

The second aspect of economic inequality is the divided global distribution of capital between the richest and poorest in our world. Capital tends to accumulate at an increasing rate. Data from the OECD countries show that income inequality is at the highest level measured for the past half century. Across the OECD the richest 10 per cent of the population has an average income around nine times what is the case for the poorest 10 per cent (OECD, 2018). Piketty (2014) points to the relationship between rate of return on investment (r) and the growth rate of the economy (g) to show the mechanisms behind the tendency for capital to accumulate. Looking at data tracing back to the 18th century Piketty finds that the rate of return on investment frequently overgoes the overall growth rate of the economy in a market economy. This implies that wealth will increase faster than earnings, and the escalating trend of the gap between the two rates makes wealth inequality inevitable rising to indefinite heights if the markets are not corrected. Assuming that all other variables are held constant, $r < g$ implies a diminishing importance of wealth, whereas $r > g$ implies an increase in the importance of wealth. Government policies favouring income distribution and taxation of financial transactions are crucial to correct the market failure which inequality can be seen as. Piketty (2014) recommends that governments take action by implementing a global tax on wealth, in order to control that the ideas of Adam Smith of the invisible hand will steer the markets to an allocation of resources to the best for all. In 2011 the majority of countries had a Gini around 0.40, with a range from 0.25-0.60. If one looks at the numbers for global inequality, between the whole population of the world the number lies outside this range, close to 0.7 (Milanovic, 2011). This shows that the structural imbalance of wealth distribution is a global issue, not something each country's government can deal with on its own.

I believe that we can create a poverty-free world because poverty is not created by poor people. It has been created and sustained by the economic and social systems that we have designed for ourselves; the institutions and concepts that make up that system; the policies that we pursue.

(Yunus, 2006)

3.4 Investments in Underprivileged Communities

In *A Theory of the low-level equilibrium trap in underdeveloped economies* Richard R. Nelson (1956) presents this theory concerning development countries' ability to break out of a circle of poverty. The theory describes how a situation of low per capita income leads to low levels of saving and investment, which results in a low rate of economic growth. To escape the trap, the growth rate of per capita income has to increase more than the growth rate of the population. According to Nelson (1956) above a certain level of per capita income this method of escaping the trap will lead to a spurt of continuous economic growth without further government actions, until a high and stable level of per capita income is attained.

In the book "The Fortune at the Bottom of the Pyramid: Eradicating Poverty Through Profits", economist C. K. Prahalad (2010) presents a sustainable way for businesses to increase their profits, that simultaneously helps integrate underprivileged communities in the economic markets. Figure 3.5 shows the division of global wealth among the globe's population.

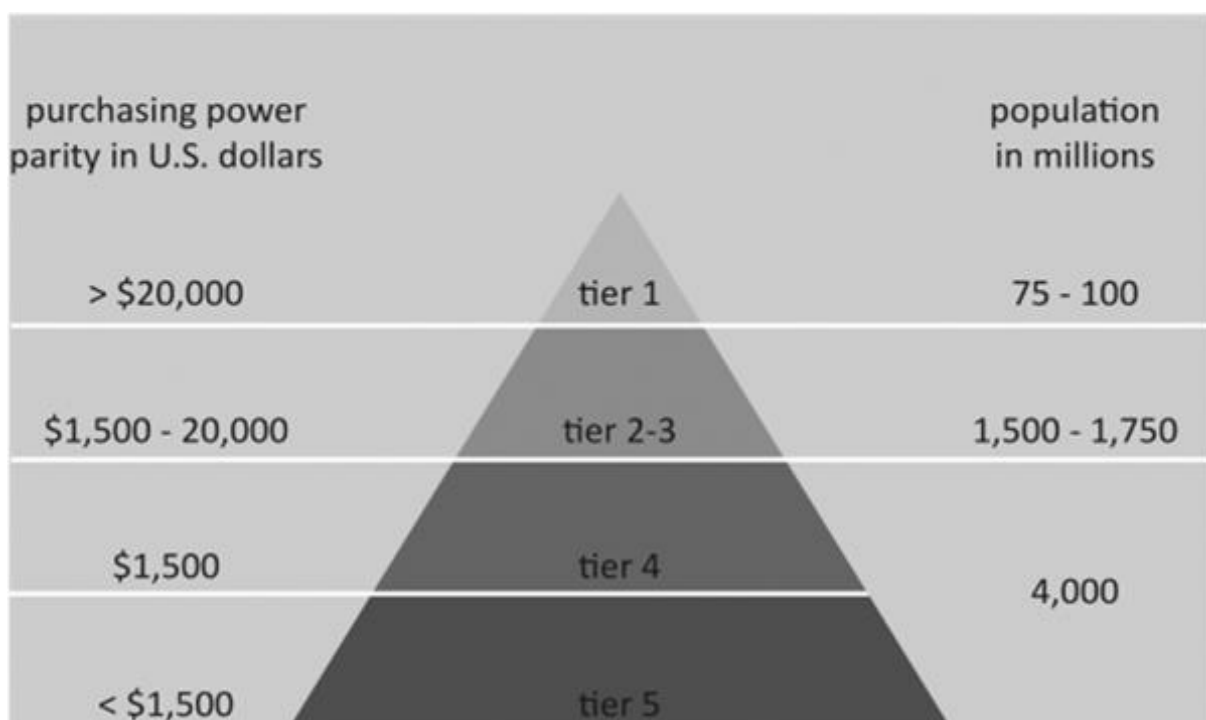


Figure 3.5: *The Economic Pyramid* (C. K. Prahalad, Hart, S., 2002)

C. K. Prahalad (2010) describes how the 4 billion people in the bottom of the pyramid, tier 4 and 5, consists of consumers in largely untapped markets. Even though these are not strong consumers with a high disposable income the joint potential consumption from this group

adds up to a substantial sum. The issues for businesses are often that they do not see the potential because the markets do not fit their usual business models. By including local communities in their business strategies businesses can benefit from already existing sales channels, and create new ones, to reach largely untapped markets. Specific strategies and products need to be applied to target the people's needs, and to generate profit businesses have to distribute in high quantity. The strategy shows a way for both businesses to broaden their consumer base and to provide local communities with much needed services by also including them in this process. The bottom two tiers of the pyramid do often not have access to global markets and therefore have to pay more for products and services. Unless the bottom tiers can access the economic markets, they have very small chances to reach a state of sustainable development and growth.

What is needed is a better approach to help the poor, an approach that involves partnering with them to innovate and achieve sustainable win-win scenarios where the poor are actively engaged and, at the same time, the companies providing products and services to them are profitable.

(C. K. Prahalad, 2010, pp. 27-28)

3.5 Corporate Social Responsibility

There exist numerous different definitions of CSR and there are debates on what components and actions construct CSR. In one study Dahlsrud (2006) analyse 37 different definitions he has identified of the concept, and chances are there are probably several more. In this study a rather general definition from The European Commission will be used “...*the responsibility of enterprises for their impact on society*” (The European Commission, 2018).

One of the widely known models for CSR framework is Carroll's CSR pyramid. The pyramid constructs a framework to define CSR in four parts.

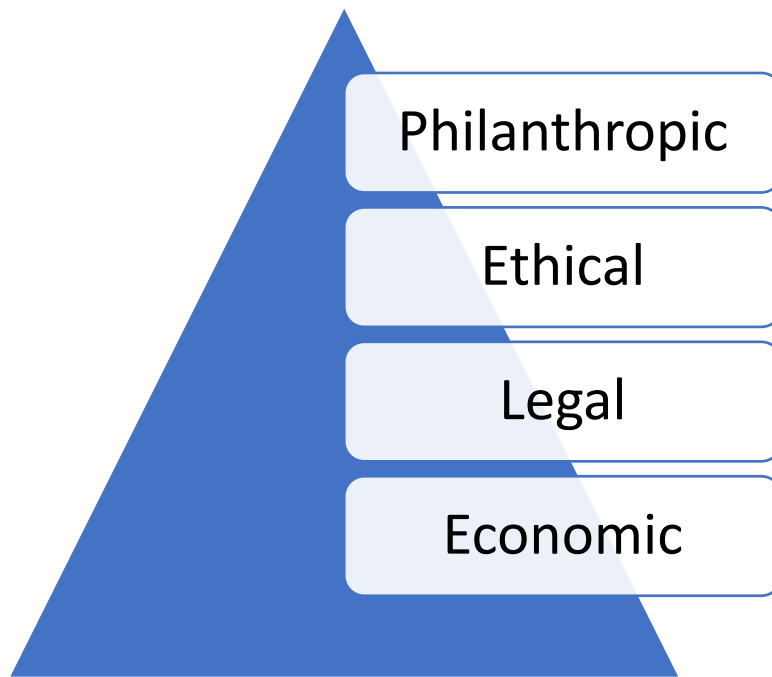


Figure 3.6: The pyramid of Corporate Social Responsibility (Carroll, 1991)

Economic responsibilities refer to the responsibility to be profitable, and it is required by society. Components of the economic responsibilities of a business is being as profitable as possible, hold a strong competitive position, high level of operating efficiency and maximizing earnings per share. To be a successful business it is important to be defined as being consistently profitable (Carroll, 1991)

Legal responsibilities refer to a business' responsibility to comply with laws and regulations from state and local governments, and it is required by society. Components of the legal responsibilities of a business are operating consistent with expectations of law and government, to comply with federal, state and local regulations, to be a law-abiding corporate citizen and provide goods and services that meet legal requirements. To be a successful business it is important to be defined as one that meets its legal obligations (Carroll, 1991).

Ethical responsibilities refer to a business responsibility to act ethically both to external factors as for example the environment and internally as for example towards their employees, and it is expected by society. Components of the ethical responsibilities of a business is operating consistent with the expectations of social and ethical norms, recognize evolving norms adapted by society, not compromise ethical norms to achieve corporate goals. It is important ethics and corporate integrity go further than only complying with laws and

regulations, and that good corporate citizenship is defined by doing what is expected both ethically and morally (Carroll, 1991).

Philanthropic responsibilities refer to a business' responsibility of voluntary and discretionary activities, and it is desired by society. Components of the philanthropic responsibilities of a business are acting consistent with charitable and philanthropic expectations, participation in charitable and voluntary activities in their communities and provide assistants to educational institutions. It is important to assist and select projects that enhance a communities quality of life (Carroll, 1991).

In their book "Corporate Social Responsibility: Doing the Most Good for your Company and Your Cause" authors Lee and Kothler (2004) identify and analyses six corporate social initiatives:

1. Corporate cause promotions: increasing awareness and concern for social causes
2. Cause-related marketing: making contributions to causes based on product sales
3. Corporate social marketing: supporting behaviour change campaigns
4. Corporate philanthropy: making a direct contribution to a cause
5. Community volunteering: employees donation their time and talents
6. Socially responsible business practices: discretionary business practices and investments to support causes

The six strategies include both cause marketing strategies and corporate citizenship approaches. Cause marketing strategies refer to when a company's actions have the purpose of both increasing profits and improving society. Corporate citizenship refers to the recognition of a company's role in the society it operates in when it comes to its environmental, social and cultural responsibilities, and are altruistic actions from a company. In Carrolls model of CSR the two factors economic responsibilities and legal responsibilities are viewed as required by society, ethical responsibilities as expected and philanthropic responsibilities as desired by society. The ethical responsibilities could be seen as cause-related marketing. It is expected by society, and to not comply will therefore be seen as unethical which can reflect negatively on the company, and hence affect its profits. The philanthropic responsibilities are on the other hand just desired of society and inaction will not necessarily reflect badly on the company. Philanthropy is, and has historically been one of

the most important aspects to define CSR, and can be described as good corporate citizenship (Carroll, 2016).

CSR operations are widely used in companies globally and are considered an important part of market strategies. Some free-market economists however argue that social issues are not the concern of businesspeople. Friedman (1962) argued that these issues should be resolved without the interference from businesses, and rather by the workings and allocations of the free markets.

4 The Case

We want to provide qualified off-grid areas with the output from adequate technologies, as well as relevant training, in order to empower and enable hardworking and motivated people to leapfrog out of poverty.

(Tom Preststulen & Partners, 2016, p. 4)

This chapter will present the structure and aim of the LAMTIB Initiative and provide an overview of the Initiative's current projects.

4.1 Mission

The Initiative is a CSR project that aims to change the inequality of wealth in the world. By harnessing the innovation, technology and platforms of business to help empower and leapfrog rural communities out of poverty (Tom Preststulen & Partners, 2016). The Initiative's mission is as follows: *"Empowering underprivileged through sustainable leapfrogging technologies"* (Tom Preststulen & Partners, 2016, p. 3).

4.2 The LAMTIB Initiative: Content

A common issue when entering remote rural communities is access barriers. The Initiative decreases this issue by using 20 feet standardized shipping containers to deliver relevant technologies to the communities. This makes the program scalable and fast to mobilize, and the containers can be customized to target specific needs for any new site. The project content is structured as shown in figure 4.1. The two main pillars information and communication technology (ICT) and energy are enabling technologies. With these two combined with the 5 pillars below; Healthcare, education, clean water, sanitation and food production, the Initiative seeks to give underprivileged people the tools needed to create small-scale business and to leapfrog out of poverty. The following subchapters will further describe the pillars shown in figure 4.1.

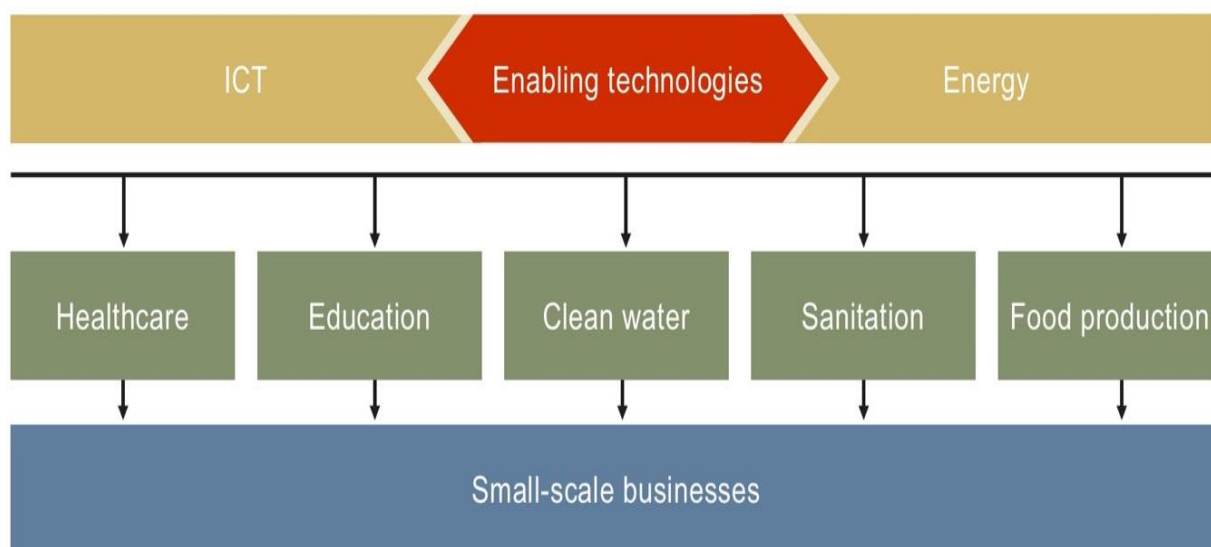


Figure 4.1: The LAMTIB structure (Tom Preststulen & Partners, 2016, p. 4)

4.3 Enabling Pillars

The combination of ICT and solar energy will make it possible to enable the remaining pillars of healthcare, education, clean water, sanitation and food production. Both ICT and solar energy will be provided through some of LAMTIBs partner companies.

Information and communication technology are one out of the two main pillars in the structure of the Initiative. The ICT is provided by the company Temasys, which is a leading provider of real-time communications (RTC) technology. The company develops the Skylink Web RTC platform, which provides a “...*secure, reliable and scalable infrastructure that makes it easy for iOS, Android and Web developers to embed live video, voice, text chat, file transfer, screen sharing and more – into applications and websites*” (Temasys, 2018). For the Initiative’s work the inclusion of Web RTC will make it possible for rural isolated communities to leapfrog technological ladders and in doing so increase their possibilities to pursue effective and sustainable economic growth (Tom Preststulen & Partners, 2016).

Energy is the second main pillar in the structure of the Initiative. Solar energy to the project is provided by the Norwegian based company REC. REC do not only manufacturing solar panels, but also everything that goes into them, and it is the largest European brand of solar panels

(REC, 2018a). For the purpose of the Initiative's project a SolarBox will be used, which is delivered in a 20-foot container that contains all necessary components. The box works as a portable power station and is specifically designed for remote and/or rural areas that suffer from limited grid access and high diesel prices (REC, 2018b).



Figure 4.2: REC SolarBox (REC, 2018b)

4.4 Content

The next five pillars in the LAMTIB structure, enabled by ICT and energy, provide the foundation to further enable the creation of small-scale business.

Healthcare is an extremely important requirement for people to be empowered and to sustain a decent livelihood. According to the World Health Organization (2018) less than half of the world population as of today receives all the health services that they need. Healthcare, or lack of it, is a strong driver of poverty. Health services are often expensive and can impose a big threat to a household economy when it must be paid out of people's own pockets. During the course of 2010 alone, almost 100 million people were pushed into extreme poverty due to health service payments (World Health Organization, 2018). Many remote rural areas, especially in developing countries suffer from a low possibility to use the medical facilities needed, both due to poverty and lack of access to health facilities. The Initiative wants to incorporate the use of real-time WEB technologies to contribute to treating patients with diagnostic telemedicine and communications technology (Tom Preststulen & Partners, 2016). This contribution will solve

some of the issues related to the lack of, and distance to, much needed medical facilities. The use of real-time WEB technologies will increase the efficiency of emergency aid and intensive care. Teams of medical and technological professionals internationally will have an easy access way of helping underprivileged with the provision of diagnostic and monitoring services (Tom Preststulen & Partners, 2016).

Education is a vital part of empowering rural underprivileged people and to help lift them out of poverty. According to the UN (United Nations, 2017) about 263 million youth and children were out of school in 2014, this including 61 million children of primary school age. The Initiative believes that the use of online education modules is an efficient way of sharing knowledge in an easy and scalable way. The Initiative's vision has a particular focus on teaching of targeted skills and practical training. *“Online education modules and teaching of targeted skills will empower the local people in remote rural areas. This will increase the inflow of information and knowledge, both in terms of academic and practical skill, which are required for further development”* (Tom Preststulen & Partners, 2016, p. 9). The Initiative will in this way meet a need in the communities for practical skill acquiring, both for school dropouts and the rest of the population.

Clean water is vital to life and an important health factor, especially in rural areas. Numbers from 2015 shows that 6.6 billion people, that is more than 90 percent of the world's population used improved drinking water sources (United Nations, 2017). Of the less than 10 percent who did not, a dominating part lived in rural areas. The Initiative mentions container-based systems as a possibility to increase the availability of clean water in rural areas (Tom Preststulen & Partners, 2016). There are several types available that enable treatment of different water sources. Easy access to clean water promotes empowering of rural areas by freeing time and resources which can be reallocated towards more productive means (Tom Preststulen & Partners, 2016).

Sanitation is essential to human health and environmental sustainability. According to Tom Preststulen & Partners (2016) 2.5 billion of the world's population lack access to adequate sanitary facilities, out of these 70 percent live in rural areas. The Initiative wants to take part in

the work for better access to sanitary facilities in rural areas by the use of new and innovative solutions (Tom Preststulen & Partners, 2016).

Food production is important to sustain food security and a sustainable way of living in rural areas. The UN estimated that in the period between 2014-2016 about 793 million people were undernourished globally (United Nations, 2017). Tom Preststulen & Partners (2016) points to the factors such as lack of infrastructure, knowledge and technology as causes which decrease productivity and depletion of natural resources. The Initiative's solution to food security includes:

- Hatchery in Container (HIC) is the starting point for micro sea farms enabling increased environmentally-friendly production through Integrated Multi-trophic Aquaculture – IMTA – replicating local bio-diversities.

- Aquaponics is raising fresh-water fish like Tilapia in an integrated system of soil-less plant growing, achieving multiple synergies, recycling nutrition and filtering water.

- Nursery in Container (NIC) is a micro interaction biological agro-forestry field laboratory, integrating international and national knowledge platforms, and monitoring with specific local contexts.

(Tom Preststulen & Partners, 2016, p. 10)

All of these 5 pillars are closely linked up to the sustainable development goals adapted by the UN, which were described in chapter 3.1: Sustainable Development Goals.

4.5 Small-Scale Businesses

The pillars described in the previous subchapter will further enable an environment for small-scale business creation. Empowerment will happen through the creation of an environment where the rural population have increased opportunities to create their own livelihoods and to secure a decent job. Small-scale business creation could also have an effect on purchasing power in an environment and thus help to boost demand. With more activity in the local economy the possibility to open up businesses, and to get a decent job, will increase further.

The Initiative seeks to sustainably source untapped raw materials locally, and to involve the local communities in this process. With ICT and energy, the Initiative creates opportunities for the local population through small-scale business creation that focuses on untapped local natural resources (Tom Preststulen & Partners, 2016). The Initiative wants to include the local communities in the process to insure their benefits from local raw material extraction and production.

Examples of initiatives in small-scale business creation that are deemed suitable within the geographical locations of operation are shown in table 4.1. Some of these examples are already in process of implementation, which will be further described in chapter 4.7: Current Sites.

Example of initiative:	How it could work:
Integrated Multi-Trophic Aquaculture (IMTA)	Cultivation of sea-water fed species with extractive species that utilize waste from aquaculture for their growth. All components that are involved in the process will have a commercial or a re-use value.
Hatchery in a Container (HIC)	The module is designed to embed a plankton library laboratory that stock and cultivate many valuable species of microalgae and zooplankton.
Battery Doctor	A battery doctor provides continued long-term life of batteries by recharging car- and other utility batteries instead of throwing them away.
Bamboo House and Other Bamboo Products	Products produced from bamboo could for example be medicine, bamboo fabric, farming and hunting tools and baskets.
Malunggay Products	Malunggay is a plant with high nutrition value and could be used as nutrition or dietary supplement, if value-added production created concentrated products to be sold.
Coconut Products	Coconut palms can be used both as culinary supplements and non-culinary uses. Some examples of value-added production: Oil, coconut water, craft materials, milk.

Table 4.1: Examples of Small-Scale Business Opportunities. Modified from: (Tom Preststulen & Partners, 2016, pp. 11-14)

4.6 Process of implementation

The planned process of implementation of new sites is as showed in the figure 4.3. The process is divided into 5 steps, which describes the process when selecting, identifying, preparing and construction a site.

1	Qualification of Sites	
2	Select Sites & LAMTIB Champions	<ul style="list-style-type: none"> • Assessment of current situation • Local needs & resources • Institutional qualification
3	Configure Optimal Content	<ul style="list-style-type: none"> • Identify allies • Integrate in partner programs • Coordinate with Authorities & Institutions • Align relevant training
4	Financial Solutions & Equipment Orders	<ul style="list-style-type: none"> • Align improvement projects • Define financial & human resources • Financial agreements • Purchase & Lease contracts
5	Mobilization & Commissioning	<ul style="list-style-type: none"> • Action structure • Strengthen team task force • Prepare sites • Logistic • Construction • Commissioning • Training • Monitoring • Accounting • Auditing • Publicity

Figure 4.3: The LAMTIB Process (Tom Preststulen & Partners, 2016, p. 17)

4.7 Current Sites

The Initiative currently operates two sites, one in Cebu, Philippines, and one in Meiktila, Myanmar. The following subchapters will describe the aim and progress of these sites.

4.7.1 Philippines

The Initiative`s work in the Philippines currently consists of a small private crab hatchery. This project is still in construction and are not yet affiliated with any local authorities or social enterprise groups. The aim is to complete the construction of the hatchery in the course of 2018, and then engage with the local fishermen community. The hatchery produces blue swimmer crabs which are a strong international commodity. According to the Food and Agriculture Organization of the United Nations (FAO, 2015) there are nearly 40 species of crab caught

commercially. The FAO (2015) further states that out of these the blue swimming crab accounts for 7% of the total volume, and is the most significant specie traded commercially.

Many villages in the Philippines are located by the coast and fishing is naturally one of the main livelihoods for the villagers. The project plans to involve the local fishermen community, and through this improve livelihoods and create jobs. The current model for operations is to produce crab seeds out of the hatchery and then give the crab seeds to fishermen to release into sustainable habitats. Months later the fishermen can harvest mature crabs from the sea and sell them back to the project which sends the crabs to a processing facility and then exports the finished product (Lee, 2018). The idea is that there will be a mutual benefit where at least a majority of the catch is sold back to the Initiative, to still be eligible to receive the crab seeds for the next harvest. The project will be a for-profit social enterprise and is carried out by Gaia Mariculture.

The site in the Philippines is used as a testing site for the hatchery technology. The site will be used as a proof of concept and if successful it will be adapted on sites in Myanmar. Compared to other hatcheries, the Initiative`s hatcheries are designed to be much more compact, and the main components of the hatchery can be fitted into one 20-foot shipping container. This way the project can easily be transferred to different locations. The shipping containers will be complete with solar power and internet communication tools for reporting back to the headquarter of the Initiative in Singapore.

4.7.2 Myanmar

The current work the Initiative conducts in Myanmar is through LAMTIB Social Enterprise Myanmar (LAMTIB SEM). A social enterprise can be described as an “...*Organizations that address a basic unmet need or solve a social problem through a market-driven approach*” (Social Enterprise Alliance, 2018). The enterprise aims to empower the rural population through dignified job creation and innovation. Currently there is one site running in Meiktila Township, where the enterprise produces virgin coconut oil (VCO), one edible type and one used for skin lotion. The enterprise is a for-profit social enterprise. To be sustainable as a

development project and in order to avoid relying on outside funding, the business model is built on reinvesting profit in the project and empowerment of the local communities.

The project is still in the start-up phase, and the site in Meiktila Township is in an experimental stage. The plan is to start up a site in Myeik in the second half of 2018 (Thet San, 2018) With its position southeast in the country Myeik is closer to the main coconut sources and it could therefore be easier to include local farmers more closely in the process. The aim in the long-run will be to have a production capacity of 10,000 – 50,000 coconuts per day, compared to the current 100 coconuts per day at the Meiktila site (Thet San, 2018). Other production possibilities such as coconut milk and coconut water are being researched for future production options. Compared to the coconut oils now produced these products have a higher market share in the local markets in addition to international markets.

Alongside with the value-added production of coconuts, LAMTIB SEM aims to bring in their expertise to carry out breeding of certain crab species. This part of the project will be based on the current research and work being carried out by Gaia Mariculture in Cebu, Philippines. Certain species are currently overfished in the seas of Myanmar, and the generating of new crops will be a significant contribution to local fishermen (Thet San, 2018).

5 PESTEL Analysis

Two analyses are conducted in this study, a PESTEL analysis to look into the macroenvironment surrounding the case, and a SWOT analysis to analyse the case studied. The PESTEL analysis looks at the macroenvironment surrounding the operation and will thus provide the foundation for the external factors opportunities and threats in the SWOT analysis. The PESTEL analysis will look into the factors in the macroenvironment that could have an impact on the LAMTIB Initiative’s operations. It will look into the environment in Myanmar, with a particular focus on agriculture. The analysis is divided into the six factors making up the PESTEL analysis; Political, economic, social, technological, environmental and legal factors. To specify the analysis to the purpose of this study it will focus on the opportunities and threats to development and poverty alleviation in Myanmar, as opposed to strictly focusing on entering the country as a profit driven business.

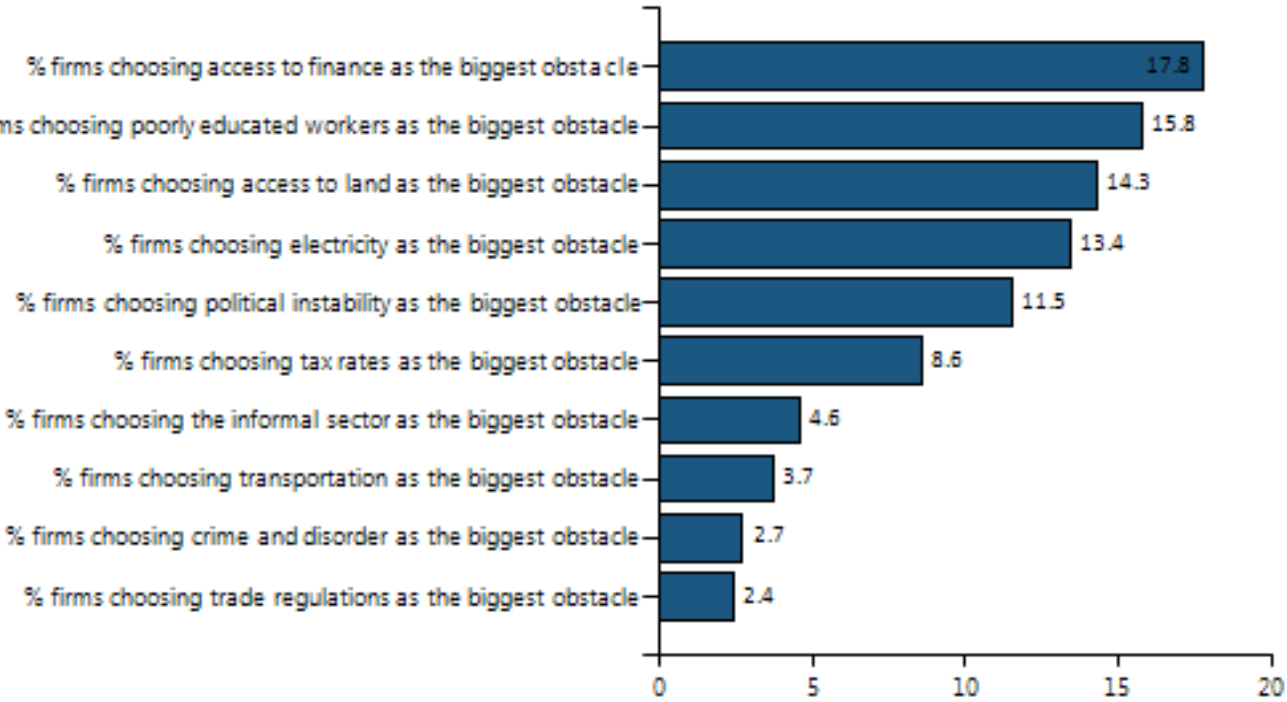


Table 5.1: Ranking of the Top Business Environment Obstacles (World Bank Group, 2016a)

An enterprise study conducted by World Bank Group (2016a) presented business owners and managers in Myanmar from 607 different firms with a list of 15 obstacles for the business environment in the country. The results can be seen in table 5.1. This study shows results that will overlap with several of the six factors and is thus presented as a general overview of issues faced by local businesses. The issues in the study will be discussed where relevant in the analysis of the six factors.

5.1 Political Factors

Following the general election in 2010 the military junta, which had ruled in the country since 1962, was dissolved in 2011. Since this the country has gone through a gradually liberalization process. The military however has a strong presence in the country's politics, and 25% of the seats both in the House of Nationalities and the House of Representatives are automatically reserved for the military. This leaves only 75% vacant seats in the parliament, and to gain a majority a party would need at least two thirds of the vote in an election. The seats reserved for the military are declared in the country's new constitution of 2008 which were drafted by the military junta before stepping down. A new election was held in 2015 where the National League for Democracy gained enough seats to form a government. The former Nobel Peace Prize winner Aung San Suu Kyi serves as the de-facto leader in the country. The freeing of the country from oppressive military rule has largely been seen as a positive direction for the country, and is, along with the new constitution of 2008, a big step in a new and different direction for Myanmar. However, to change social, cultural and political structures that have existed for decades take time and will not magically change overnight with a new government. The period since the dissolvment of the military junta has been clouded with conflicts and ethnical clashes. The international focus on Myanmar has quickly changed from one of optimism and trust in a new democracy and government, to the brutal and inhuman persecution of the Rohingya minority in Rakhine state. A recent UN report released 24 August 2018 accuses Myanmar's military forces of genocide for their actions against the Muslim Rohingya minority in the country.

The gross human rights violations and abuses committed in Kachin, Rakhine and Shan States are shocking for their horrifying nature and ubiquity. Many of these violations undoubtedly amount to the gravest crimes under international law. They are also shocking because they stem from deep fractures in society and structural problems that have been apparent and unaddressed for decades. They are shocking for the level of denial, normalcy and impunity that is attached to them. The Mission concludes that these abusive patterns are reflective of the situation in Myanmar as a whole.

(Human Rights Council, 2018, pp. 18-19)

The condemning report goes far in accusing the military for genocide, but also the civilian government of their, at best, inactive response to what has been going on. *“Both the military and the civilian government, led by Aung San Suu Kyi, have stated that the actions of the armed*

forces were an appropriate response to “terrorists”” (Ellis-Petersen, 2018). The section above from the report condemns not only the actions by the military, but goes far in describing how deeply rooted the issues, and these abusive patterns, are in the country. There is no doubt that the human rights violations and possible genocide happening in the country will cloud any further development and especially the view from, and collaboration with, the rest of the world.

5.2 Economic Factors

According to Oxford Business Group (2017) Myanmar has the fastest growing economy out of the ASEAN countries, and their economy is one of the fastest growing in the world.

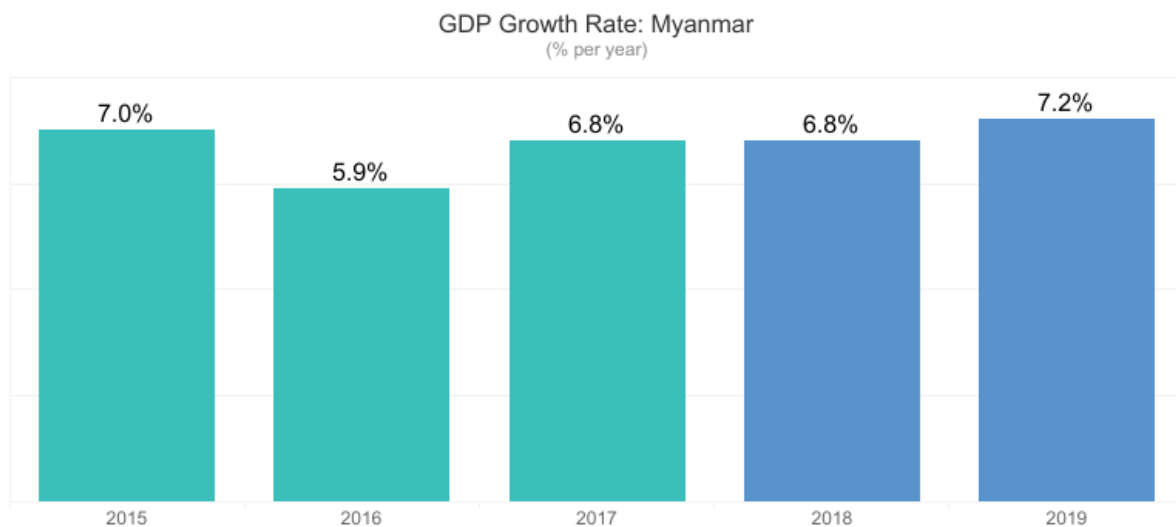


Table 5.2: GDP Growth Rate in Myanmar (Asian Development Bank, 2018a)

Table 5.2 shows the GDP growth rate in Myanmar from 2015 to 2019, with the years 2018 and 2019 as expected values. Of the Southeast Asian countries Myanmar has the highest expected growth rate for 2019. The country is running a high current account deficit, and the deficit is expected to increase in 2018 and 2019, from 5% in 2017 to 5.5% in 2019 (Asian Development Bank, 2018b).

The agricultural sector of Myanmar’s economy accounts for about 30% of total GDP, and almost 60% of employment (Oxford Business Group, 2017). Still these profits are modest compared to the potential of the sector and are unevenly distributed. The sector suffers from low availability of electricity and mechanized and industrial means of production. This leads

to inefficiency in the sector as the low rate of industrialization do not provide a framework for value-added products. Incomes remain low, which leads to a very low rate of investment in education, as parents cannot afford to keep their children in school, both due to costs related to education and after a certain age the alternative cost of the child not working. These factors lead to a situation in rural areas where the sector is unproductive with low wages and an unskilled labour force. The patterns in the sector are described by Oxford Business Group (2017) as a low-level equilibrium trap, which is explained theoretically in the previous chapter 3.4: Investments in Underprivileged Communities. Low availability of machines and electricity, and poor-quality inputs keep the wages down, and bring insufficient credit to raise the efficiency in the sector. Because of this, the rural population are unable to invest in necessary equipment, machinery and upgrades. Access to credit is according to Oxford Business Group (2017) one of the main challenges faced by farmers who wish to expand and invest in their work, and a significant part of the rural population does not have access to bank facilities. The same report describes a situation of lack of flexibility from banks to distribute loans largely due to overprotective collateral-based lending and high interest rates. According to Thet San (2018) the lack of access to low interest rate business loans lead to borrowing from loan sharks with even higher interest rates. She refers to lack of collateral as the main reason why farmers and rural enterprises have difficulties accessing the low interest rate small-medium enterprise loans that are available. Farmers and fishermen have no means to access formal financial resources, and the rate of informal money lending is huge in the rural areas and sector.

People were poor not because they were stupid or lazy. They worked all day long, doing complex physical tasks. They were poor because the financial institution in the country did not help them widen their economic base.

(Yunus, 2010)

The transition from a mostly closed economy to a gradually more open economy has attracted foreign businesses to invest in the country. Foreign direct investment has increased significantly since 2012 (Oxford Business Group, 2017). The main sectors FDI have targeted are energy, oil and gas. There are a lot of barriers for FDI, as discussed in the Political Factors chapter. A ranking from The World Bank (2018d) ranks Myanmar as 171 out of 190 countries on easy of doing business. The country's lowest scores are on enforcing contracts, protecting minority investors and access to credit. This is one place down from the previous year and

makes Myanmar the least favourable country among the ASEAN countries to conduct business in (Chau, 2018).

5.3 Social Factors

The social factors deemed most relevant and country specific by the researchers are distribution of labour, work migration, work attitudes, education level and population distribution.

Distribution of labour is relevant to assess the patterns and trends in the country's labour market. As seen in the previous subchapter agriculture accounts for almost 60% of employment in the country. In 2014 the Department of Population at the Ministry of Labour, Immigration and Population conducted their first census on population and housing in 30 years. The census shows a population demographic where 30% of the population live in urban areas while 70% live in rural areas (Ministry of Labour Immigration and Population, 2014). Poverty in the country has steadily declined from 32.1% in 2004 to 19.4% in 2015, this is shown in a report from the joint efforts between the Ministry of Planning and Finance in Myanmar and The World Bank (The World Bank, 2018c). Despite this substantial decline in poverty, about 37% of the population still live either near or below the poverty line. The report describes the distribution of poverty alleviation to be concentrated mostly to urban areas, while rural areas have experienced a more modest decline in poverty.

The analysis shows, however, that poverty remains substantial, especially in rural areas where people rely on agricultural and casual employment for their livelihood. Those who live near the poverty line are susceptible to economic shocks.

(The World Bank, 2018b)

The skewed distribution of poverty alleviation poses a risk to development especially when such a large part of the population finds their livelihoods in the agricultural sector.

Work migration poses a significant challenge as Myanmar has grown to be the largest source of migrants in the Greater Mekong Sub-region. Out of the total population of 53.9 million in Myanmar, 4.25 million are living abroad (International Organization for Migration, 2018). They list the main motivations for migration as higher wages in neighboring countries, conflicts and natural hazards. The high numbers of work migrants pose both benefits and challenges when it comes to development in the country. The national income from remittances is

substantial and could provide some of the economic boost needed to fuel growth and innovation. However, the risks for the people migrating can be substantial and include abuse, trafficking, extortion, debt bondage, physical exploitation and lack of access to health facilities and treatments (International Organization for Migration, 2018).

With such a high rate of the population migrating the issue can be seen as a structural problem, and the choice to migrate comes from lack of opportunities domestically rather than a wish to migrate. The ability to create livelihoods in their home areas for young people is low and the alternative cost of staying at home poses a dilemma on whether or not one should migrate both for one self and to be able to provide for your family. Young people migrating means losing an essential part of the country's workforce that could otherwise been vital to build businesses, industry and production that the country desperately needs to maintain the economic growth, and to include the rural communities in this growth.

Even if the income from migrating could be higher than the initial situation at home, the income will still be low and without much hope of increasing substantially. This increases the situation where the rural population do not have the means necessary to invest in either education nor business creation and innovation. The situation for a great part of the rural population is therefore that they are trapped at a level of barely scraping by with no hopes of aspiration and has small possibilities to escape the low-level equilibrium trap without structured targeted measures or a government effort to significantly boost income in the sector.

Work attitudes is an important factor to consider when entering a new country and can vary significantly from one culture to another. Both Lee (2018) and Thet San (2018) point to a laid-back mentality from workers. Lee (2018) speaks of experiences from the Philippines but these could still be relevant in Myanmar. He points to a laid-back mentality, lack of accountability and substance addiction as the main threats to an effective workforce. To describe a general attitude of a Myanmar worker Thet San (2018) compares their attitudes to those of a Chinese worker.

Myanmar worker – One person climbs up the ladder when the other person holds the ladder steady. The worker on the top of the ladder put screws and nuts in his palm while trying to fasten each screw on the ceiling. He drops these screws and nuts because he puts them in the palm. He will stop work and go down the ladder or his companion will leave the ladder

to look for the fallen screws and nuts. Once one location is screwed, the two will move the ladder to another location together to start work again. Myanmar workers need at least 1 lunch break and 2 tea breaks

Chinese and other foreign worker – One person alone can manage the ladder without difficulty. The Chinese worker put the screws in his mouth and fasten them one by one on the ceiling (Myanmar worker cannot do that because he is chewing betel in his mouth) in the shortest period of time without dropping them on the floor. He doesn't need to get down to the floor again to move to another location but rather use the ladder as extended legs to move to another location on the fly. They only need 1-hour lunch and sleeping break. Vietnam and Thailand workers are also highly sought after for high-profile construction projects of either condominium residences or factories.

(Thet San, 2018)

According to Thet San (2018) a certain number of construction projects carried out by foreign developers use a 100% foreign workforce. *“Myanmar basic laborers in general lack the skills and work ethics and are already replaced in mass by foreign workers”* (Thet San, 2018).

Education levels are generally low in the country and poses a significant risk to development. To undergo the industrial and innovative changes needed to lift the country out of development a skilled workforce will be one of the key factors. The school dropout rate is overall high in the country, but especially in rural areas, where 70% of the population lives. The school dropout rate is here 6 out of 10, while among the poorest family the number is 7 out of 10 (The World Bank, 2018b)

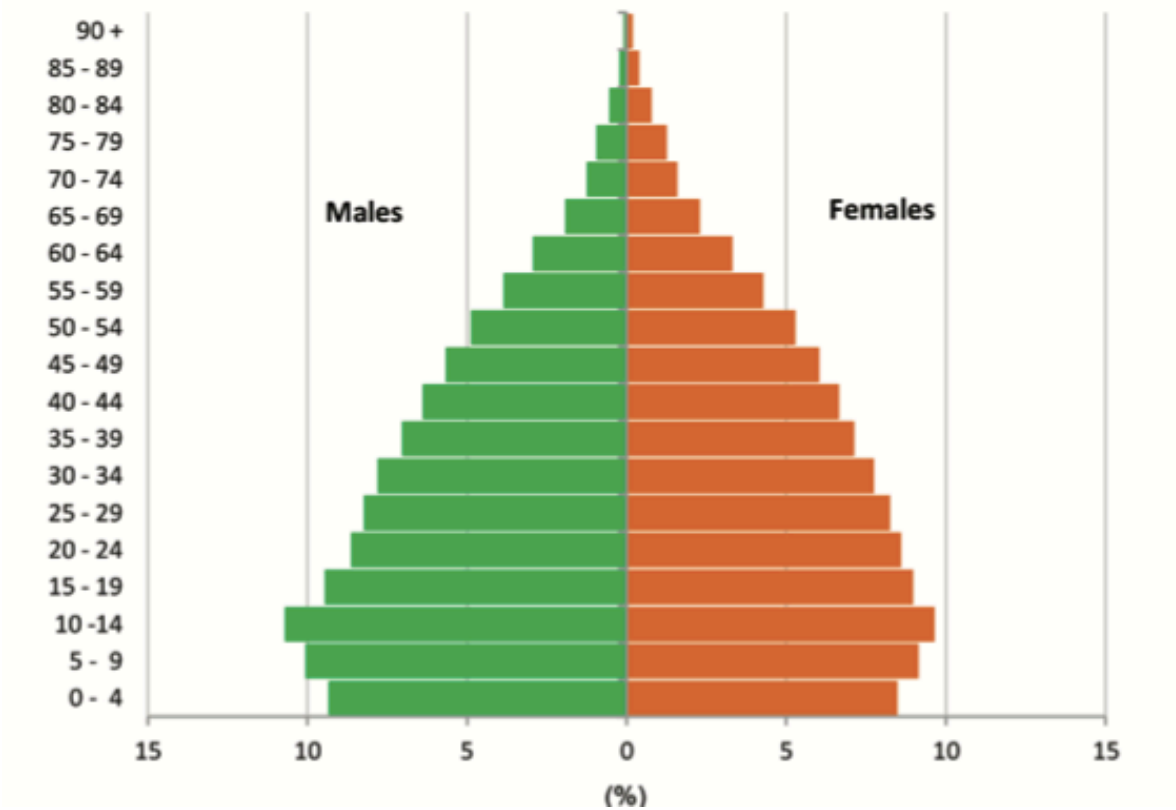
Before military rule was imposed in 1962, Myanmar's education system was among the best in Asia. For the next half-century, schools were neglected and underfunded. Starved of resources and teachers, the system atrophied. Rote learning replaced critical thinking, undermining creativity. Today, while some children have returned to the classroom, attendance in many parts of the country remains low, and teaching standards poor, contributing to high dropout rates.

(Kende-Robb, 2017)

The researchers experience from visiting schools and learning facilities in the country were one of a very protective education system. Facade and results have a higher value than teaching of critical thinking and understanding of the curriculum, and teaching was focused around mindless repetition of curriculum the students were not given the tools to truly understand. Thet San (2018) points to the lack of skilled workforce as an issue because the education system is

not adequate to prepare students for the complexity of the jobs brought forth by international companies.

Population distribution is an important part in assessing the opportunities for a country’s development. Figure 5.1 shows the distribution of Myanmar’s population based on age and gender as a percentage of the population as a whole. It can be seen that the largest part of the population is centered around the younger part of the population, with a high in the block for 10-14-year olds. The opportunities of a labour force consisting of a large part of the population is thus high compared with a population distribution centred more around the older generations.



Figur 5.1: Myanmar Population Pyramid (Ministry of Labour Immigration and Population, 2014)

Numbers from the Department of Population estimate that the growth rate of the population will stay relatively high, at around 0.88% until 2020, before gradually decreasing to 0.21 in 2049 (Ministry of Labour Immigration and Population, 2014). The total population number is then estimated close to 65 million people. The gradual decline in the population growth is in line with the economic growth and development expected for the country. According to the

Kuznets curve inequality will decrease if the economic growth expected in the country will be higher than the expected growth rate of the population.

5.4 Technological Factors

Access to internet and mobile phone subscriptions have rocketed the last few years. Internet users increased by 97% in 2016, 70% of whom are mobile users (Kemp, 2017). Myanmar is one of the least internet penetrated countries in Southeast Asia but has had, and continues to have, a remarkable development. In 2017 26% of the country's population were internet users (Kemp, 2017). Mobile users are also increasing rapidly. In 2013 about 9% of the population were estimated to have mobile phones (BBC, 2013). The largely untapped market was filled by Telenor and Ooredoo, two tele companies that started operations in the country in 2014. Easily accessible teleservices are now available in large parts of the country.

Thet San (2018) points to lack of infrastructure in electricity and transportation as hinders to innovative entrepreneurial behavior for the rural population. Access to affordable electricity is crucial to afford to develop business from basic provider of agriculture commodities to decentralized value-added production. Without affordable electricity the price of value-added production will outweigh the increased profits, and without proper road access transportation cost will be too high to maintain a sustainable profit margin. Non reliable infrastructure for transport and electricity is driving away many international technology-intensive companies that could otherwise bring many jobs to the country (Thet San, 2018).

She further describes the issue of being far behind the majority of the world when it comes to industrialising of industry.

But the problem I think we are facing is that our country is just about to embark (or not even ready for this!) on the first Industrial Revolution where rural becomes urban, the agrarian becomes industrial, when the rest of the world is already embracing the fourth Industrial Revolution.

(Thet San, 2018)

Myanmar is just about ready to employ in mass production when the technology progress elsewhere makes it possible to replace the majority of that workforce with machines and algorithms. This could lead to potential mass unemployment.

5.5 Environmental Factors

Table 5.2 on page 45 shows the GDP growth rate in Myanmar and it can be seen from the table that the growth rate in 2016 drops compared to previous and following years. This drop can be explained by the floods experienced in the country in 2015 (Oxford Business Group, 2017). When such a significant part of the population relies on agriculture as their main livelihood the economy is highly sensitive to shocks caused by natural hazards. The floods in 2015 both significantly slowed down the growth rate of the economy and also gave rise to inflation partly because the supply of agriculture goods could not keep up with the demand. Myanmar is ranked 2nd out of 187 countries in the 2016 Global Climate Risk Index and is extremely vulnerable to climate risks such as earthquakes, draughts, landslides and cyclones (The World Bank, 2018b).

Myanmar is currently ranking as number 137th out of 180 countries analysed in the Environmental Performance Index (2018), with a current overall score of 45.32 on a scale ranging from 0=worst and 100=best. The index describes the environmental performance of a state's policies. Although the overall score is low, Myanmar scores well when it comes to fisheries, climate and energy, air pollution and agriculture. The lowest scores are found in water resources and forests. Deforestation is a big issue in the country, from 1990 to 2010 Myanmar lost 19% of its forests (FAO, 2010). The rate of deforestation has in recent years declined, but still poses a substantial environmental issue.

5.6 Legal Factors

The International Labour Organization lists eight fundamental conventions that cover principals and rights at work. These principales and rights cover: freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation (International Labour Organization, 2018). Currently the ratification rate of these conventions across the globe is 91.4%.

Myanmar has only ratified three out of the eight conventions, which are shown in table 5.3 (International Labour Organization, 2017).

Freedom of Association and Right to Organise Convention:	Yes, 1955
Right to Organize and Collective Bargaining Convention:	No
Forced Labour Convention:	Yes, 1955
Abolition of Forced Labour Convention:	No
Minimum Age Convention:	No
Worst Forms of Child Labour Convention:	Yes, 2013
Equal Remuneration Convention:	No
Discrimination (Employment and Occupation) Convention:	No

Table 5.3: International Labour Organization: Core Conventions (International Labour Organization, 2017)

Stable labour laws that upholds the rights of workers is crucial to create a dignified labour market that preserves human values and favours equal economic growth instead of wealth accumulation for capital owners. The researchers experience from meeting with business owners and workers in the country is that there is a tremendous difference between the revenues earned by owners and the at best modest salaries of the workers.

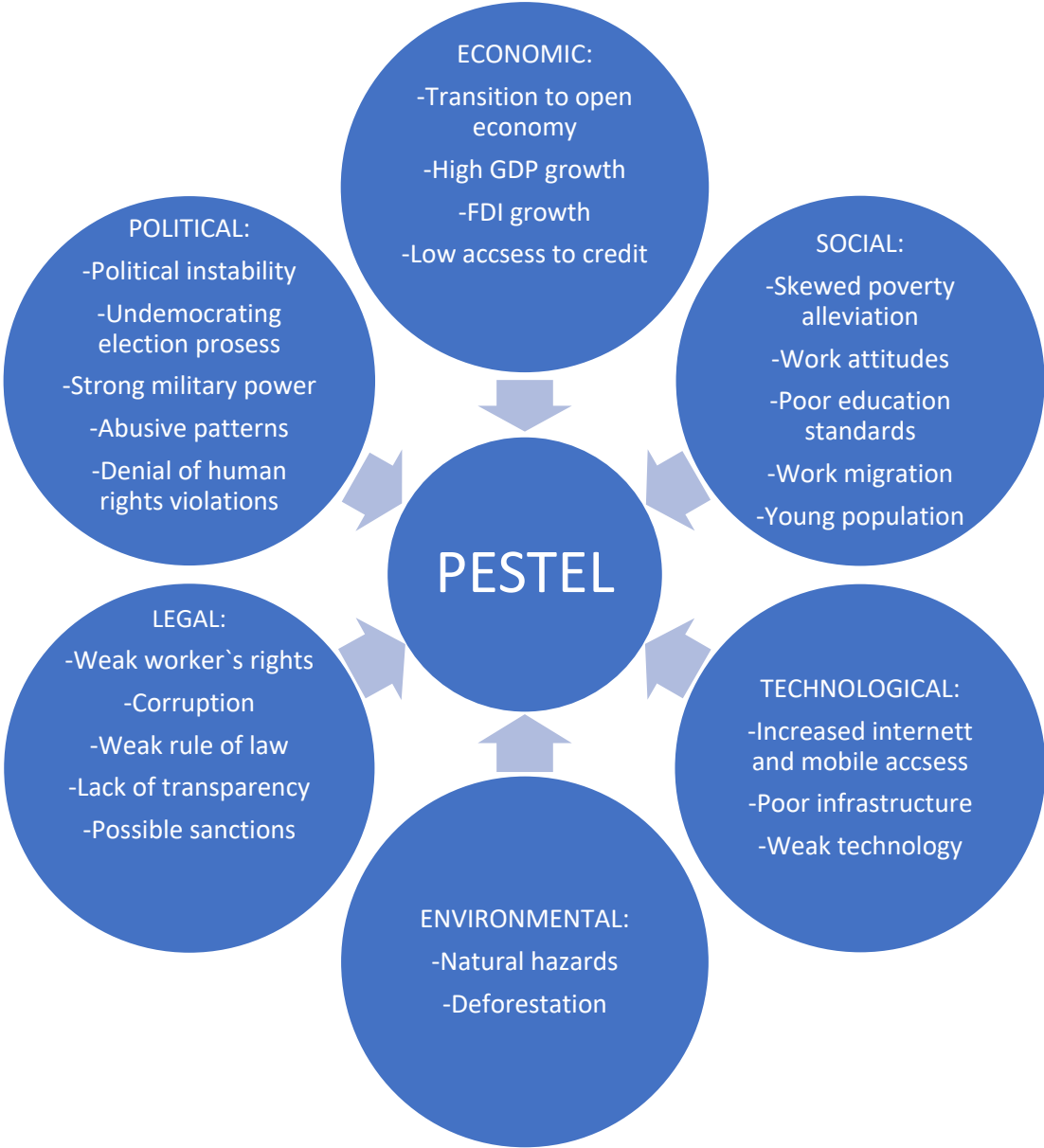
Corruption is a wide spread issue in the country, both for its citizens and for foreign businesses seeking to invest in the country. In the Corruption Perceptions Index for 2017, calculated by Transparency International (2018), Myanmar ranks as 130 out of 180 countries with a score of 30. The score range on a scale of level of public sector corruption from 0 to 100, were 0 means highly corrupt while 100 means very clean. This is an improvement from the previous year when Myanmar were ranked number 136 with a score of 28. A continued progress in a positive direction is likely and the government has put into effect new anti-corruption laws to battle the issues. However, with an issue so deeply rooted in the systems it will take time and targeted efforts to battle corruption in the country. In a survey conducted by the World Bank Group

(2016a) it was found that around one in seven businesses express that they expect to give gifts to get things done when it comes to public services. The same survey indicates that almost half of businesses expect to give gifts when obtaining a construction permit and more than one in three businesses expect to give gifts to get an operating license and when applying for electrical connection. Corruption, weak rule of law, lack of transparency in licensing systems and complexity of licensing systems are the main barriers from investments in and trade with Myanmar (GAN Business Anti-Corruptial Portal, 2017). A new investment law went into effect in 2017 which intends to simplify regulations to make the system more stable and transparent (U.S. Department of State, 2018). Corruption is also a big issue in the judicial sector. When dealing with the judicial system in the country businesses face a high risk of political interference and corruption (GAN Business Anti-Corruptial Portal, 2017). Myanmar is the one of the last frontier markets left in Asia and as such has a momentum going to attract foreign investors. Further reforms in the legal systems, more transparency in legal business dealing, less corruption and furthering opening up of the economy are crucial to maintain the trend.

In 2016 the US, with Barack Obama as president, lifted the Executive Order-based sanctions and restored trade benefits to Myanmar (Soloway, 2016). This followed a period of easing of US sanctions towards the country, dated back to 2011 when Hillary Clinton, as secretary of state visited the country. The lifting of sanctions represents the US belief in the new democratic rule in the country. Since June 2018 the EU, Canada and most recently the US have imposed sanctions on military leaders in the country. The new UN report that accuses the military of genocide is bound to trigger even more severe legal actions against the military, which is still an important part of the ruling government, and possibly also the civilian government. In addition to legal sanctions, the insecurity the conflicts in the country poses for political, economic and legal stability could have an effect on the willingness of foreign businesses to invest in the country.

5.7 PESTEL Results

Figure 5.2 presents the key factors found in the six factors making up the PESTEL analysis for Myanmar.



Figur 5.2: PESTEL Analysis

6 SWOT analysis

The SWOT analysis in this chapter is the main tool used to assess The LAMTIB Initiative. By use of the theoretical framework that has been constructed, the presentation of the case, and the PESTEL analysis of Myanmar, the researcher will assess the Initiative's strengths, weaknesses, opportunities and threats for job creation efforts in Myanmar. The analysis will begin with looking at the external factors opportunities and threats, and then move on to the internal factors strengths and weaknesses. External factors will be discussed in light of the macro-environment in Myanmar looked at in the PESTEL analysis and the broader global environment described in the theoretical framework. The external factors will aim to identify developmental issues to easier target the Initiative's operations in the country in order to maximize the developmental effect. The internal factors strengths and weaknesses will relate back to chapter 4: The Case, as it looks into the specific attributes of this particular case. The analysis will consider the LAMTIB Initiative in its entirety, but with a focus on their current and planned actions in Myanmar. Thus, some remarks will concentrate specifically on LAMTIB SEM, the social enterprise established in Myanmar. The key features making up the SWOT results in chapter 7 will be marked in bold throughout the analysis.

6.1 Opportunities

In a country where development has been limited, the list of opportunities to boost development is endless. This analysis has chosen to focus on those aspects, which by the researcher's opinion, have the highest potential to succeed and which fall closest to the research subject; job creation.

Empowerment through dignified jobs creation and innovation. With a steady income from a dignified job which we are dedicated to provide, I believe there are infinite possibilities.

(Thet San, 2018)

In chapter 3.1: Sustainable Development Goals, the distribution of the global poor demonstrates that a vast majority live in rural areas, are employed in the agricultural sector, and are poorly educated. In chapter 5.3: Social Factors, the distribution of labour in Myanmar shows that a high percentage of the population works in the agricultural sector. In the same section a study conducted by The World Bank is discussed. The study shows that the poverty alleviation in the

country is skewed and that the decline in poverty is mainly concentrated to urban areas, while the decline in poverty in rural areas is modest at best. By providing dignified job creation in rural underprivileged communities the Initiative is **targeting the specific groups** that could make a huge difference to lift the country's population out of poverty. Simultaneously, the job creation would contribute to the three development goals described in chapter 3.1, no poverty, economic growth and reduced inequalities. The targeted efforts show a **high convergence with the SDGs** deemed most relevant by the researcher.

The world's poorest constitute a large untapped market which is described in chapter 3.4: Investments in Underprivileged Communities through C. K. Prahalad (2010) theory on poverty eradication through profits at the bottom of the globe's wealth pyramid. The Initiative can **function as an example** on how the underprivileged can be included in business strategies that both benefit the business and eradicate poverty.

What is needed is a better approach to help the poor, an approach that involves partnering with them to innovate and achieve sustainable win-win scenarios where the poor are actively engaged and, at the same time, the companies providing products and services to them are profitable.

(C. K. Prahalad, 2010, pp. 27-28)

The Initiative can provide insight into their business structure, contacts with local communities and guidance on how to operate a business in the country. In this way it can be constructed as a guide to businesses on how to profitably include the local communities in their business strategies.

The Initiative has a fantastic opportunity to help 'leapfrog' rural people out of the low-level equilibrium trap they are largely trapped in. The theory of a low-level equilibrium trap is described theoretically in chapter 3.4: Investments in Underprivileged Communities and specifically for the agriculture sector in Myanmar in chapter 5.2: Economic factors. This pattern is a waste of what could otherwise be a capable and skilled labour force that could build their own way out of poverty in a sector with huge potential. To find a way to **break some of these patterns**, and to create a way for these underprivileged people to gain skills and create value-added business opportunities, will be crucial to leapfrog the population out of the poverty they are trapped in. Access to credit is included in the enterprise survey conducted by The World Bank Group from the introduction to chapter 5: PESTEL Analysis.

It is here ranked as the biggest obstacle facing businesses in the country (World Bank Group, 2016a). This is discussed further in chapter 5.2: Economic factors in regard to access to credit in rural communities and an obstacle for breaking the patterns of poverty. An opportunity for the Initiative is to **provide assistance** on how to make the process of accessing banking facilities and business loans easier. The Initiative in itself has limited opportunities to act as a microfinancing institution but could work as a **facilitator between the rural communities and financial institutions**.

Maybe the greatest opportunity for the Initiative is in **providing the technology** sorely needed in these communities. The initiative has its strength in their technological competence and collaboration partners. This matches the great need for technological progress needed in the rural communities. It is certain that technological progress will demonstrate a great presence in the country in the coming years, and the Initiative has the opportunity to be one of the frontrunners in this process. Firstly, the technological knowledge and access will function as a competitive advantage for the Initiative as a for-profit social enterprise. Secondly, to be a part of the industrial revolution that will to come gives the Initiative a unique opportunity to aid **shaping the impact the technological progress** will have on the rural underprivileged communities. Moreover, it can help include the local communities in this process.

I think because these days Myanmar has opened up from political changes, it is a good opportunity for foreign initiatives to get in and grant love and relief to the impoverished rural folks who have been denied help previously due to a closed up governance system.
(Lee, 2018)

6.2 Threats

The **unstable political situation** poses a threat to the general development in the country but also to the Initiative as a foreign business. By the political instability it is meant both the fact that Myanmar is a very new democracy and the instability created by the situation for the Rohingya minority. The latter do not pose any direct threats to the Initiative but do have a huge impact on the country both because of foreign pressures and the structures of society that allow these human rights violations to go on. The fact that the country is a new democracy poses a threat because of the instability in government, **weak rule of law**, **corruption** and **distrust in the legal institutions**. Labour laws will potentially be most interesting to the Initiative as a development project. An issue that was mentioned by several

businesses when travelling in Myanmar were **issues related to tax payments**. With the problem being that tax officers would not believe you had stated the right taxable income, in the purpose of demanding a bribe, regardless of whether or not this was true. For the Initiative, this could mean that to follow the laws and pay the right amount of taxes business expenses may increase. This is because they may be forced to pay additionally for bribes to tax officers, and then, in consequence, lose competitiveness to other businesses that may pay less. As described in chapter 5.6: Legal Factors, Myanmar is one of few countries that has not ratified the fundamental constitutions brought forth by the International Labour Organization. Dignified labour laws and workers' rights are extremely important to create a sustainable labour environment. As a philanthropic development initiative, it will be important to go forward as a good example for others by operating by the existing laws, but also a step further by honoring international standards of labour rights. Chapter 5.6 also discusses the issues of corruption faced in the country. The lack of transparency in the legal system and the expectancy of gifts, or bribes, are extensive issues and could cause **ethical challenges** for the Initiative.

The researcher's experience from meeting businesses in the country is that most hiring processes occur through networks; either from the owner's family contacts or the contacts of existing workers. As a new and unknown influence and enterprise, the Initiative could face **trust issues** with the local communities. To abandon their ways of living, and of making a living, the communities need to have trust in the Initiative and their motives. It will be important for the Initiative to be presented in an appealing manner and to operate trustworthily and respectfully towards the community and locals to establish the Initiative as a positive addition to the areas. In many areas in the country the local communities have suffered from both domestic and foreign influence and exploitation, especially in regard to land grabbing⁴. Therefore, focus should be on establishing and clearly showing the Initiative's intentions in the area to gain acceptance from the locals.

⁴ «Land grabbing can be defined as being the control (whether through ownership, lease, concession, contracts, quotas, or general power) of larger than locally-typical amounts of land by any person or entity (public or private, foreign or domestic) via any means (legal or illegal) for purposes of speculation, extraction, resource control or commodification at the expense of peasant farmers, agroecology, land stewardship, food sovereignty and human rights» (Baker-Smith, 2016, p. 2).

Chapter 5.3: Social Factors discuss **attitudes and work ethics** amongst workers in the country. As shown, both Lee (2018) and Thet San (2018) indicate that the work force do not only lack skills, but also, the work ethics as they often have a laid-back mentality to work. Firstly, there will be a challenge in finding the right people and communities to approach with the projects. People that have genuine motivations and desires who can then gain the maximum benefits from the project, and who themselves have the opportunity and abilities to influence others. Secondly, there will be a challenge to find workers for the Initiative's own factories that have the drive and motivation to both do a fair job and to gain from the possibilities provided.

The LAMTIB initiative can help the poor stand up on their own feet, provided if they have the hunger and desire to improve their own life situations, and also if they are willing to cooperate with us, the bringer of the LAMTIB tools.
(Lee, 2018)

6.3 Strengths

The construction of the Initiative's way of operating is very structured as seen from chapter 4: The Case. With the eight pillars making up the Initiative's content and with a thorough process of implementation. Despite this structure the researcher finds that the means of operating are less structured and are based around how the Initiative can harness the potential and challenges of specific communities. In this way the Initiative is openminded to new influences, ideas and opportunities and is **constantly evolving**.

LAMTIB is an initiative that works within the framework of the capitalist/neoliberal system. LAMTIB SEM is a for-profit social enterprise, and in that way must abide by the same laws as other businesses in a free market competition to generate their profits. Even though profits are not generated for shareholders but to be reinvested in their developmental efforts, the bottom line will be the same; business has to be concentrated around the most effective allocation of resources to maximize profit. LAMTIB SEM tries to make a positive change for underprivileged people from **within the system**, and thus, has to follow the same market principles as any other business. This can be seen as both a strength and a weakness. The strength being that the Initiative will not have to rely entirely on outside funding; it has the chance of being sustainable from a business perspective. This gives the Initiative independence

that makes it easier to follow their own visions without having to answer to investors (funding): In addition, the people working on the project will be more in control of their own fates by not having to depend on outside funding to continue operations. The business structure built by LAMTIB SEM can also send a signal or **work as a model** for other “normal” businesses that underprivileged areas of production can generate profit on a larger scale as described in chapter 6.1: Opportunities.

A strength for the Initiative is the extensive **connections** of its founder Tom Preststulen. His extensive **experience** in natural resources, clean energy, agriculture and logistics sectors is a great strength for the Initiative. The connections make it possible to find partners such as Temasys, for the ICT pillar of the Initiative, and REC for the energy pillar. The extensive knowledge and connections of the founder provide the Initiative with a specialist knowledge in **technology** that is unique for a development project. The technology available from the Initiative’s partners is crucial to provide the technology to leapfrog the underprivileged out of poverty.

The Initiative is unique in the way they operate and has therefore been “forced” to **innovate** the way they develop and operate their projects.

On the other hand, because of the limitations dealt with us, it has forced us to innovate and reinvent the wheel, thus we are slowly becoming more efficient even out of the little that we have. Our vision for the LAMTIB technological solutions for the impoverished happens to be “small is beautiful”, so in a way the limitations that we have moulds us appropriately.

(Lee, 2018)

From the researcher’s perspective the **sustainable development strategy** the Initiative provides is the greatest strength and what distinguish them most from other non-profit initiatives. *“In short, giving free handouts to impoverished communities does not work, giving them a job, a purpose and a nudge in the right direction, will in my opinion, work out and be sustainable in the long term”* (Lee, 2018). The Initiative wants to work with the communities to create sustainable jobs, and have the communities involved in building and developing supply chains and production structures. *“Because we seek mutual benefits between us and them, there is the accountability factor and drive to make things work out”* (Lee, 2018). The

Initiative will work as the provider of the tools and the structure needed for the communities to be able to build their own way out of poverty. It is a mutual type of structure where both parties are accountable to the other. Instead of just providing financial handouts the Initiative aims to change the possibilities for communities to build a livelihood for themselves. *“The jobs which LAMTIB initiatives bring are not just 9-5 jobs but a lifestyle which can co-exist non-intrusively with daily living”* (Thet San, 2018).

The structure of the Initiative is one that is not top-heavy, which cuts much inefficient bureaucratic work, and focuses directly on the issues at hand.

We are a profit-minded (not only in cash but also in empowerment) social enterprise which wants to communicate and contribute to the grass root communities directly and effectively without dealing with the inefficient bureaucratic mechanism of the government offices. We are lean with a **thin overhead execution level**. Instead of the centralized commanding from top down approach, we strive for an inclusive empowered and developed environment where all beneficiaries and benefactors alike can work alongside each other, supporting and empowering each other.

(Thet San, 2018)

6.4 Weaknesses

Despite several years of operating, the Initiative is still in its initial phase, and though progress is being made, it is slow. Lee (2018) points to the **small size** and **limited resources** of the Initiative as possible reasons why the Initiative is **slow to develop** and progress. Compared to other development organizations the Initiative is small and progress could therefore be expected to be slow comparably, but it is also something the Initiative should focus on to maximize their resources in the most effective way. During the time since the Initiative was founded, the projects that have been undertaken have until now, had limited effect on the communities. Though the most recent project in Myanmar is on its way and has actively engaged with the local communities. It has begun hiring locally to their factory and made social contributions outside of production.

A weakness that could arise is that the **need to turn a profit** could cloud the intended goal of the enterprise; to leapfrog the underprivileged rural population out of poverty. It is vital for the enterprise that the drive to generate profit does not exceed the drive to work as a development institution. Cost saving measures must not influence or contradict the focus on labor rights and

a decent salary as the goal is to help the population build sustainable livelihoods. *“As a social enterprise, it is also challenging to balance between maximizing profit margin and contribution back to the society as this entails a cost which offsets part of the profit. With less profit, fewer social contributions can be done, and the vicious cycle begins”* (Thet San, 2018). To find this balance will be crucial, as the need to maximize profit is both the essential part to make social contributions and a risk to the workers.

Because LAMTIB SEM is a social enterprise and fundamentally needs to turn a profit, the means of operating will be different from other developmental organizations. A large challenge will be convincing farmers to change their ways and build trust with communities. This is a **time-consuming** task and it is important to find the right methods and approach to involve and inform the communities about the Initiative.

Our work needs consistent involvement of the community by contributing their human resources and/or natural resources over time, and this might look unfavorable to those who expect a large payout from the charity without investing in their labor resource. (Thet San, 2018)

In consequence of the open-mindedness of the Initiative to new influences and opportunities, it is at risk of becoming **distracted from the intended objective**. The wide scope could cloud the ultimate goals of the project.

7 Results

Table 7.1 shows the result of the SWOT analysis. The bullet points for each factor correlates to the highlighted key points from the analysis and can easily be found in chapter 6: SWOT Analysis, where they are discussed and explained.

	HELPFUL to achieving the objective	HARMFUL to achieving the objective
INTERNAL ORIGIN (Attributes of the organization)	STRENGTHS: -Constantly evolving -Within the capitalist system -Connections -Experience -Technology -Innovative -Sustainable development strategy -Thin overhead execution level	WEAKNESSES: -Small size -Limited resources -Slow to develop -Need to be profit maximizing to stay competitive -Building trust will be time consuming -Wide scope could be distracting to the intended objective
EXTERNAL ORIGIN (Attributes of the environment)	OPPORTUNITIES: -High convergence with relevant SDGs -Can work as a model for other businesses -Break patterns of rural poverty -Facilitator to financial institutions -Shaping the impact of technological progress	THREATS: -Unstable political situation -Weak rule of law -Corruption -Ethical challenges -Trust issues from the communities -Work ethics

Table 7.1: SWOT Analyses

The factors that will be helpful to reach the objective are the strengths and opportunities, while weaknesses and threats are harmful. The objective points to the Initiative as a job creator both at their own factories and as a facilitator for small-scale business creation and rural job creation.

7.1 Considerations

The following section will consider the quality of the study when it comes to reliability, validity and ethical concerns. It will also look into the possible limitations of the study and its transferability outside of the case in question.

7.1.1 Quality of the Study

There are some issues worth discussing when it comes to the reliability of the research. The LAMTIB Initiative is constantly evolving and to capture all aspects and the directing of the Initiative precisely could therefore represent difficulties. The same is true for the surroundings, both when it comes to Myanmar specifically and the global aspect of development. The study has focused on using as up to date information as possible. In a country in such rapid development in some areas there is a risk that some situations have already slightly changed. Some of the results or concluding remarks could be found vague. As a qualitative study the lack of quantitative data makes it difficult to draw precise conclusions. This is also because the field studied could have endless different approaches and the view on which ones should be followed may be several. The researcher has therefore strived to show different views while still making the analysis and especially the recommendations as concrete as possible.

Two interviews have been conducted specifically for the purpose of this study. Both have been conducted through email due to distance and time zone differences. By not performing an interview in person there is a risk of missing out on body language and expressions that could have importance for how the answers should be interpreted. This issue is in part avoided by the researcher's personal relationship with the participants and the researcher's own knowledge of the issues discussed. Unstructured follow-up questions have been asked when needed, but mostly in the sense of clarifying the meaning of an answer.

The data gathered from the fieldtrip to Myanmar has mainly been used to identify the issues businesses and agricultural workers face. A fieldtrip diary was kept throughout the trip and a short report on the findings was written directly after. The identified issues have then been further researched to ensure their validity and to make sure they were more generalizable for

the agriculture in the country, not just a unique case. Many of the meetings during the fieldtrip were conducted in Burmese and this could mean that some aspects could be lost in translation.

Though the researcher has to her best extent tried to remain neutral, some bias may have clouded the direction on which factors and theories that are deemed relevant. In the theoretical framework the researcher has strived to show several aspects on theories and viewpoints to get a balanced framework without bias. The researcher has a great belief in the LAMTIB Initiative and what the Initiative is trying to do. However, this has not clouded the need to review the case critically to be able to recommend further plans of action.

The research is reported to the Norwegian Centre for Research Data and follows NTNU's ethical guidelines.

7.1.2 Limitations

The study has some limitations. First of all, the PESTEL analysis conducted concerning Myanmar is limited. Development and business environment aspects will for a country in Myanmar's position be endless. Several different aspects could have been considered. Due to both time and size constraints the researcher has excluded those aspects deemed less relevant for the following SWOT analysis of the LAMTIB Initiative. These are aspects that could still be relevant and should have been included in a more comprehensive analysis. The PESTEL analysis focused mainly on the developmental obstacles and could possibly have focused more directly on how to run a business in the country. This choice was based on wanting the focus of the study to be on developmental efforts rather than profit minded business. LAMTIB SEM is a for-profit business and a PESTEL analysis that focused more specifically on their business concerns in the country could have been relevant. Some of the factors include issues that overlap, and the researcher has tried to place the issues discussed in the most relevant category. Most notably, some of the issues discussed in chapter 5.6: Legal Factors would maybe fit better in chapter 5.1: Political Factors. However, this was a conscious choice due to the grave human rights violations explained and discussed in Chapter 5.1. It would seem trivial to continue listing other issues as if they were of the same caliber.

Job creation has not been discussed directly throughout the study and could have been applied more often to show how the researcher connected the issues discussed to the possibilities or limitations of job creation. Though it is not explicitly mentioned, job creation is linked to the issues analyzed and forms the basis for what factors that have been considered.

As the issues are discussed in light of one specific case, the transferability of the research might have some limitations. The study is constrained both when it comes to geographic and demographic locations. However, some of the same patterns of rural poverty are evident several places in the world, most notably in other Southeast Asian countries and many African countries. The Initiative is unique in its technological knowledge and content, which often is not the case with other development initiatives. The discussion of rural poverty and issues facing job creation in this sector could be relevant for different actors who wish to work with this group, both for development initiatives and for-profit businesses. The transferability is most evident when it comes to Myanmar itself, but could be relevant in other parts of the world where development is in its early stages and rural poverty is high.

8 Recommendations

Based on the research and results from the study some recommendations on further operations in Myanmar are made. They are based on the interlink between the identified development challenges and the Initiative's objectives and operations in the country. The following discussion will elaborate on some of the recommendations to clarify the intentions behind the recommendations. Some recommendations will however reflect directly to the SWOT analysis without need of further explanation.

Lack of access to credit and banking facilities are one of the main issues facing both local businesses and the rural communities that are identified in this study. To create jobs and small-scale businesses in the rural communities, access to credit is crucial. The leapfrogging technologies the Initiative provides are an important factor to this, but additional credit is needed to create sustainable livelihoods at a larger scale. The Initiative itself do not have the structure and aim to work as a financing institution. However, the Initiative could work as a facilitator between the rural communities and financing institutions. Examples of financial institutions could be commercial banks, microfinancing institutes and development organization. By providing guidance to the rural population on how to come in contact with institutions and how to apply for loans the barriers for expanding value-added production could get smaller. This could potentially both create new jobs and increase the sustainability of existing livelihoods by providing the means to create their own small-scale businesses with value-added production.

If the Initiative can find a standardized method of including rural farmers, then job creation and sustainable livelihoods can be created at a larger scale. Instead of creating large factories for production of coconut products the Initiative should aim to decentralize the production to the farmers themselves. Tropical Traditions (2018) is a company that produces coconut oil in the Philippines. They include rural farmers in their production by providing the tools and structure enabling the farmers to run their own small-scale value-added production. Their business structure could be interesting for the Initiative to look into to further create sustainable jobs in Myanmar. This view is compatible with the Initiative's vision of production by the masses, rather than mass production (Tom Preststulen & Partners, 2016). The Initiative could provide the structure, sales channels and the technology needed for coconut farmers to go from passive seller of coconuts to creating their own value-added business.

Some of the social factors discovered in the PESTEL analysis were work migration, lack of network to gain employment and workers' rights. To reach the maximum potential of job creating efforts it should be a focus to actively try and change some of these structural patterns. By identifying destructive patterns and patterns that work the Initiative will have a greater chance of helping the rural population. Lack of network is a large barrier to obtain employment and the Initiative should strive to identify the parts of the population that falls outside the existing patterns of employment. Work migrating is a large issue because it drives away a great part of the young population that could be a vital part in building the industrializing of the agricultural sector that is needed in the country. By giving this part of the population an alternative to migrating, the Initiative could reduce this issue and give young people the opportunity to create a sustainable livelihood near their families and community. To make a significant difference the Initiative has to break with destructive existing patterns.

To further enhance job creation in rural underprivileged areas some further recommendations for the LAMTIB Initiative are provided. The recommendations are based on the discussion provided in this chapter and the results of the PESTEL and SWOT analysis.

- Remain objective driven, avoid pitfalls of solely focusing on profit maximization, find a stable balance that does not compromise workers' rights, salaries and the conditions for workers.
- Focus on disseminating information about the Initiative, and have a close and transparent approach to the local communities, to gain their trust
- Have a flat business structure where the workers are rewarded for an increased profit margin, to help them see their value and boost work ethics
- Thoroughly identify the wants and needs for the communities as to allocate the Initiative's resources in the most effective way
- Work on changing the attitudes of the people and educate them in how the economic systems can work in their favor
- Work as a facilitator between rural communities and financial institutions
- Standardized methods for large scale production by the masses

- Hire people based: on societal needs, people that lack network, and people, who if not provided with a viable option, would migrate: to break unsustainable patterns of poverty

9 Conclusion

This study has looked into the challenges facing Myanmar in their transition to an open economy, with industrialization of production methods and increased foreign influence. The poverty in the country, especially in rural areas, is substantial. Large changes in the country will be expected in the years to come and it will be important to make sure the changes will benefit the whole population. Local government, development initiatives and foreign businesses have a joint responsibility to make sure that the effect of the transition will have a positive economic effect on the population, not just capital owners, foreign businesses and civil as well as military officials.

The study has found that the LAMTIB Initiative has a unique opportunity to boost job creation and hence rural poverty alleviation by use of their leapfrogging technologies of energy and ICT tools. However, the Initiative's continued work in the country should try even further to target the specific challenges facing the rural population to gain the maximum effect of the Initiative's resources. Key obstacles to rural development and business creation is identified as access to credit, lack of infrastructure and technology, lack of network and weak rule of law.

Reducing inequalities in economic standing and eradicating poverty will be crucial factors to continue the economic growth Myanmar is experiencing in a way that benefits the whole population. The recent report from the Human Rights Council (2018) on the human rights violations in the country has harshly, though justifiably, uncovered deep fractures in society and structural problems that have been apparent for decades and are still very much present. To reach an end of the Rohingya crises and address the societal and structural issues entailed are crucial for the country's continued transition into the global economic and social community.

10 Literature

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