

POVERTY REDUCTION THROUGH MICROWORK

A CASE STUDY OF SAMASOURCE



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DEDICATION

I am dedicating this piece of work to my father. Thank you dad for contributing immensely to the person that I am today. I know you are watching from above with a smile on your face.

ABBREVIATIONS

AIDS:	Acquired Immunodeficiency Syndrome
BOP:	Bottom of the Pyramid
BOP:	Base of the Pyramid
CSR:	Corporate Social Responsibility
HIV:	Human Immunodeficiency Virus
IS:	Impact Sourcing
IT:	Information Technology
MDG:	Millennium Development Goals
MNCs:	Multinational Companies
PPP:	Purchasing Power Parity
R&D:	Research And Development
SDG:	Sustainable Development Goals
SSA:	Sub Saharan Africa
UN:	United Nations
UNDP:	United Nations Development Programmes
WB:	World Bank
WHO:	World Health Organisation

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ABSTRACT

This dissertation sets out to explore the concept and issues surrounding poverty, with an ambition to show how microwork can be a sustainable solution to poverty reduction. Poverty is a global challenge impacting more than half of the world's population. The failure of development aid to produce anticipated results to the issue of poverty has increased the popularity of the *bottom up* approach. The solutions adopted by this approach will be directed towards the poor *per se*. The wellbeing of poor people can be improved through substantial job creation. Through the single case study of Samasource, this dissertation investigates how the company uses its business model to fight against poverty. In simple terms, the organisation uses its high quality online platform to outsource computer-based jobs (microwork) to youths and women in poor regions geared at helping them out of poverty.

The findings from this study indicate the following: firstly, Samasource has created and distributed 6,794 jobs and impacted an additional 20,993 people and local communities. Therefore, Samasource's business model has channelled a substantial amount of jobs to help the poor out of poverty. Furthermore, there is however some doubt as to whether the organisation really targets the BOP segment *per se*, judged by the character traits of some of their workers. This thesis confirms Samasource's alignment to multidimensional poverty. The company goes beyond the income aspect of poverty (as opposed to the BOP), to incorporate non-financial deprivations like education and capability building, as advocated in multidimensional poverty. Additionally, this thesis concludes that Samasource has incorporated sustainability and CSR related dimensions by ensuring that the economic, social and ethical responsibilities are respected. Last but not least, this study revealed that despite its achievement, Samasource faces a couple of challenges that they must be taken into consideration in order to increase their chances of scaling more.

“I have the audacity to believe that people everywhere can have three meals a day for their bodies, education and culture for their minds and dignity equality and freedom for their spirit”

Martin Luther King Jr.

CHAPTER 1: INTRODUCTION

Although the last two decades have witnessed a considerable drop in the number of poor people especially in East Asia and the Pacific region (World Bank, 2014), poverty still remains a major issue. This explains why policies and programs aiming at reducing world's poverty still dominate social and economic development debates.

Poverty is one of the most significant challenges faced by developing countries and its eradication continues to be a top goal for contemporary development. Indeed, fighting this global disaster increasingly occupies the attention of international organisations as well as non-profit institutions and private donors (Riddell, 2007). The Millennium Development Goals (MDGs) report of 2013 estimated that approximately 1.2 billion people on the planet live in extreme poverty of \$1.25 or less a day.

Unemployment and lack of sustainable jobs (long-term and income remunerated jobs) is considered as one of the key justifications to poverty and a major hindrance to development (World Development Report, 2013). According to Khalid (2013), Sub Saharan Africa (SSA) is looked on as one of the world's poorest regions. Despite considerable efforts to counter this issue in the region, the forecast for 2015 to 2030 is not very promising (World Bank, 2014). The greater the depth of poverty, the larger the vulnerability to diseases caused by insufficient food, poor water and sanitation, inadequate shelter or health care. These are all major contributors to premature, poverty-related death, especially among children in least developed countries (World Health Organisation , 2003)

Providing a definition for poverty has proven to be a complex matter as no standard definition has been attributed for it (Maxwell, 2006). Poverty alleviation can however be approached from two perspectives: '*Top down*' and '*Bottom up*'.

Top Down Definition of Poverty

The top down definition of poverty consists of macro efforts that could involve governments, NGOs and the infusion of both foreign aid and international loans in reforming institutions and infrastructures. Such reforms can be implemented in domains like health care, education and employment. This definition of poverty correlates, with that formulated by the WB, multidimensional poverty like the MDGs not to leave out the forth coming Sustainable Development Goals (SDGs). The World Bank, (2009) defines poverty as being a deprivation of wellbeing, which occurs when individuals or households lack enough resources to meet their daily needs due to inadequate income, shelter, sickness and inability of seeing a physician, cannot have access to school and does not know how to read, is jobless, powerless and lacks freedom. On the other hand, multidimensional poverty like the MDGs was formulated more than a decade ago. In fact, world leaders met at the United Nations (UN) Headquarters in New York with the purpose of adopting the United Nations Millennium Declaration, seeking to commit their nations to a global partnership-to reduce extreme poverty and help poor countries with a deadline of 2015. This meeting led to what became known as the MDGs. The eight MDGs brought together three interwoven objectives: halving extreme poverty, halting HIV/AIDS and providing universal primary education by the target date of 2015 (MDGs Report, 2014). The top-down definition of poverty and the dimensions indicated were all decided and established by different governments and international community. Even though many elements like income, job and education have been identified as solutions to reducing poverty, the question that resonates here is: *If there are so many dimensions of poverty, which ones are relevant and who decides on that?* Is the international community supposed to determine what dimension to poverty is relevant or not?

Bottom Up Definition of Poverty

The bottom up definition of poverty will entail grassroots efforts that will in general concentrate on programs for particular communities or individuals impacted by poverty (Sen, 1997). This approach lays emphasis on the fact that more attention

should be placed on individuals needs, for example through microcredit and business development through small-scale investments and jobs (Easterly, 2006, Yunus, 2007, Moyo, 2009).

In chapter two of the World Bank Report (2000/2001) dedicated to the definition of poverty, the WB drew on two separate chapters entitled *Voices of the poor*, in which more than 60 thousand poor men and women from 60 countries were interviewed to get their opinion and definition of poverty. Five overall findings came from the report: 1) Poverty is a multidimensional phenomenon. 2) Poverty is the lack of what is necessary for material wellbeing especially food, land and other assets. 3) Poverty has a lot of psychological impacts that leads to the poor lacking a voice, power and independence that will subsequently subject them to being exploited. 4) Poverty is the absence of infrastructure particularly transport, roads, water and health facilities. 5) Poverty leaves people susceptible to rudeness, humiliation and exposed to risk. Below are some of the responses that poor people provided:

“Don’t ask me what poverty is because you have met it outside my house. Look at the house and count the number of holes. Look at my utensils and the clothes that I am wearing. Look at every thing and write what you see. What you see is poverty”

(Man from Kenya, 1997.26)

“Poverty is humiliation, the sense of being dependent on them, and being forced to accept rudeness, insults and indifferences when we seek help”

(Person from Latvia, 1998.26)

“Take the death of this small boy this morning, for example. The boy died of measles. We all know he could have been cured at hospital. But the parents had no money and so the boy died a slow and painful death, not of measles, but out of poverty”

(Man from Ghana, 1995.36)

Even though poverty is intrinsically multidimensional, I choose to focus on one dimension ‘Jobs’ and seek to understand how, Samasource, a social business based in

San Francisco, strives to reduce global poverty by providing digital work (microwork) to disadvantaged people. The organisation secures contracts from companies like Google, LinkedIn and Getty images and outsources part of the tasks via its quality platform (SamaHub) to trained youths and women from poor regions like Kenya. Due to limited resources I have decided to be pragmatic and limit myself to one dimension of poverty (jobs). I must stress though, that I am aware of the fact that there are many other elements of poverty like lack of income, health, education and human rights.

Development aid

Aid is not necessarily a sustainable solution to poverty alleviation. Coined in the 21st century during the phase of decolonisation, development aid aimed at supporting the growth and advancement of the newly created nations in the developing regions (Riddell, 2007). Because this aid has not produced anticipated results, the initiative has faced controversy about the role of financial aid and whether it targets the right people. The Zambian-born international economist Dambisa Mayo is a fervent critic of foreign aid to developing nations. In her bestseller book *Dead Aid*, the second chapter is dedicated to discussing the myth of such aid. According to her, over the past five decades, more than US\$2 trillion of foreign aid has been transferred from rich countries to poor ones with Africa being the biggest recipient of approximately US\$1 trillion. She argues that, such aid causes a vicious cycle as it corrupts the power hungry leaders with a high thirst of enriching themselves, whom in most cases when provided with too much access to cash, tend to misuse it for personal benefit instead of applying it toward solutions to poverty (Moyo, 2009). Furthermore, she believes that it creates some form of dependency. Keeping in mind that a lot has been done in terms of official development assistance (ODA), yet, a significant population in the planet still live in abject poverty, the resonating question is whether foreign aid really works.

One of the approaches to poverty reduction is through creation and provision of jobs to the less fortunate. According to the UNDP report of 2012 and the MDGs report for 2014, poverty eradication and personal wellbeing can be improved by creating decent work for the poor. Productive employment opportunities will contribute substantially to achieve the internationally agreed development goals, especially the MDGs of halving extreme poverty by the end of 2015.

Social Business

Encouraging entrepreneurial activities is a way of creating jobs to benefit the poor. Nobel prize winner of 2006 Mohammed Yunus is one of the most influential and recognised social entrepreneurs especially thanks to his model of micro-credit. He is the mastermind behind the fast growing concept of social business. A social business is a business that is created with the main aim of solving social problems in a financially self-sustained manner (Yunus, 2010). The concept is gaining momentum as a tool for enhancing social and economic development in many developing countries, because it has facilitated access to employment for many people (Yunus Social Business Report, 2013).

BOP approach

C. K. Prahalad (2004) argued that solving issues of poverty can yield more success if MNCs focus on strategies that will aim at selling to poor people, those that will feature at the Bottom of the Pyramid (BOP). Because of the considerable size of the market, the private sector will benefit from investing in it (Prahalad and Hammond, 2002, Prahalad and Hart, 2002).

Nonetheless, the probability for MNC to envisage a business opportunity for the BOP by applying Prahalad's vision has also received academic critics from (Crabtree 2007, Jenkins 2005 and Karnani 2006). In one of their criticisms they question the vague estimate of the BOP population and the income as outlined by Prahalad in some of his works. Karnani (2006) for instance is very critical of Prahalad's Bottom of the Pyramid strategy and describes it as *a harmful illusion and potentially a dangerous delusion*. He proposes that the private sector can contribute in poverty reduction and increase employment for poor people by viewing the poor as potential partners, collaborators and producers rather than focusing on them as consumers.

London and Hart (2004), London, (2007) suggest another strategy called the Base of the Pyramid as an option to the Bottom of the Pyramid. This model according to the authors will encourage more collaboration and partnership between businesses and local partners. This strategy will give businesses the chance to engage, educate and develop the local communities at the BOP so that they can become producers. Such

partnership can create more jobs and enhance self-capabilities and empowerment in local communities.

Outsourcing

The earth is a hyper connected world that facilitates circulation of money, goods and services from one place to another. Naturally, this has created interconnectedness between businesses and enables companies to outsource part of their activities to low-income states like India and China primarily for cost effective reasons (Jensen and Pedersen, 2012). More so, outsourcing is an important source of employment especially in developing countries where the demand for jobs is one of the primary courses of poverty. Yet, with regards to poverty alleviation, the traditional way of practicing outsourcing has not succeeded in eradicating poverty. Therefore, impact sourcing is considered an alternative (Avasant, 2012).

Impact Sourcing

Impact sourcing is outsourcing that focuses on generating sustainable employment for socio-economically disadvantaged people, as major workers in Business Process Outsourcing (BPO) centres to provide digital-based services (Monitor, 2011, Avasant, 2012). Samsource is a pioneer of impact sourcing. Through their “*Digital Job Africa*” initiative, the Rockefeller Foundation is a fervent supporter of this initiative and encourages social businesses like Samasource through funding to support the initiative (Accenture, 2012).

CSR and Sustainability

Even though outsourcing has advantages for development when MNCs conduct some activities in developing nation, there have also been concerns with regard to the unsustainable practices of some multinational organisation. Some companies have been held accountable for unethical practices for their actions by the government, social activists, the media and other stakeholders. Consequently, businesses need to adopt and implement comprehensive corporate social responsibility (CSR) strategies to demonstrate their willingness in being ethical in their business endeavours (Porter and Kramer, 2006). Andersen and Skjoett-Laesen (2009) define CSR as a voluntary

commitment by a company to behave ethically in for instance the way it treats its work force, the environment and the community. It has been argued that unless a CSR strategy is incorporated into the core strategy of a firm, it does not lead to increased value, either for the firm or the local community (ibid). Organisations need to take in to account the economic, social and environmental responsibilities to maintain a good reputation and look more appealing to all stakeholders Crane and Matten (2010).

1.1. RESEARCH ISSUE AND QUESTION

With the increasing focus placed on alleviating worldwide poverty especially in least developed countries, this thesis aims to explore other alternatives to developmental aid to will help eradicate poverty. The kind of poverty that is referred to here is that which is due to lack of jobs. By jobs, the focus is on sustainable and remunerated jobs, performed via the Internet and which have both economic and social impact on the beneficiaries.

The main goal of this thesis as stated before is to understand how poverty can be reduced through microwork. In this line, this paper explores Samasource with the ambition to explore and interpret how the company goes about its endeavours to reduce poverty and evaluate whether its business model have contributed significantly to poverty reduction. Kenya is one of the regions in which Samasource conducts its activities. It is considered to be one of the poorest nations in the world with a high unemployment rate especially among youths (MDGs Status Report for Kenya, 2013).

Inspired by the *bottom up* approach, microwork was coined in 2008 by Leila Janah, its founder and CEO. Simply put, the company obtains contracts from MNCs like Google, divides them into smaller tasks and outsources parts via their online platform called Samahub to be performed by trained poor youths and women in developing countries. All the microworkers are remunerated and provided with training and job experience (Samasource Annual Report, 2011, 2012, 2013, 2014). Because the company's core values and principle objectives aligned with the main theme of this thesis (Poverty reduction through jobs), I decided to apply it as the single case study for this thesis.

In its endeavour to reduce global poverty, Samasource uses two important concepts namely social business and BOP. It is therefore necessary to be conceptually clear

about what BOP is on the one hand and social business on the other hand with regards to the method used by Samasource.

The BOP has a for-profit approach. This means that MNCs that engage in the BOP market have as main goal to make some financial benefits from their activities are shared among the shareholders. Even if these corporations collaborate or partner with some NGOs or non-profit institution, they are primarily for-profits. With regards to Samasource, both target poor people but Samasource does not have for-profit ambitions since the money generated by their activities is re-invested in to the company and used for societal issues (Samasource Press Kit, 2012).

On the other hand, the social business approach is not for-profit. It aims at solving social issues, and all the benefits generated are channel back in to the firm and used to fulfil other social objectives. This approach fits more with Samasource's strategy. The company defines itself as a non-profit social business that aims at solving poverty by giving work to poor people.

Unemployment and the difficulties for poor people especially youths in developing countries to have access to decent, sustainable and income remunerated employment is one of the main hindrances to development and lies at the core of poverty. In the 2013 report on Jobs and development provided by the UN, emphasis is laid on how tackling poverty and its entrenched roots necessitate job creation. This will not only uplift poor people from misery but will subsequently enhance social and economic development. As per the report, *"jobs are the main source of income for the majority of house holds and a key driver of poverty reduction"* (World Development Report 2013, Chapter 2, P.76).

In poor regions, securing any form of well-being entails having a remunerated employment. Thus, creating productive employment opportunities is a long-term and sustainable way of guaranteeing development. According to the UN report provided by the Division for Social Policy and Development published in 2013, halving poverty by 2015 is a global priority which cannot be completely realised without economic and social reforms aiming at creating, decent and productive employment. The report states:

“Employment policies should be central to a broad, coherent and consistently countercyclical macro economics strategy for sustainable development”

(UN Report, 2013, P.105)

Agriculture and the informal employment are the two most prevailing sectors in developing countries, accounting for half of the jobs in the region (World Development Report, 2013). Therefore, to contain the high concentration of working age groups of people especially the youths, efforts can be placed on creating productive jobs, for example investing on labour-intensive industries such as agriculture while upgrading the quality of Informal sectors.

Considering the significance of jobs as one of the main tools to reducing poverty, this dissertation therefore explores how Samasource uses its business model to reduce poverty in poor regions through jobs.

Based on the above considerations, the research question chosen for this dissertation is:

How does SAMASOURCE contribute to poverty reduction through substantial job creation?

1.2. DELIMITATION

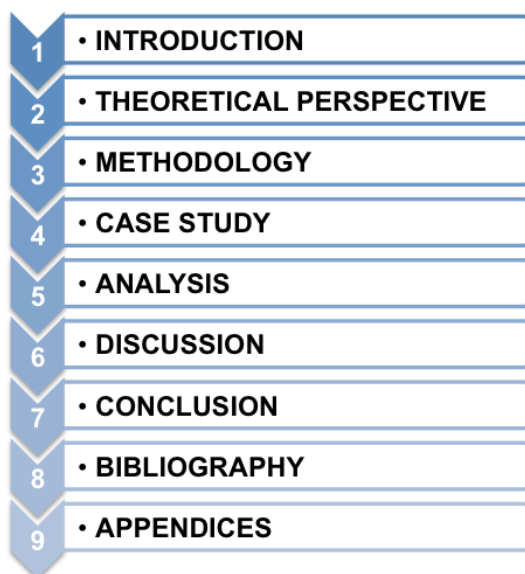
One of the principle limitations to this thesis is the fact that it is limited to *jobs*. The overall theme for this work is *poverty reduction*, broad concept comprising many dimensions. My intention, though, is not to take any stance on the right definition to poverty or on which dimension is more important than the other. The goal is to narrow the work and focus one main dimension (jobs).

Another limitation to this dissertation is the fact that it is limited to Samasource's activities in Kenya. Initially, the goal was to analyse Samasource's social business model and how it conducts its businesses in different regions like (Uganda, Ghana, Kenya, Haiti and India). Conducting such a broad research would have necessitated resources like time and money that I could not afford.

1.3. STRUCTURE OF THESIS

The next chapter presents a theoretical framework and explains the different theories that have been used for this dissertation. The third chapter looks at the methodological choices selected to conduct the research. The fourth chapter will be dedicated to a more detailed case study of Samasource. This will be followed by an analysis of Samasource's work and accomplishments, to facilitate an answer to the question under study. The sixth chapter will be discussing all the findings while the seventh chapter will conclude the thesis and provide few recommendations for future research. Chapters 8 and 9 will be dedicated to the Bibliography and Appendices as presented in figure 1 below.

Figure 1: Structure of Thesis



Source: Own illustration

“ Overcoming poverty is not a gesture of charity, it is an act of justice. Poverty is not an accident like slavery and apartheid, it is man-made and can be removed by the actions of human beings. ”

Nelson Mandela

CHAPTER 2: THEORETICAL FRAMEWORK

This chapter provides a theoretical background and framework that will shape the structure of the analysis and help in answering the research question. Concepts of poverty and multidimensional poverty, social business, BOP, outsourcing and impact sourcing, CSR and sustainability will be discussed.

2.1. POVERTY

Formulating a standard definition of poverty has proven not to be an easy task as referred to in introduction. In fact, scholars, researchers and academic papers have articulated many explanations after looking at poverty from different standpoints. This section focuses on discussing income poverty as related to jobs. In this perspective, I argue that jobs are necessary and important but they must be remunerated in order to help poor people out of poverty.

In 1990, the World Development Report on poverty proposed an international poverty line of \$1 with the aim of assessing world poverty by the standards of what poverty signifies in the poorest nations. These measures were based on household surveys, census data, national representative surveys of about 130 countries and both national and international price data (Chen and Ravallion, 2008). While this approach seemed legitimate in terms of measuring poverty in the world's poorest countries, there were some concerns about the possibility of it being deceptive. For, if two people from different countries are considered poor, it is also necessary to establish the purchasing power of each country in terms of international traded goods that can vary from one state to another, since, some commodities like services are not traded. Also, it was important to take in to account the fact that due to the relatively low wages in developing countries, labour-intensive non-trading goods tend to be comparatively cheap (Ibid). The “*price*” factor became an important element to take in to consideration while at the same time ensuring that the International poverty line had

the some purchasing power for all countries. The Purchasing Power Parity (PPP) exchange rate based on price survey for each country was considered the best tool to be used in this regard.

In 2005, after conducting numerous researches and revisiting the PPP, the poverty line was estimated at \$1.25. The World Bank (2009) considered that the most conventional and effective way of defining poverty was through income. This meant that if a person was employed and earned a salary of \$1.25 a day he/she was deemed poor. It does not suffice to have job, but the remuneration should be reasonable. Hence, poverty can be reduced if people have access to jobs with decent wages, which will enable them to fulfil their needs and that of their families.

Having said that, poverty is not merely about income. The Global Forum on Development held in 2013, the OECD Development Co-operation Report for 2013 as well as the MDGs insists on the importance on focusing on both income and non-income dimensions of poverty. The next section will be discussing multidimensional poverty with a particular focus on jobs as a significant element of poverty reduction

2.2. MULTIDIMENSIONAL POVERTY

Poverty is increasingly viewed as multidimensional. The MDGs, the forthcoming SDGs as well as other development reports all draw attention to the multiple deprivations that the poor suffer and how they are interconnected. A wider understanding of poverty was formulated in 1995 during the Copenhagen World Summit for Social Development. It stated:

“Poverty has various manifestations, including lack of income and productive resources sufficient to ensure sustainable livelihoods; hunger and malnutrition; ill health; limited or lack of access to education and other basic services; increased morbidity and mortality from illness; homelessness and inadequate housing; unsafe environments; and social discrimination and exclusion. It is also characterized by a lack of participation in decision-making in civil, social and cultural life.”

This broader definition suggests that, the issue of poverty is far worse than what the monetary income poverty suggests.

The multidimensional poverty provides the incentives to look at income and non-income poverty. Alkire and Santos (2010) developed the Multidimensional Poverty Index (MPI) after conducting a study for more than 100 countries. The UNDP's Human Development Report of 2010 suggested three dimensions to poverty namely: health, education and living standard. These dimensions reflect ten indicators of multiple deprivations at the household level (nutrition, child, mortality, years of schooling, school attendance, cooking fuel, sanitation, water, electricity, floor and assets). This means that; people who escape income poverty can still be poor if poverty is measured with regard to other dimensions. Alkire and Foster, (2011) maintain that ending income poverty will not guarantee the end of many deprivations like unemployment, lack of education, malnutrition and poor sanitation, thus justifying the reason why poverty needs to be measured from multiple angles. Hence, economic growth is not enough to eradicate poverty, if people who have been above the selected income threshold become impoverished and experience deprivation in non-income dimensions. To sustain global development and ensure a better and healthier living condition for poor people, 189 countries endorsed the MDGs. These goals aim at:

- Eradicating poverty and hunger
- Achieving universal education
- Promoting gender equality and empowering women
- Reducing child mortality
- Improving maternal health
- Combating HIV/AIDS, malaria and other diseases
- Ensuring environmental sustainability
- Developing a global partnership for development.

All these objectives if fully implemented, will ensure a better life for the less fortunate.

According to the MDGs Report (2013), the importance of jobs as a tool to reduce poverty accelerated the creation of a new target to poverty elimination in 2008, called

the MDGs (1B). This objective aimed at: *achieving full and productive employment and decent work for all including women and youths* (Ibid). With the MDGs deadline looming, the SDGs are a new universal sets of 17 goals and indicators that UN member states will be expected to use to frame their agendas and political policies from 2016 to 2030 (Ford, 2015). These goals are meant to follow and expand on the MDGs with one of the ambitions aiming at full, productive, and decent employment for all (Ibid).

The global job crisis especially in underdeveloped states is a handicap to any form of economic or social development. During the 45th session of the commission on population and development organised in 2012, it was established that SSA had an on-going increase in its youth population, and the region had to deal with the considerable number of joblessness among this segment of the population. Between 2000 and 2008, Africa's working population (15-64 years) grew from 443 million to 550 million; which is equivalent to an increase of 25% (World Bank, 2011a). According to the International Labour Organisation (2012), Youths age between 12 and 24 are three times more likely to be out of jobs than adults. Furthermore, for some who are fortunate to secure jobs, they are underemployed in part-time or temporary jobs or in the informal sectors with unfavourable working conditions

The African continent is not only witnessing an increase in its population but there is also a rise in the percentage of youths who have obtained primary, secondary or tertiary education. It is predicted that 59% of 20-34 year olds will have completed secondary education by 2030 as opposed to 42% in 2012 (African Economic Outlook, 2012). This trend represents a considerable opportunity for economic and social development if this reservoir of human capital is channelled towards the productive sector of the economy. Unfortunately, there is no, or minimum guarantee for employment even for those who have completed higher education in most regions in SSA (Personal experience). Scarcity and the inaccessibility of jobs remains a barrier to the regions development as young people face difficulties in finding decent, productive and long-term jobs (MDGs Report, 2014). This high unemployment represents a lost for the communities and nations who will not benefit from the overwhelming potential social, economic and development growth that the youths could theoretically offer. The difficulties encounter in finding and sustaining jobs detracts a young person's lifetime productivity and earning, making it more challenging to escape poverty.

Even if jobs have been created, they have not been sufficient enough to cater for the rapid growing number of youths and school graduates who are in continuous search for work. According to the ILO report for 2012, between 2000 and 2008, Africa was able to create 73 million jobs, but only 16 million for youths of age between 15 and 24. Consequently, many young Africans find themselves unemployed or, more frequently underemployed in informal sectors with low productivity and pay check.

The gender gap in employment is also an issue especially in developing regions. It was estimated in 2012 that there was a 24.8 percentage point difference between men and women in the employment-to-population ratio (MDGs Report, 2013). The most acute gap is in Northern Africa, Southern and Western Asia, where women are far less likely to be employed than their male counterparts. As a result, women often find themselves relegated to domestic chores or farming, a rampant activity in the informal sector in developing countries. Poverty is therefore the most obvious consequence of inadequate employment (World Developments Report, 2013).

2.3. POVERTY IN KENYA

As mentioned in the introduction, this thesis has been limited to one example of the regions in which Samasource conducts its activities, Kenya. This section therefore aims at providing an overview of the poverty situation in the region and some of the strategies that have been adopted to counter it. Since the country's independence in 1963, Jomo Kenyatta one of its most prominent leaders made poverty reduction a national priority, and a considerable amount of state and non-state development and anti-poverty plans were initiated (Runguma, 2014). But today, Kenya is considered as one of SSA's poorest nations with half of its 44.32 million inhabitants living below poverty line (IFAD 2014). In fact, the Human Development Report (2014) positions Kenya at the 147th among 187 countries in the United Nation Development Index (HDI), which measures development in terms of education, living standard and life expectancy among inhabitants. In addition, the World Bank (2014/2015) indicated that in 2011, Kenya accounted for 3% of the global extreme poor.

Various reasons have been provided to explain the causes of poverty in the region namely: lack of appropriate governance (corruption), shortage of food and insufficient

access to clean water, poor health system, lack of education and jobs (Kenya MDGs Report, 2010). According to Kenya Economic Report (2013) the high unemployment rate among the youths is one of the main reasons behind the high poverty rate in the country. The Kenyan country report (2014) mentions that youths between 15-34 years old, who form 35% of the country's population, have the highest unemployment rate of 67%. The Kenyan government therefore continuously articulate the necessity to create sufficient employment opportunities to absorb the country's increasing labour force (Kenya Economic Report, 2013, World Development Report 2013).

In September 2000, Kenya was among the 189 nation states that joined forces to sign the MDGs. After going through a slow and uneven economic growth, the Kenyan government launched a series of economic and structural reforms gearing at reviving the economy and implementing the MDGs by fully integrating the eight goals in its national program.

The country carried out three participatory poverty assessment studies and prepared a Poverty Reduction Strategy Paper (PRSP) in 2001/2002 (Kenyan MDGs Report, 2010).

These reforms enshrined within the Economic Recovery Strategy ERS (2003-2007), led to the Kenyan economy recording a remarkable recovery. From 2002 to 2007, the nation's GDP grew steadily from 0.6% to 7.1%, with roughly 2.3 million new jobs created around the same period.

But, as the country's economy was enjoying consistent growth, it was hit by the financial bubble of 2008 that sparked abrupt declines in exports and commodity prices and reduced trade and investment, slowing growth in the country. Furthermore, Kenya had to deal with national issues of unrest and violence after a contested presidential election. Plus, the country was facing food crisis caused by droughts. Even though peace ultimately returned to the state, the scars provoked by the post-election violence, financial downturn and droughts, had a drastic impact on Kenya's growth causing a fall of GDP to 1.7% in 2008 and a rise in inflation and unemployment (DFID, 2008, Kenya Economic Report, 2013).

Education correlates with employment and remains as one of the most critical components for economic development and social progress in any society (MDGs Status Report Kenya, 2013). The Kenyan government developed and implemented a range of policies and strategies towards universal primary education for all children. Such initiatives will develop skills of the growing population and increase their chances of future job opportunities (Ibid). In 2008 the Kenyan poverty strategy plan was initiated with a vision for 2030 (Kenyan Poverty Reduction Strategy Paper, 2014, & Kenya MDGs Status Report, 2013). The overall objectives were to enhance economic and social development through massive job creation, by facilitating education for the masses especially the youth and improving infrastructures.

While the Kenyan poverty strategy plan for 2030 lays more emphasis on the *top down* approach to poverty reduction, the *bottom up* approach focuses directly on the individual or the local community, which it seeks to assist. Easterly (2006) believes that sufficient knowledge to solving poverty in a local region must be '*home grown*' by for instance facilitating access to schools for poor children in rural areas, by providing them with school uniforms, books and pencils. Yunus's micro credit approach to poverty reduction aims at directly helping poor people by issuing them loans, that could help finance their small businesses and enable them to eventually become self-reliant (Yunus, 2007). Yunus (2010) believes that another efficient way to help the less privilege is through *social business*. The emerging field of social business focuses on the idea of using business methods and practices to achieve positive social change (Yunus Social Business, 2013)

This section was useful for this paper because Kenya is one of the regions where Samasource outsources a considerable number of jobs. In addition, the country serves as the company's field operation office. It was therefore necessary to give an overview of the nations status with regard to poverty and discuss the measures that have been carried out so far to end it. In the fifth chapter of this report, I will concretely show the contribution that Samasource has made in the region with regards to reducing poverty.

2.4. SOCIAL BUSINESS

Since Samasource is a social business as stated in the introduction, this section provides an overview of the notion of social business. In this perspective, a definition

of the concept and its seven characteristics will be presented. This will be followed by an explanation of how to build a social business model from a conventional business model.

2.4.1. What is a Social Business?

Yunus, Moingeon and Lehmann-Ortega (2010) distinguish two types of corporate bodies in the capitalist system. Firstly, there are companies that have profit maximisation ambitions with the main purpose to create shareholder value. Secondly, there are non-profit organisations that have as primary objective to fulfil social objectives. Social business falls under the second category and Muhammed Yunus is its pioneer. In his book entitled “*Building Social Business*” published in 2010, Yunus refuses to label the “poor” as being responsible for their miserable conditions. Instead, he believes that it is as a result of institutional deficiencies. Consequently, he advocates for a new redefinition of the existing socioeconomic system to unleash human capabilities (Yunus, 2010, Sardana, 2013).

A social business is an organisation that is created with the principal aim to solve social problems in a financial self-sustained manner (Yunus, 2010, Yunus Social Business Report & 2013, Grove and Berg, 2014). Even though social businesses operate like any other traditional commercial enterprise, with products and services, customers, expenses and revenues, they are however tailored to solving social or environmental issues. In this case, the profit maximisation principles are being replaced by social benefit principles.

A social business is a *business* because it must be *self-sustaining*; this means that it should be able to generate sufficient income to cover its expenses. However, part of the economic surplus generated by the company is reinvested in to the organisation to ensure sustainability, expansion and growth, and the rest is kept aside to cover uncertainties (Yunus, 2010).

Social businesses can be categorised in to two types: *type 1* and *type 2* (Ibid).

A *type 1* business is basically what Yunus calls a *non-loss, non-dividend company*. It is a business that is strictly devoted to solving social problems and is owned by investors who will re-invest all the profits generated back in to the company. An example of this

type of business is the Grameen-Danone-a joint venture created in 2006 between the Grameen Bank and the French food conglomerate with the aim of solving the problem of malnutrition affecting children in Bangladesh.

A *type 2* business on the other hand is principally a profit-making kind of business which is owned by poor people, who can make profits by receiving direct dividends or any indirect benefit. For example, poor people can produce a good, which will later be exported to an international market. The net profits goes directly to the workers. An example of such a business is the Grameen Bank, owned by poor people who are both its depositors and customers and the profit generated goes to these workers (Yunus, 2010).

2.4.2. Characteristics of a Social Business

According to Yunus, (2010), the concept of social business has seven principles, which also serve as a reminder of its core values. Table 1 below provides a list of the seven maxims.

Table 1: Seven Principles in Social Business

1	The business objective is to overcome poverty or one or more problem like (poverty, health, technology access and environment) that threaten people and society; not to maximize profit
2	The company will aim at attaining financial and economic sustainability.
3	Investors get back only the money they invested. No dividend is given beyond the return of the original investment.
4	When the investment amount is paid back, profits stay in the company for expansion and improvement.
5	The company will be environmentally conscious.
6	The workforce gets a market wage, with better –than standards working conditions.
7	Do it with joy!

Source: Yunus, (2010)

The concept of social business is still new but gradually implanting itself in different regions around the globe. Initiated by Yunus, the Yunus Social Business (YSB) global initiative is a social accelerator that incubates and finances local entrepreneurs while also providing post-investment support (Yunus Social Business Report, 2013). YSB is

gradually fulfilling the objective of reducing poverty. For the period of 2013 YSB has created 20 social businesses, supported more than 200 entrepreneurs, provided more than 800 jobs, and sustained above \$5.7 million deployed to social businesses (Ibid). Samasource (as will be discussed in detailed in chapter 4) is also a social business whose activities aim at procuring social impact.

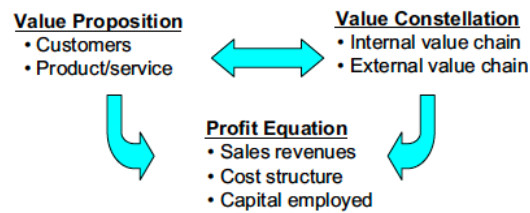
2.4.3. From a Business Model to a Social Business Model

Lurie (2009) defines a business model as a way a business is designed and created to deliver and capture value. The aim of this section is to explain the elements needed to create a social business model, since; these dimensions must be taken in to account in order to generate a framework for a successful social business. This section will be inspired by the article written by (Yunus, Moingeon & Lehmann-Ortega, 2010), to understand how you move from a conventional business model to a social business model. Lessons learned from three joint ventures namely Grameen-Danone, Grameen-Veolia and Grameen-Phones, would serve as illustrative examples.

According to Yunus, Moingeon and Lehmann-Ortega (2010), the attention that the business model concept is presently gaining among researchers provides guidance as to how to create social businesses. While there is currently no consensus as to its definition, the authors propose that business models have three components:

1. **Value proposition:** it answers the questions about who the customers are and what will be the value of the goods or services offered to them.
2. **Value constellation:** this is interested in answering questions regarding how to deliver an offer to the customers. It involves the company's value chain as well as its value network with suppliers and partners.
3. **Positive profit equation:** this is the financial translation of the first two elements. It deals with how value is captured from the revenue generated through value proposition, and how costs are structured and capital employed in the value constellation.

Figure 2: The three components of a conventional business model



Source: Yunus, Moingeon and Lehmann-Ortega (2010)

The business model concept as briefly explained above offers an integrated picture of how a company can generate revenue and value. According to the conventional wisdom or critics of CSR, the goals and responsibilities of businesses is primarily to generate profit for owners. That being said, building social businesses cannot be based on simply replicating for-profit business models. Instead, it is important to go beyond conventional thinking and consider all stakeholders. Therefore, five lessons learned from the Grameen experience will be discussed below to facilitate the understanding of the elements to take in to consideration in order to build a successful social business model, and go beyond the conventional ideology.

1. **Challenge conventional wisdom:** the idea behind this is that creating a social business entails having the capacity to go beyond what is regarded as the competitive norm. The Grameen Bank experience illustrates the conventional assumption that without enough money or collateral security poor people are not entitled to loans. The Grameen model proved this theory wrong by exclusively enabling poor people to acquire loans, therefore questioning the rules in place. This is an element that start-ups intending to set up social businesses can keep in mind.
2. **Finding complementary partners:** to build a social business model, it is necessary to leverage expertise and resources by setting up partnerships. Chesbrough (2007) requested that businesses in technological environment should open up their business models to partner companies so as to gain from new resources. The Grameen Bank and the Norwegian phone company Telenor, led to the creation of Grameen-phone. This is an example illustrating

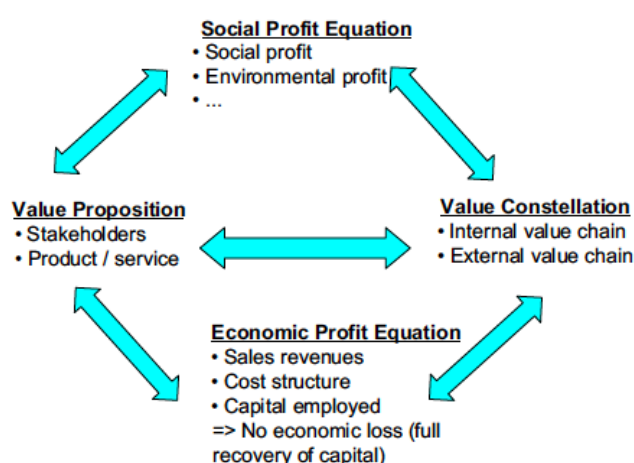
how setting up a collaborative partnership can be a major step in building social business models. According to Andreasen (1996), a partnership or collaboration between businesses and non-for-profit organization can be very productive and less risky due to the fact that both partners are not directly competing with each other.

3. **Undertaking continuous experimentation:** the business model innovation literature mentions that, strategic experimentation is a way of enhancing knowledge acquisition (Govindarajan and Trimble, 2004). By launching a series of small businesses, risks are minimized while learning is improved and, this makes it more possible to identify a strategy's potential for efficient success. Social business models can therefore start small, be refined and then grow. It is only by experimenting that one can determine whether the business models works well or not, because, experimentation involves the capacity to make changes when the initial approach turns out not to yield the expected results.
4. **Favouring social profit-oriented shareholders:** corporate managers are more and more keen on launching CSR projects that will also seek at helping developing countries. But, lack of resources can prevent the accomplishment of such projects. With regards to the Grameen-Danone collaboration, the CEO of Danone had to go through the challenging process of convincing the company's shareholders about how the resources used in the partnership could equally maximise value for them. Therefore, a social business framework will not only include customers, supplies and partners, but also shareholders who understand and accept the social mission of the project.
5. **Specifying social profits objectives clearly:** the final element that must be taken in to account when building a social business entails verifying whether all the partners or players in the project have clearly defined and agreed on the social profit objectives (Moingeon and Lehmann-Ortega 2010). When the Grameen-Phone project was initiated, the idea was to adapt Grameen-Phone in to a social business with poor people owning majority of the shares. But, Telenor did not agree to sell its shares. The Grameen-Danone experiment

therefore took in account the mistakes from the Grameen-phone experience and established the mission in detail at the beginning of the project.

Drawing from the Grameen Group experience, the social business framework below (Figure 3) illustrates the adjustments required to switch from a traditional conventional business model to a social business model framework. First of all, there is the need to specify all stakeholders illustrated by the value proposition and constellation. Then, provide a definition of the desired social profits as seen in the social profit equation. Lastly, the economic profit equation focuses on recovery of cost and capital and not financial profit maximisation.

Figure 3: The four components of a social business model



Source: Yunus, Moingeon and Lehmann-Ortega 2010)

2.5. THE BOP THEORY

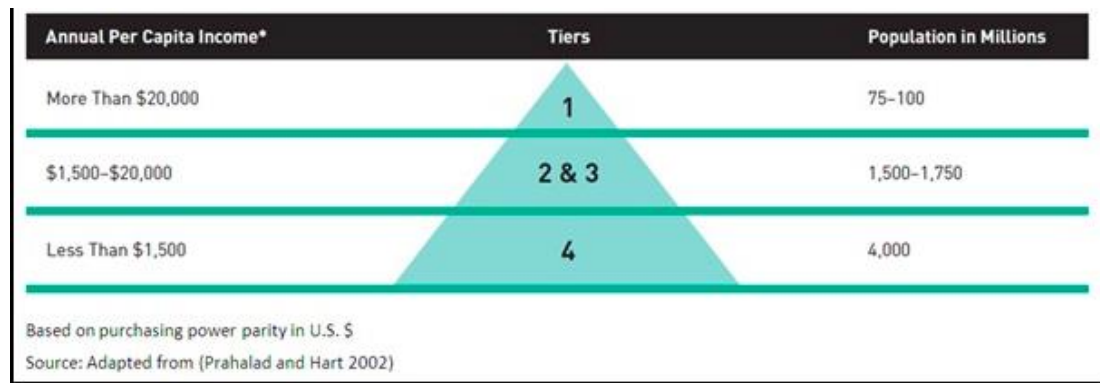
This section reviews the bottom and the base of the pyramid (BOP) literatures. The aim is to understand if and how the private sectors and MNCs can make profit at the BOP market while at the same time adapting best strategies that can help reduce global poverty. The BOP theory is of relevance when discussing issues linked to poverty reduction (theme of this thesis). The BOP market represent an immense untapped market of 4 billion people (Prahalad and Hart, 2002) that, the authors argue is worth capitalising on when engaging in projects gearing at reducing poverty and enhancing sustainable development. In addition, it is specifically linked to the case study of this project, as the BOP population is the same segment that Samasource focuses on in its mission to reduce global poverty.

2.5.1. The Bottom of the Pyramid

In his book *The fortune at the bottom of the pyramid*, C. K. Prahalad (2004) uses twelve cases to attempt to sensitise organisations and world leaders, on the importance of implementing radical innovations in technology and business models so as to succeed in the BOP market. According to Prahalad and Hammond (2002), the opportunities in this market are based on the fact that the majority of the world's poor are underserved due to some market imperfections. An example is the fact that the prices that poor people have to pay for basic goods and services like food and water, health services or credit obtained may be higher than what wealthier income groups pay for equivalent or even better quality items. This is due, among others, to local monopolies, unequal power relationships and inadequate market information. Furthermore, because of the erroneous belief that there is no considerable benefit to be made by serving or investing in poor people, the private sector tends to neglect this segmented population (Ibid). In this perspective, the market at the BOP is estimated to incorporate approximately four billion people and represents a multitrillion dollar-market (Prahalad and Hart, 2002). In addition, it has a lot of unmet needs and latent purchasing power, representing potentially important business revenue possibilities (London, 2007). Hence, corporations with financial resources, managerial and technical skills and experience needed for serving and developing the BOP market, will be well placed to create and provide products and services that will best suit the needs of the targeted population. Prahalad and Hammond, (2002) contend that, such initiative will not only benefit the poor masses, but, it will also be profitable for MNCs and other investors who in most cases have for-profit ambitions, and will benefit from the revenue growth from this market which can potentially be very high.

In their article published in 2002, Prahalad and Hart illustrated the world economic pyramid. In it, consumers were classified into four tiers based on their annual per capita income of \$ 1,500 or less (based on PPP in U.S. dollars) as shown in figure 2. The goal was to lay emphasis on the forth segment of consumers who despite having the lowest margin, possessed higher unit sales that can enable products or services to generate revenues for businesses. By stimulating commerce and development at the BOP of the economic pyramid, MNCs, it was claimed, will radically improve the lives of billions of people and at the same time generate economic profits.

Figure 4: The World Economic Pyramid



Source: Adapted from Prahalad and Hart, 2002.

From the illustration, 75 to 100 million affluent Tier 1 consumers around the world with per capital of \$20,000 feature at the top of the pyramid. The assumption is that at the bottom of the pyramid, with an annual per capital income based on the PPP of or below \$1,500 will feature the Tier 4 category. Despite their low annual income they make up a colossal market of 4 billion people. MNCs can enhance prosperity while reducing poverty by selling to this vast majority of the world's population (Prahalad and Hart, 2002).

Despite the fact that Prahalad's bottom of the pyramid theory has received a lot of attention and cited by many scholars in different publications, it has proven to be sometimes unclear and inconsistent leading to some criticism (Agnihotri, 2012). Karnani, (2007) and Crabtree (2007), have criticised some of Prahalad's claims in some of their publications as will be discussed below.

In his book published in 2004, Prahalad is inconsistent as to the exact number of people featuring at the BOP. In fact, the preface of his book mentions *four billion people living on less than \$ 2 a day*. However, on page thirty-three, the numbers go *from four to five billion poor people*. Karnani disagrees with Prahalad's statistics and contend that the WB estimation of the number of poor people was 2.7 billion in 2001, with other researcher even estimating the figures to be lesser. Prahalad's inconsistencies can raise eyebrows as to whether his work is not base on guesswork. In addition, Prahalad claims in his book that the potential size of the BOP market is 13

trillion at PPP. According to Karnani (2007), this is an over-estimation of what the BOP market represent because the average consumption of poor people is \$1.5 a day. If poor people are estimated at 2.7 billion as determined by the WB in 2001, this will mean that the BOP market size will be \$1.2 trillion at PPP by in 2002. Far below Prahalads estimates from 2004. Furthermore, Karnani (2007) dismisses the claim that there is fortune to be made at the BOP as per Prahalad. To him, the BOP market is not only small, but it is unlikely that big corporations make any benefits there. Karnani believes that, it is costly to serve the market at the BOP, since poor people are often geographically dispersed (with the exception of the urban poor concentrated in to slums) and culturally heterogeneous. The final criticism for this dissertation is in relation to one of Prahalad's illustrative cases where he encourages more deskill jobs in the BOP markets. He cites as example the Mexican cement company (CEMEX) that adapts its products to poor people's needs by selling construction materials to them at low prices. The problem with this case is that Prahalad does nothing to prove that these low-income earners are part of the BOP, thus creating some doubts and uncertainties Crabtree (2007). Plus, CEMEX's target market is believe to consist of families earning between 50 and 150 Pesos, which is roughly \$5-\$15 per day (Agnihotri, 2012), far above the established poverty line. These few examples among others have raised much doubt and questioning regarding the validity of Prahalad's work and have contributed to a different interpretation called the base of the pyramid, which will be discussed below.

2.5.2. The Base of the Pyramid

Similar to the bottom of the pyramid approach, the base of the pyramid stresses on the importance for companies to divert their strategies towards the BOP market for advantages mentioned before. However, London and Hart (2004), contend that an initiative targeting low-income markets entails the recognition that, reproducing the western-style pattern of economic development may not be successful in that market. Plus, business strategies that rely on leveraging the strength of the BOP market will out perform those focusing on the weaknesses. A preferable approach therefore, is for businesses to adapt products and services to suit the market, develop a mutual relationship with new partners, and boost local capabilities through learning and training. Succeeding in the BOP market entails that companies develop global

capacities in social embeddedness or simply the ability to create a competitive advantage through proper understanding and integration in the local market (Ibid).

The base of the pyramid concept slowly moves away from a consumer relation “*selling to the poor*” to a more business partnership relation “*treating poor people like business partners*” (Simanis and Hart, 2008). Also, this strategy ensures that dialogue between the “*Top*” (MNCs) and the “*Bottom*” (BOP segment) is no longer one-sided but a shared conversation where mutual agreement and commitment becomes the order of the day. Both parties will engage in a relational rather than transactional rapport. The term “*base*” instead of “*bottom*” ensures that any negative connotation is avoided (Simanis & Hart, 2008, P. 1-2). Karnani, (2007) suggests that, empowering the poor at the BOP market and facilitating a better life for them should start by viewing them primarily as producers, not as consumers. To him, the best way of reducing poverty is by focusing on the poor as producers, by creating opportunities for sustainable jobs with decent remuneration to eliminate poverty (Ibid). Put simply, the base of the pyramid is a win-win solution for all parties. On the one hand, MNCs or the private sector will be able to make some profits and on the other hand, poor people have the opportunity to develop more skills and capabilities that can secure job opportunities, boost their esteem and elevate their social status.

2.6. THE CONCEPTS OF SUSTAINABILITY AND CSR

Acting ethically has become an expectation rather than a differentiation strategy to obtain organizational legitimacy. The purpose of this section is to discuss the importance for companies to adopt a socially responsible attitude in their numerous endeavours and to justify why CSR has become an indispensable angle for most MNCs when formulating their business strategies. The ambition of Samasource is not simply to give poor people jobs to get them out of poverty; it is also to fulfil this ambition in a socially responsible and sustainable manner. Economic development and globalisation has enabled businesses to grow, paving the way for some MNCs like BP, Shell and Nestlé to adopt some unsustainable practices that have raised eyebrows (Crane and Matten, 2010). Indeed, such immoral and unhealthy practices have resulted to economic, social and environmental damages to the planet, forcing activists, the media and governments to become intolerant while compelling such companies to take responsibilities for the consequences of their actions (Porter and Kramer, 2006). To

show their goodwill, more and more organisations are inclined to drafting a company's code of conduct to emphasise their engagement to ethical practices (Andersen and Skjoett Larsen, 2009).

Business ethics is defined as “the study of business situations, activities and decisions where issues of right and wrong are addressed” (Crane and Matten, 2010, p. 5). It is worth noting that by “right” and “wrong” the authors refer to morally right or wrong as opposed to commercially, strategically or financially right or wrong. The more ethical an organization is, the better chance it has to differentiate itself from its potential competitors and look appealing to all stakeholders. Naturally, when the stakeholders find a company's actions unethical and offensive, the brand's reputation will be weakened. This explains why, even though for most for-profit companies stimulating economic growth is a priority, sustainable growth is also gradually becoming the new development mantra.

2.6.1. Sustainability

Crane and Matten (2010) define sustainability as the long-term maintenance according to the economic, social and environmental considerations. The most recognised and used definition of sustainability was that which was formulated in 1987 by the Brundtland commission. It stipulated: “*sustainable development is that which meets the needs of the present without compromising the ability of the future generation to meet their own need*” (Ellis, 2010, P. 28). Sustainability in companies is encapsulated most completely in the notion of “*The Triple Bottom Line*”(TBL) coined by John Elkington in 1994. His aim was to demonstrate that businesses do not have just one single goal-adding economic value, but that they also needed to incorporate environmental and social values (Elkington, 1998). Since sustainability is important for business ethics, Elkington recommended companies to prepare and adopt three bottom lines that will measure the economic, social and environmental responsibilities in their organisation (The economist, 2009). The first and second elements correlate the most with Samasource's ambitions, since the company's endeavours are meant to procure social impact by providing remunerated jobs to poor people.

2.6.2. Corporate social responsibility (CSR)

CSR can be defined as the continuing commitment by a company to behave ethically, and to contribute to the economic development while improving the quality of life of the work force, their families and the local community. The European Commission (2011, COM 681) maintains that: “*enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns in to their business operations and core strategy in close collaboration with their stakeholders*”. CSR, however, should be a voluntary initiative that organisations integrate as part of their strategy. Carroll (1979) mentions that CSR is a multi-layered concept that encompasses four interrelated aspects: economic, legal, ethical and philanthropic responsibilities that societies place on organisations. For this project I will briefly explain the economic and ethical responsibilities since these align more with Samasource.

Figure 5: Carroll's 4 dimensions of CSR



The economic responsibility

This means that organisations are expected to run their businesses as a healthy economic unit. This involves making profits and ensuring a return on investment while at the same time paying a fair salary to employees, and selling good quality products to consumers. Thanks to funding from donors and contracts from clients, Samasource is economically responsible for its projects while making sure that the employees receive their dues and clients get good services (Samasource press kit, 2012).

Ethical responsibility

This responsibility demands that companies spontaneously engage in doing what is right, fair and just, without being compelled to do so by any legal framework. As a social business that aims to reduce poverty, Samasource through its values, mission and actions tend to demonstrate its inclination to ethical practices by for instance ensuring that all its workers work in a healthy atmosphere and are paid decent salaries. (Ibid)

2.7. OUTSOURCING

Thanks to Globalisation and advancement in technology, corporations have been able to leverage the improved technology and global connectivity to outsource goods and services (Monitoring Group, 2011). Hansen et al, (2008) define outsourcing as a situation where by a corporation subcontracts parts of its activities or services to a third party in order to strategically use its resources to create value and gain competitive advantage. The purpose for discussing outsourcing and impact sourcing in this thesis is to show that both theories are example of sustainable ways of reducing poverty through jobs. In its activities gearing at reducing poverty, Samasource applies the concept of impact sourcing (outsourcing to create social impact through jobs)

Outsourcing occurs when a company decides to contract a third party to perform a segment of its activities. Such activities can include re-locating non-core activities for the purpose of securing specialised expertise (Farrel, 2004). In the past, manufacturing companies had to outsource simple business activities and operations. However until recently, knowledge-intensive and highly skilled operations have been off-shored to lower labour cost states (Iacinti et al. 2008).

Diversification of products and services has increased customers demands for more diversified portfolio of products being send to them from one part of the world to

another at low cost (Quin and Hilmer, 1994). Responding to new trends and changes entails that companies focus on their core competencies (Jensen & Pedersen 2011). According to Quin (1999), core competencies are often intellectually based service activities or systems that a firm will perform better than any of its organisations. In fact, the skills and attributes that companies possess will enable them to excel, show their uniqueness and differentiate them from their competitors and subsequently create higher values for their customers. A company's focus area could be information technology (IT) or research and development (R&D). Samasource adopts outsourcing in its business practices. The company is part of the fast growing movement of impact sourcing-a global initiative by outsourcing providers with a social mission to benefit the socially disadvantaged by giving them access to remunerated IT based jobs (Monitor, 2011).

2.7.1. Impact Sourcing

Impact sourcing (IS) is the idea of using sourcing practices to create social impact. According to a report of 2011 published by the Monitor consultant group, IS involves the employment of socio-economic disadvantaged individuals, with limited opportunity for sustainable employment to provide Information technology based services or BPO services. In most cases, though, these workers will be remunerated far less than those working in traditional BPO centres (Ibid). IS has as main goal to employ only people at the BOP. The digitalisation and computerisation of the flow of services has enabled MNCs, SMEs as well as social businesses to be part of a global network that facilitates the outsourcing of jobs from one region or environment to another. Recognising the potential in being at the forefront of technology, Samasource uses IT knowledge and high quality platform as a tool to outsource jobs from San Francisco (company's home base) to developing regions.

From its work on *Poverty Reduction through information and Digital Employment* (PRIDE), the Rockefeller Foundation has been supporting the research and development of the IS models (Accenture Report, 2012). According to a study conducted by the Avasant consulting group in 2012, an estimated total of 560,850

people employed in the BPO sector can be classified as IS workers, which is approximately 10 per cent of the total global BPO workforce.

IS provides a holistic approach to creating business value while at the same time positively impacting the lives of poor and vulnerable people through jobs that will enable them to secure a better life for themselves and their relatives. IS also enables for better business efficiencies through innovative use of distributed application platforms, crowd sourcing processes, low cost and virtualized infrastructure and targeted training techniques for a global talent pool. In all, Impact sourcing is fostering a business mode that is the classic win-win for all the parties involved (Avasant report 2012).

I used this section for this report because I wanted to provide brief overview of outsourcing and Impact sourcing, method applied by Samasource. The aim is to show how IS can contribute in poverty reduction by securing a better life for the less privilege through remunerated jobs. It will also help answer the research question in terms of whether by adopting IS in its business undertakings; Samasource contributes to substantial poverty alleviation.

CHAPTER 3: METHODOLOGY

In this chapter, I explain the methodological approaches used for this study. Hence, this section outlines the research philosophy, research approach and the research purpose. Then it progresses to the research strategy followed by the data collection techniques and data analysis. This section ends with a brief explanation of the reliability and validity of the methods, ethical consideration and some limitations inherent to the methodology.

3.1. RESEARCH PHILOSOPHY

According to Saunders et al, (2009), the research philosophy makes assumptions about how people view the world. For this thesis, pragmatism is the research philosophy that has been chosen. According to Saunders et al, (2009), Pragmatism makes the claim that the best way of approaching a research issue will depend on the question that is being posed or indicated. Variations in ontology can be treated simultaneously. “The core idea of pragmatism is that the meaning of any concept is determined by its practical implications; and the truth of any judgement is determined in and through practical activity, whether in the context of science or in life more generally” (The Sage Encyclopaedia of Social Science Research Methods, 2004, vol. 2, p. 847). By practical implication it means adopting the strategy or implementing what ever makes the most sense in a particular context. This means that what will be considered as the truth will be determined by what an individual or the majority views as the truth. The practical implication or truth will therefore depend on the context of what is being investigated and how it is being interpreted. Saunders et al. (2009) argue that the Ontological philosophy question the assumption that will be made about the way world operates. In this light, adopting various views will enable a better interpretation to answer the question under study. I believe that Samasource operates within a complex and dynamic context that in some ways affect the opportunities, possibilities and challenges in its pursuit of success. Hence I will apply an interpretivist approach where the reality will be viewed as subjective, socially constructed and in constant change (ibid).

Indeed, the interpretivist philosophy also influences the way this research has been approached. According to Eriksson and Kovalania, (2008), interpretivism is concerned

about the way an event or a phenomenon is interpreted without making any generalisation. The interpretivist paradigm aligns with the way this research has been approached as it seeks to understand how a small organisation contributes in solving a global issue. In fact, the ambition is to understand how Samasource applies its business model to contribute in reducing poverty through jobs in developing regions. The interpretative philosophy enables the liberty to explore, interpret and later make sense of a reality.

3.2. RESEARCH APPROACH

Saunders et al, (2009) provide three research approaches that can be used during a research namely deductive, inductive and abductive. However, what will define a choice of approach will depend on the extent to which the researcher is clear about the choice of theories used in the research (ibid). For this paper, the deductive approach was useful as it enabled the use of already tested theories like the BOP or Poverty, to provide guidance for this research. But, because the deductive approach is more static and demands that all hypotheses reach a true or definite conclusion, meaning that one statement or reasoning must lead to a certain or specific conclusion (Saunders et al, 2009), an inductive approach was more appropriate to work. Indeed, the inductive approach enables a researcher to be more observant towards the case or situation under study. Subsequently, the researcher makes inquiries developed a theory, comprehend the data collected and interpret them before arriving at a conclusion. As a pragmatist, the inductive approach was suitable as it enable me to get necessary knowledge and insight about Samasource through qualitative data, which seems more appropriate to generate knowledge out of the case study (Yin, 2003). Besides, it was important that I go beyond the more static and grounded deductive approach, to adopt a more open ended inductive approach that will lead me to a general conclusion, but suitable in the context of Samasource.

3.3. RESEARCH PURPOSE

The prevalent aim of this thesis is exploratory, as, it seeks new insights; asks questions, and access new phenomena (Saunders et al, 2009, p.139). Concepts used in this dissertation like, microwork, social business and impact sourcing are relatively new and therefore an exploratory research strategy can enable a better understanding (Yin, 1984). Plus, Samasource is a small and fairly young organisation and an exploratory approach will give an understanding of Samasource's activities. Furthermore, by

adopting a single case study, it fitted more to the purpose of this research, which aims at deepening the understanding about the organisation's ambitions, its traits and some of its accomplishments. By exploring the case of Samasource, the ambition is also to gain some insight to some of the strengths, weaknesses, opportunities and threats of, and eventually provide some inputs that could enable the company to scale more. To put the exploratory method in to practice, I read a wide literature on the research topic, conducted an interview with the head of impact sourcing for Samasource to get insight on certain aspects that could not be found in written and published documents. Finally, as a pragmatist, I approached this dissertation with an open and curious mind so as to explore all the necessary and valid information that will help answer the research question. While this dissertaion is primarily exploratory, explanatory and descriptive dimensions are also incorporated in the work to explain and justify the use of specific theories in the paper.

3.4. RESEARCH STRATEGY

Case study

The research strategy that has been chosen for this thesis is that of a single case study of Samasource. While multiple case studies are believed to be better when developing a research (Yin, 2003), the singularity and other particularities about the organisation guided my choice. In fact, I believe that the company's mission has the potential to impact lives and do good to the society. Also, I was interested in writing about an organisation that is not known to a wider public. By this, I mean that the organisation might be popular in San Francisco but not necessarily known in Denmark. Furthermore, by using Samasource as the single case study for this dissertation, I get the chance to create some form of awareness, and to bring attention about the company's endeavours to fight one of the biggest social issues-poverty. In more precise terms, this case study aims at analysing how Samasources via its microwork model outsources jobs to developing countries to be completed by people, to get them out of poverty. Robson (2002:178) cited by Saunders et al, (2009), defines case study as *"a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence"*. Yin (2003) contend that the point of focus when engaging in a case study design approach must be on answering *"how"* and *"why"* questions. To this, Stake, (1995) underlines that *"how"* and *"why"* questions are suitable for case study since it focuses on what can be learned from the single case. Applying a research strategy is

further justifies because by conducting a single case study allows for an investigation of a particular case within its particular context to strengthen the understanding of the research phenomenon in its complex social setting which cannot be separated from the unit of analysis (Saunders et al., 2009).

Yin (2003) distinguishes five components of a research design that are fundamental when using case study.

1. *The study question*: with regards to case study, this approach will be asking “how” and “why” questions, to ensure more precision with regards to the topic under study. This thesis investigates “how” Samasource reduces poverty reduction through job creation in poor regions.
2. *The study proposition*: proposition can be identified when discussing the purpose of the thesis. For this dissertation, I adopt an exploratory approach by applying fairly new concepts and business models like (social business, microwork and impact sourcing). The purpose is to understand how Samasource applies these theories to attain its objectives.
3. *Unit of analysis*: this element is associated with the fundamental issue of defining what a case study analyses is, what is the specific entity that is being analysed in the project (Samasource, in this thesis). A general guide to defining a unit of analysis will be related to the manner in which the research question has been defined. For this dissertation I use data collected to analyse and calculate the number of jobs Samasource has created as well as the impact to the beneficiaries and the community.
4. *Linking data to propositions*: this dimension basically deals with connecting data collected to proposition. This will be fulfilled after data has been collected and analysed.
5. *Criteria for interpreting the findings*: according to Yin (2003), statistical analysis can offer explicit criteria that will enable the interpretations of the findings in a research. The data collected from this work facilitated the analysis of Samasource’s accomplishments, and contributed in formulating the findings of this research.

While case studies are widely used by many researchers and applied in academic papers, it has also encountered some criticisms (Runyan, 1982, Ghauri, 2004). Case

studies have been criticized for deficient generalizability and the lack of systematic procedure (Ibid). In fact, some believe that it cannot provide reliable information or data that could be used for a broader purpose; instead, it can be beneficial only during the first stage of research for testable reasons in the future. However, Flyvbjerg, (2001) argues that this type of reasoning is conventional and misleading. Besides, it is deceptive and unethical to view a case study as a pilot method with an aim of serving in a larger survey (Ibid). Flyvbjerg, (2007) outlines five misconceptions regarding case study research to counter the misunderstandings.

1. The first misconception is that in general terms, theoretical knowledge is seen as more valuable than concrete/practical knowledge. That being said, practical knowledge is necessary when undertaking a specific study, like my thesis, as it cannot be separated from the work under study.
2. The second misconception states that one cannot generalize on the basis of an individual or single case. Hence, the single case study cannot contribute to scientific development. I argue that it is possible for a single case to contribute to the scientific community if it is supplemented with examples and illustrations. I have been able to cite some examples to supplement my case study (for example the case of Grameen and Danone initiative) to show that social businesses can play a significant role regarding poverty related issues.
3. The third misconception mentions that case study is most useful for generating hypothesis; especially in the first stage of a total research process, while other methods are more suitable for hypothesis testing and theory-building. The argument that case studies can only be of use in the preliminary stage of research when testing research hypothesis is also fallacious. For example, even though my thesis targets a fairly new concept (social business) and business model (microwork), studies have proven that an important tool in gaining insight and understanding from a phenomenon will not always arise from large samples chosen by representatives but could also start from small studies.
4. The fourth misunderstanding maintains that case studies contain a bias, and this is because the researcher's preconceived notions are followed. According to (Flyvbjerg (2001), such preconceived notions have a greater chance of being falsified instead of being verified because of new insights that the researcher acquires and that may be used to adjust existing theories. In my thesis, I made sure to scrutinize the preconceived notions regarding the units so that I could

grasp a better understanding that can be derived from different explanations and viewpoints.

5. The last misconception maintains that it is often difficult to summarize and develop general propositions and theories on the basis of specific case studies. Even if summarizing case studies can encounter some challenges, it is worth noting that the issues with summarising case studies are often due to properties or reality under study than the case study research method. Plus, as established earlier, case study still has the ability to contribute to development of general proposition and theories through illustrative cases.

3.5. DATA COLLECTION AND DATA ANALYSIS

To start an empirical business research, it is important to establish how the relevant data will be obtained. When I embarked on this project, I was aware of the fact that I will encounter some difficulties because Samasource and its business model are fairly new and the literature about the company and its activities is limited. So in order to reduce any likelihood of misinterpretation and ensure validity in my research, I decided to adopt a multi method approach/triangulation (Ghauri, 2004) to investigate the research question. Hence, this research adopted both primary and secondary qualitative data that were deemed useful for the study. A qualitative viewpoint was an opportunity for me to get an insiders perspective on Samasource's endeavours, achievements and challenges, and make interpretations using the narrative, inductive and pragmatic approaches.

3.5.1. Primary and Secondary Data

Because it is increasingly advocated in business and management research (Curran and Blackburn, 2001), both primary and secondary data enable the finding of a research to be reliable. The primary data refers to the information that I collected to gain insight and form personal opinion with regards to Samasource and their activities. The goal was to supplement the available secondary data with some original data while bringing originality to the work. Yin (2003) argues that, for a case study research, interviews are one of the significant sources of collecting primary data. For this thesis, an interview was conducted with the head of Impact Sourcing For Samasource Goldie Chow. It was conducted via Skype for about 30 minutes after months of contacts established with the company by phone calls and emails (please see Appendix 3 for transcript interview). Regrettably, because of my interviewee's busy schedule the interview did not reach the

expected duration. The interview was semi-structured and followed open-ended question giving the interviewee the chance to express her thoughts and impressions about the company while answering the question posed. The interview was very useful especially in gaining more insight on the strength, weaknesses, opportunities and threats of the company, which facilitated the SWOT analysis. Also, because I applied a semi-structured interview process, which enabled me to send *follow up* questions via mails to the interviewee for more information.

Secondary data in forms of written and non- written documentation has been helpful in completing this dissertation. Saunders et al, (2009) maintain that such data are particularly useful when applying a descriptive case study as it enables a broader perspective on the issue under study. With regards to written materials, it ranges from online databases, published books and journal articles, not to leave out magazines. Last but not least, the company's yearly report derived from the company's website have been a great source of data especially with regards to getting the statistical figures to determine Samasource's accomplishments with regards to the number of jobs created and number of people impacted as discussed in the analysis (chapter5). Because the semi- structured interview allows for a follow up of questions, got access to some of Samasources confidential documents, which enabled me to shed more light in to the company's impact measurement tools (a core aspect of the company's endeavours) as discussed in the analysis (chapter five). With regards to the non-written secondary data, Samasource has published online videos on YouTube, television interviews and radio broadcast that, gives an over view of the company's mission and endeavours. The possibility of having access to all these data gave me a broader knowledge about how the company carries out its mission.

All these collected data were useful in analysing and grasping a more holistic understanding of the company's vision, ambitions and endeavours which enabled me to formulate the following chapter (case study), with a narrative historical background of Samasource. In addition, the data provided me with sufficient information and guidance on how to analyse the organisations accomplishments as discussed in chapter five dedicated to the (analysis).

3.5.2. Data Analysis

For this dissertation a narrative analyses procedure to analyse the data collected was used. As a method of qualitative research, a narrative analysis is defined as a way of telling stories (Søderberg, 2006). Indeed, it provides a valuable tool to explore how individual narrators make sense of and give sense to events or case studies in ways that legitimate their actions and serve their interest, and how these interpretations either support or undermines the organisations communication (Feldman et al, 2004). In the fourth chapter of this dissertation dedicated to the case study, I narrated the history of Samasource to provide a clear understanding of the company's ambitions and activities. The end goal of this thesis is to determine if the organisation's endeavours can substantially reduce poverty. The interview collected as well as other empirical data collected have been organised and interpreted in such a manner that the narrative is re-constructed to allow interpretation and discussion. The data analysed enabled the interpretation of the company's achievements, opportunities and challenges.

3.6. RELIABILITY AND VALIDITY ISSUES

The idea behind validity and reliability in a project is the degree to which the study accurately represents the reality it is claiming to represent. According to Easterby-Smith, Thorpe, & Jackson, (2008), the validity and reliability stands for the degree to which elements like the theory or methods are legitimate and appropriately used in a research study. To ensure validity and reliability in my work, I triangulated between different varieties of data sources. Triangulation involves the use of different data collected from multiple sources with the aim of corroborating research findings within a study (Saunders et al. 2009). Furthermore, triangulation is a way of guaranteeing validity, reliability and creating a more holistic and contextual portrait of the research in question (Campbell & Fiske, 1959, Stake, 2000, Ghauri & Grønhaug, 2002, Yin, 2009). Put simply, the reason for using such a mixed method approach is to be able to control any form of errors, and reduce the likelihood of misinterpretation in the results, while at the same time making the findings useful.

The primary data that has been adopted for this work was collected via an interview conducted with a key employee from Samasource. This interview was transcribed to guarantee validity. In deed, I transcribed the interview so the facts could be presented accurately, hence certifying that the data was not erroneous. Because the interview was

recorded, I was able to listen to the interviewee's standpoint a couple of times to ensure validity in my interpretations. In addition, Samasource was given the opportunity to read through the document to ensure that the company's mission, values and activities as described in this were factually correct and without any erroneous elements.

The secondary data on the other had have been judiciously chosen from academic papers, well-recognised reports published by international organisation like the UN or the World Bank not to mention the company's documents. All the references to the documentation used for this paper will be explicitly outlined in the bibliography. This will create validity and reliability to my work while at the same time enabling the readers to proof check some of the information regarding the thesis if need be.

3.7. ETHICAL CONSIDERATIONS

Ethical consideration in a research can be defined as the ethical responsibilities that a researcher has towards the research institution it is representing, the authors of documentation used in the project not to leave out the research subject. In order to fulfil these obligations mentioned I took the following elements in to account during my research work. First of all, I had to make sure that my work was original; this means that, someone else shouldn't have published the same thesis. Failure to take such responsibilities or considerations can be considered as plagiarism. Also, It is important to acknowledge any one that has contributed in one way or the other in to the realisation of the work. This is important as it show a way of appreciation of any input that was gotten for tiers persons. This was respected in the acknowledgement. In addition, ethical consideration also means respecting the policies or principles of the organisation you are writing about, with respect to confidential documents you have been provided with as well as other terms agreed upon. Keeping this in mind, I made a couple of ethical considerations during the writing and completion of this these. First of all, I respected the request of Samasource not to make public any of their confidential documents that was confided to me. Furthermore, as to their request and to show my good will, the company was able to see a copy of my thesis before it was finally submitted. Finally, during the writing process I ensured that all the literature

used was referenced properly to give credit to the authors whose work contributed in facilitating my research process.

3.8. LIMITATIONS TO METHODOLOGY

One of the principal limitations to the methodology is the fact that I have limited primary data. I would have wanted to create more originality and get different opinions by conducting more interviews with other key figures from Samasource notably the company's CEO. This was not possible since Leila Janah is one of the most sought after entrepreneurs in Silicon Valley. In addition, due to limited resources like time and money, I was unable to travel to Kenya and conduct fieldwork to understand how the company runs its business in the local region and how the local centres are managed. This would have given me the chance to conduct interviews with local partners to get their opinion with regard to their collaboration with Samasource as well as some of the opportunities and challenges they face. In addition, It would have been an opportunity for me to discuss with some of the company's former and present employees to determine for myself if they belong to the BOP category, to find out about their jobs, remuneration and other benefit that their jobs brings to them. Finally, it would have been an opportunity to establish from the local workers perspective, whether and how working for Samasource impacted their lives and that of their relatives. In addition, I would have been able to determine if Samasource really followed-up to find out the outcome of its workers post Samasource. All these information would have given me the chance to compare with what is written in the company's reports and other documentations.

CHAPTER 4: CASE STUDY OF SAMASOURCE

The main purpose of this project is to illustrate how microwork can contribute to poverty alleviation through substantial job creation. In this light, this chapter aims at presenting a more detailed overview of what Samasource is. Understanding the organisation and how it undertakes its activities is important, as it would facilitate the evaluation of the efficiency of the business, and whether the model applied is sustainable enough to reduce world poverty. This chapter will:

1. Provide a historical background of Samasource, when and how it was created as well as a review of its organisational values.
2. Explain the company's business model (microwork) and how it functions.
3. Describe the role of partners and delivery centres
4. Justify the choice of Nairobi, Kenya as home of the company's field operation office.

4.1. HISTORY BEHIND THE ORGANISATION

Samasource is a social business with a primary objective to reduce poverty through jobs. The organisation is part of the broad initiative called "Impact Sourcing" that addresses the issues of world poverty by providing digital jobs with few skills required, to poor people living in economically depressed areas (Gino and Staats, 2012). Its founder Leila Janah coined the term "microwork" in 2008. She described her novel approach to reducing poverty as a model that will offer unskilled, albeit capable, workers in poor communities with small task and decent remuneration to uplift their living condition (Kreiner, 2012).

According to Janah, "Sama" stands for "equal" in Sanskrit (a language from India). Samasource believes that equal access to work (decent and remunerated work) is the best way to reduce poverty (Samasource press kit, 2012). The history behind this social business can be traced back to when Janah travelled to Ghana in a rural community to teach English language to students through a high school scholarship. The company's 2012 press kit states that Janah's inspiration for creating Samasource came about after realising the ambitions and motivation in her students and being frustrated by the fact that these students despite being talented, had little chance to secure a successful future

because they were born in a poor environment with limited infrastructure and very high unemployment rate. Also, the effect on literacy and access to technology during that period provided the initial inspiration for the creation of Samasource (Ibid).

While studying economic development, Janah secured a short-term job at the World Bank but later quit because she was disappointed with the organisation's traditional approach to development (Samasource press kit, 2012). According to her, so much money is directed to governments and big institutions or to programmes that she believes poor people do not need or benefit from. Also, she questioned the lack of good models that will aim at creating jobs, from a bottom-up rather than through top-down economic reforms (Samasource website). On completing her studies, she secured a job in an outsourcing company that enabled her to work in India. During her stay in India, she realised how many talented young men and women were trapped in villages with limited opportunities of having jobs. She also understood that rather than outsourcing work to big for-profit firms like the one she was working for, it was better to use a similar model of outsourcing to address poverty by giving some of these outsource tasks requiring less skills to the benefit of billions of people at the BOP, who will be willing to do the job even for a lesser remuneration (Samasource press kit, 2012).

She quit her job in the outsourcing company in 2007 to focus on creating a non-profit business with a social mission, which could secure contracts from big companies and outsource part of the work to poor people in need of jobs in developing regions. In 2008, Samasource was launched with its head quarters located in San Francisco and its field operations office situated in the Kenyan capital of Nairobi.

4.2. MISSION AND VALUES OF SAMASOURCE

Samasource's fundamental mission is to provide jobs to poor people in order to lift them out of poverty. In the Annual report for 2011 the company's vision states:

“Our vision is to pay and train 20,000 women and youth to dignified work by 2017, directly moving over 100,000 people out of poverty

(Samasource Annual Report, 2011. P.7).

This vision correlates with the forth coming SDGs mentioned in the second chapter, a new set of 17 development goals proposed by the UN that considers a broad range of

sustainable development issues, of which the eighth goal aim at promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all (Ford, 2015). The company wants to promote and foster the idea that creating jobs for the less privileged is more sustainable than handouts or financial aid. To achieve its goal, Samasource secures large data projects from big companies like Google, Microsoft and Getty Images, and break these down in to small tasks-microwork, before outsourcing part of it to poor regions. Previously unemployed poor women and youths will complete these tasks using a web-based interface. The company plays the role of an intermediary service, connecting low-cost labour to perform specific jobs in developing countries with large technology companies. Some of these tasks include data checking, Internet research, image tagging, data updating, data validation and data transcription. Agents/workers are paid wages above the local standard to complete the tasks. Plus, they have the possibility to acquire skills and capabilities throughout their collaboration with Samasource thanks to sufficient training (Gino and Staats, 2012). From this practice, there is a win-win value proposition situation for all parties. First of all, according to Samasource's calculations, their clients benefit in terms of saving cost by partnering with them rather than large for-profit vendors or BPO firms. Secondly, the formally poor and unemployed people get access to remunerated jobs that will elevate their living situation and support other relatives. Finally, Samasource generates what it defines as sustainable revenue, since it will be reinvested in the business and used to train employees, pay wages and finance other projects (Samasource press kit 2012).

4.3. THE MICROWORK MODEL

Microwork is the way the company defines its business model. It is a unit of small computer-based tasks taken from a large digital project. According to Gino and Staats, (2012), the types of work done through Samasource are all digitally based and do not necessitate high skills. This work can be classified in three categories 1) *Content generation*: an example of this task could be editing or abstracting existing content to increase search relevance. 2) *Data enrichment*: an example is the gathering of reliable information and images for specialised datasets. 3) *Transcription services*: an example of the task could be to transcribe and tag audios and video files for high accuracy.

Samasource's San Francisco-based professional team works with clients to identify their specific needs and objectives. Then, the team determines the level of difficulty of

the tasks and identifies the skills needed from the workforce. Once these are established, the team frames the project and loads it into the Sama Hub. The SamaHub is an innovative cloud-based high quality platform developed by Samasource where projects are broken in to smaller tasks (microwork) that allows workers from different countries to log in to the system via the Internet. Before completing these tasks, all the workers undergo sufficient training to obtain the needed qualifications, and are monitored through this process from San Francisco and led by local site managers. Finally, once these tasks have been completed, the SamaHub automates up to five layers of quality check to be sure that the work was accomplished properly before delivering to customers via an Application Program Interface (API) (Samasource Press Kit 2012). Figure 6 below provides a visual demonstration of six steps showing how the model works.

Figure 6: Illustration of the Microwork model



Source: Company's documents

4.4. PARTNERS AND DELIVERY CENTRES

To ensure that the business model is successful in the local regions, the company works in close collaboration with local partners and delivery centres as they play a significant role to facilitate the smooth running of the business. These partners are

chosen after a strict and robust screening to ensure that they work in conformity with the company's values and mission. Gino and Staats, (2012) mention that Samasource is keen on collaborating with partners if they fulfil certain conditions namely:

1. They must be based in a developing region
2. They should have a social mission and value.
3. They must remunerate their employees according to Samasource standards
4. They should be capable of properly executing a service that is requested of them and must be willing and ready to learn.
5. Samasource has to make the decision of whether to pursue the work relation with a partner or not.

When a partner integrates into the Samasource network, they go through a training process in order to familiarise themselves with the company's proprietary technology platform (SamaHub). One vital activity that Samasource expect from its partners is to assist them in the recruitment and training of workers. These local partners turn to local community-based organisations, government organisations schools and other NGOs to source agents. Radio advertisements and flyers are also a way of recruiting workers who must be between 18 and 30 years old, with no formal work experience and if working, they must earn less than a living wage. The new employees receive specialized technology, software and project specific training before they begin working in the delivery centres.

Samasource does not invest funds in its partner's centres but will collaborate with them to develop their business plan and target sources of funding (Gina & Staats, 2012). The company benefits from working with local partners in that, these partners have strong ties to local communities and similar backgrounds as the potential micro-workers. Nonetheless, all collaborations do not go well. For, even if Samasource lays much emphasis on collaborating with partners, they are sometimes obliged to terminate further associations when partners fail to respect the clause of their agreement. For example, regularly missing of delivery datelines (Ibid).

4.5. THE CHOICE OF NAIROBI AS FIELD OPERATIONS HEADQUARTERS

Despite being one of the poorest countries in the world (as discussed in chapter two), Kenya has plenty of resources and the nation's prospects for future growth cannot be

neglected. With support and funding from the Rockefeller Foundation to enhance impact sourcing by creating more jobs for the disadvantaged in East Africa, Samasource opened its regional head office in the Kenyan capital of Nairobi in 2011. As a member of the East Africa region, Nairobi holds one of the organisation's highest concentrations of workers, as well as four delivery centre partner locations and the SamaLab. According to Samasource's press kit for 2012, the SamaLab is an initiative that was funded by the Ford Foundation with the purpose of helping the company to test processing, training and technology so as to guarantee the success of the recruits.

Many reasons have been outlined to justify the choice of Nairobi as the company's field's operation office. First of all, over the years Kenya has witnessed a fast growing rate in its digital literacy due to the fast growth of Internet-connectivity as well as an increased access to computers in the region since the early 2000s (Samasource Annual Report, 2012). Plus, Kenya and especially its capital Nairobi can boast of a lot of investments being made in the domain of information technology, this makes it an appealing and innovative region for IT businesses (Avasant, 2012, Monitor Group, 2011). Unfortunately, albeit the advance in infrastructure and promising economic growth in Kenya, jobs creation has not been very swift especially among youths and women and the rampant poverty in the country prevents those in need from getting access and taking advantage of the digital revolution. Keeping in mind its mission of alleviating poverty through jobs, Samasource believed that it could leverage the large fibre-optic investment that were being made in the country to introduce more digitalise jobs that would help the poor in need (Samasource Press Kit, 2012). All these reasons combined with the English language proficiency among youths who in most cases have receive an education provided a perfect confluence of events to use microwork for development, and making Nairobi the site for the company's field operation office.

This chapter aimed to paint a clearer picture of Samasource through a tale, by providing a more detailed explanation of its creation, business model and activities. Because Samasource is the single case study in this dissertation, it is important for the readers to gain a clearer understanding of the organisation's values and mission and endeavours. The end goal will be to analyse and determine if through its business, Samasource has succeeded in creating a substantial number of jobs that contributes to poverty alleviation.

CHAPTER 5: ANALYSIS OF SAMASOURCE'S WORK

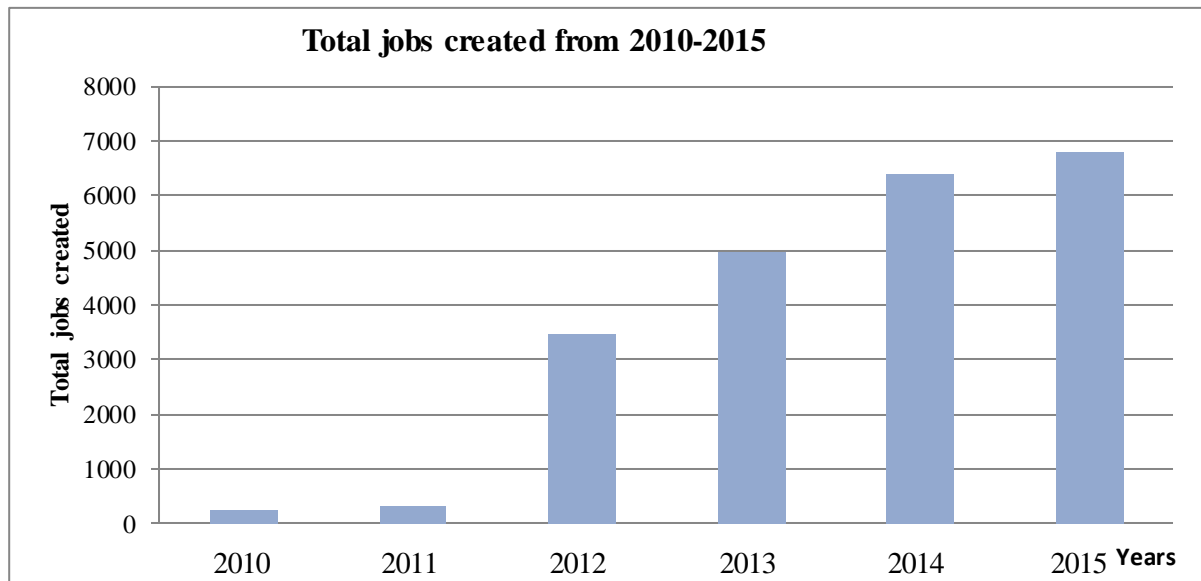
The purpose of this chapter is to analyse all the data and information collected, to provide an overview of Samasource's achievements, opportunities and challenges. The interview conducted, online videos, information derived from company reports and other online databases, were interpreted and used to analyse the company's activities and what they have accomplished so far. The information derived from this analysis eventually helps to answer the research question, that consist of understanding how Samasource reduces poverty through substantial job creation using its microwork model. Since the core of this research is on Jobs, this section begins with a statistical overview of the number of jobs created by Samasource in general, and Kenya in particular. The number of income dependent is determined and is followed by a review of how the company measures its impact.

Finally, a SWOT analysis will be presented to identify the strength, weaknesses, opportunities and threats of Samasource as a social business model.

5.1. JOBS CREATED PLUS PEOPLE IMPACTED BY SAMASOURCE

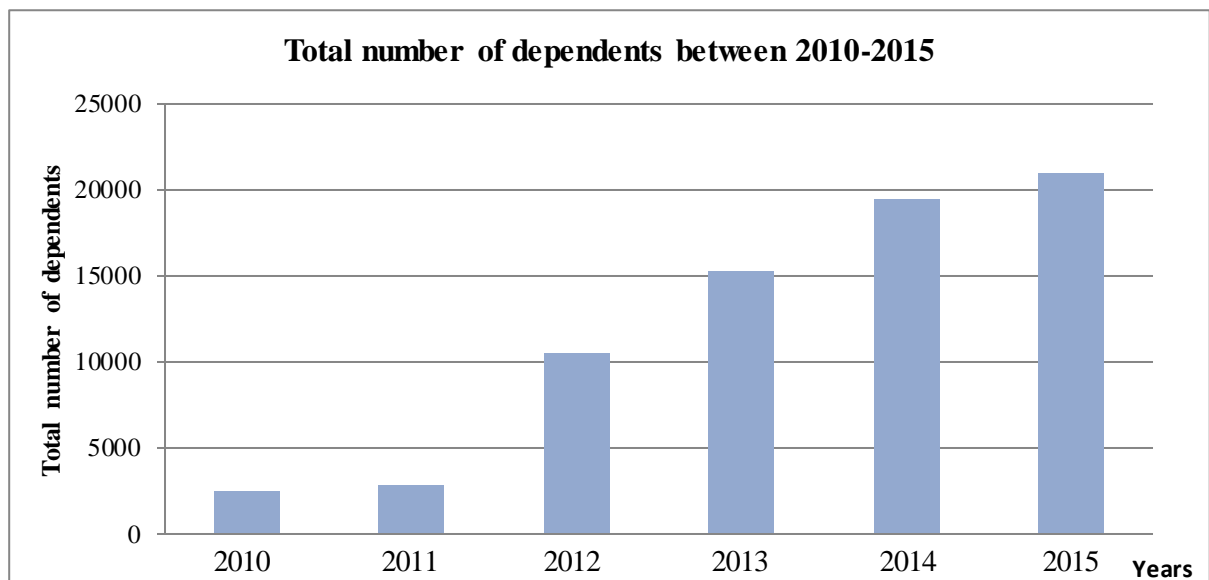
To follow its vision -A world without poverty; Samasource's strategy to fight poverty, since its creation in 2008, has been to provide jobs to the less privileged in poor regions. Chapter two of the World Development Report (2013) strongly advocates the idea that providing job opportunities to the poor is an important solution to global poverty, since a job is a source of income for a majority of households and hence, a key booster to poverty reduction. The MDGs and the SDGs also lay emphasis on the importance of providing employment to enhance sustainable development. In Samasource's press kit (2012), the company clearly states its ambition to provide 24,000 jobs to help the poor and cumulatively impact the lives of 100,000 people. As the organisation works every year towards its goals, figure 7 and figure 8 below represent an overview of the number of jobs that the company has created to help poor people between 2010-2015 (please note that these figures in detail represent 2010-1st quarter of 2015). Table 2 is a more detailed illustration of the number of jobs created in each quarter, and eventually sums up the statistics to illustrate the total number of poor people that have been assisted in one way or the other as a result of the jobs provided by Samasource.

Figure 7: Total jobs created between 2010-2015



Source: Own illustration with data derived from company's documents

Figure 8: Total number of income dependent between 2010-2015



Source: Own illustration with data derived from company's documents

Table 2: Total number of people impacted based on each quarter

2015	Workers	Income-dep endent	Total People Directly Impacted
Q1	6,527	20,161	26,688
Q2	6,794	20,993	27,787
Q3	N/A	N/A	N/A
Q4	N/A	N/A	N/A
2014	Workers	Income-dep endent	Total People Directly Impacted
Q1	5,403	16,695	22,098
Q2	6,085	18,803	24,888
Q3	6,277	19,396	25,673
Q4	6,397	19,767	26,164
2013	Workers	Income-dep endent	Total People Directly Impacted
Q1	3,554	11,017	14,572
Q2	3,720	11,495	15,215
Q3	4,282	13,231	17,513
Q4	4,947	15,286	20,223
2012	Workers	Income-dep endent	Total People Directly Impacted
Q1	2,133	6,745	8,745
Q2	2,536	7,862	10,398
Q3	3,033	9,402	12,435
Q4	3,454	10,454	14,161
2011	Workers	Income-dep endent	Total People Directly Impacted
Q1	203	1,017	1,220
Q2	281	2,382	2,663
Q3	290	2,593	2,883
Q4	301	2,805	3,106
2010	Workers	Income-dep endent	Total People Directly Impacted
Q1	181	657	838
Q2	218	1,805	2,023
Q3	237	2,105	2,342
Q4	254	2,407	2,661

Source: Own illustration based on data derived from company's documents

Figure 7 shows the number of jobs that Samasource has given out to poor people between 2010 and 2015. The diagram demonstrates the evolving nature of the number

of jobs. Between 2010 and 2011, there was a slight increase in the quantity of jobs from 245 to 301. 2012, witnessed a complete turn over as the total number of jobs created rocketed to 3, 454. According to Samasource's annual report, (2012), this result can be attributed among other reasons to the fact that the company, had received more recognition and publicity as opposed to the previous years, and its business model and social mission were appealing to clients like Microsoft's and Getty Images. Also, Samasource was able to count on foundations like Rockefeller that supported their course, thus enabling it to scale. In addition, the organisation had learned from mistakes made in previous years, which enabled them to make necessary adjustments. To date, the company continues to create jobs as the latest figures for 2015 (quarter 1) shows that so far a total of 6,794 jobs have been created.

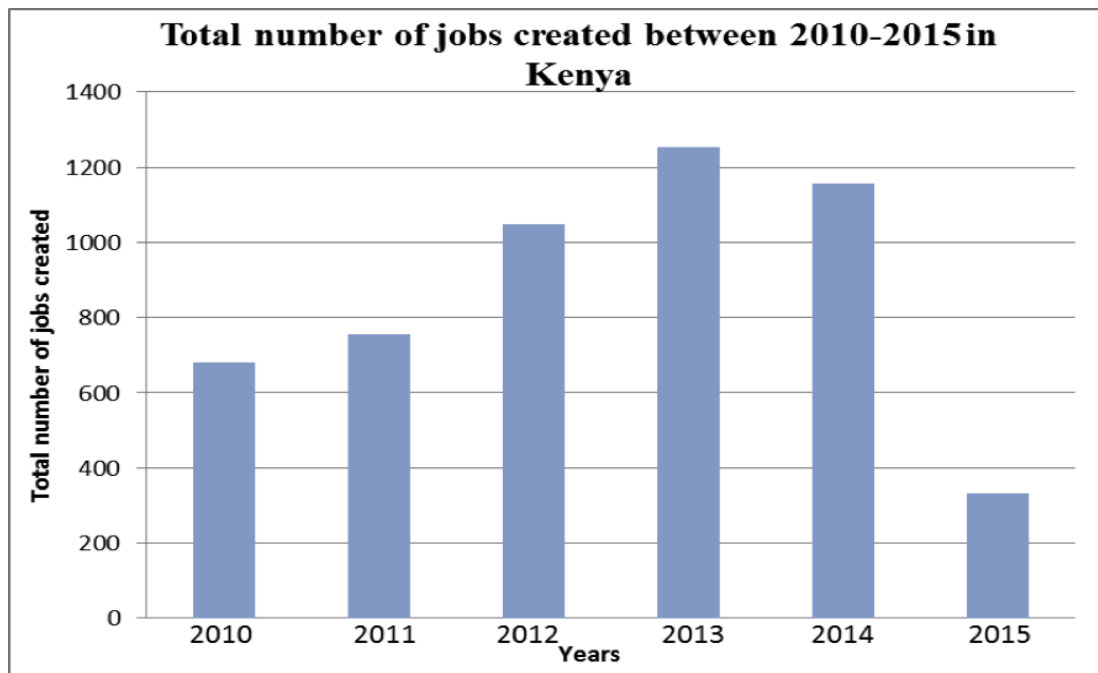
Figure 8 demonstrates the total number of income-dependents. By income-dependent this refers to the number of people (other than the workers themselves) that have benefited from these jobs. As discussed in chapter two, poverty cannot be reduced when a household lacks sufficient income to meet daily needs (World Bank, 2009). By enabling workers obtain remunerated jobs, Samasource is helping these employees who in most cases are their households' primary income earners and provide for up to 85% of their total household expenses, for essential categories like food, education, health and shelter (Samasource Impact Report, 2013, Q1). The diagram shows that, in 2010, the number of income-dependent was 2,407 and this figure more than doubled in 2012 to 10,454. Three years later, the employment opportunities that Samasource gave its workers had helped 20,161 relatives and the community. A significant aspect of Samasource's work is the fact that it enables its poor workers to maintain the culture of solidarity (Beason, 2014). Indeed, the aspect of solidarity is a common norm in developing regions especially in SSA where in general, if one family member is successful, he or she is expected to help other relatives (Ibid).

Table 2 shows the total number of poor people that have been impacted due to Samasource. This overview was arranged to show the evolution of jobs created for each quarter. To calculate the total number of beneficiaries, the total number of workers was added to the total number of income-dependent. Overall, the total number of beneficiaries progressed from 2,661 in 2010 and by 2015, it had escalated to 27,787.

5.2. OVERVIEW OF JOBS CREATED BY SAMASOURCE IN KENYA

In the theoretical chapter, a brief over of how Kenya has been dealing with issues of poverty was explained. Then, justifications for why Samasource chose Kenya as home to its field operations office were justified. This section offers some statistics about the yearly estimates for the number of jobs created by Samasource in Kenya between 2010 and 2015.

Figure 9: Total number of jobs created between 2010-2015 in Kenya



Source: Own illustration with data derived from company's document

Figure 9 above illustrates that Samasource, in 2010 enabled approximately 750 poor people in this region to have access to paid jobs. In 2012, the organisation employed 1,049 workers and this number increased the following year. In 2014, there was a slight decrease in the number of jobs directed towards Kenya. The company scaling up in other regions like Uganda could explain this drop.

5.3. MEASURING THE IMPACT OF SAMASOURCE'S ACTIVITIES

Even if creating and giving jobs to the less privileged is one of Samasource's main objectives, the company also values the impact of these jobs on the lives of the beneficiaries and the community. As established in the theoretical chapter, Samasource

is part of the fast growing movement of Impact Sourcing. The idea for Samasource is to ensure that their activities bring a positive outcome to those they want to reach. In the interview conducted with the head of impact for Samasource, she noted:

“We want to impact people positively. There is a little bit more than just sourcing lower paid jobs or workers for business. The idea is that you are sourcing work or workers but also that you want to do it with a purpose of providing a living wage.”

(Appendix, 3)

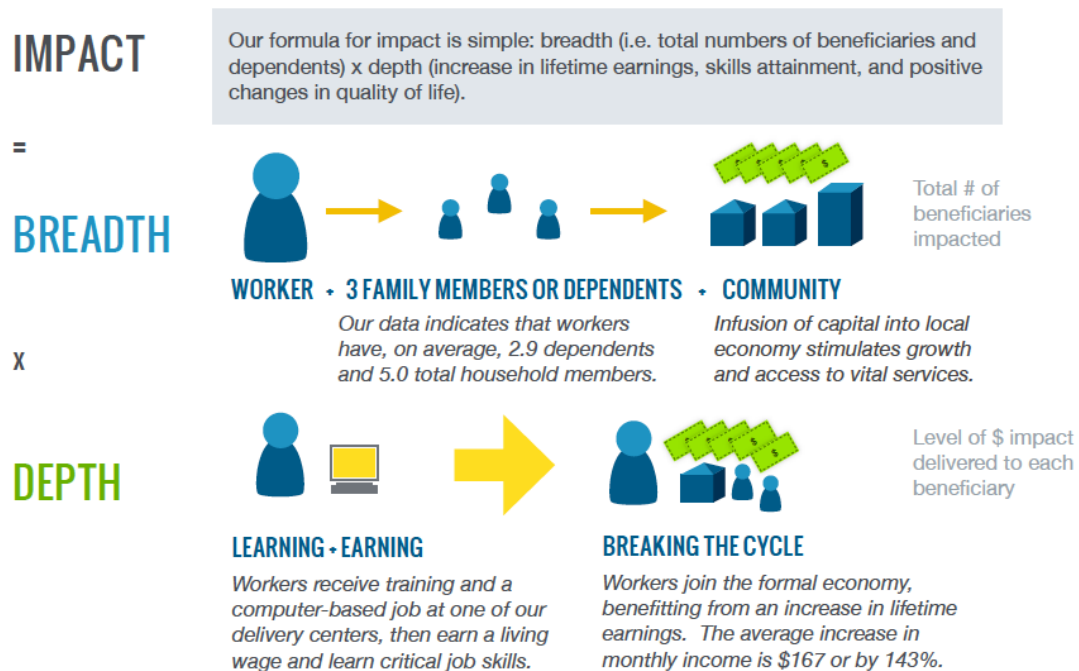
Carroll (1979) maintains that while companies have economic responsibilities, they also have social and ethical responsibilities towards other people and the society. Indeed, Andersen and Skjoett-Laesen (2009) define CSR as the voluntary commitment that a company makes to act ethically and responsibly. For Samasource, outsourcing digital microwork to poor people is a responsible move but it is equally fundamental to go beyond that and evaluate the impact of such actions. According to Samasource Impact Measurement Report (2014), measuring impact will not only facilitate the identification of the cumulative number of workers and income dependents, but its an opportunity to evaluate the impact of the jobs to the community at large.

The organisation uses a mixed method system designed to measure and evaluate data collected. They focus on three core questions: 1) Are they reaching the targets? 2) How does employment through Samasource change the workers lives? 3) What are the long-term changes in the workers lives? These questions enables the company to focus on the target segment (BOP), track workers' income expenditure and how the skills learned through training have been utilized. Furthermore, it enables Samasource to determine the longitudinal trajectory of their workers before, during and six to eighteen months post Samasource (Ibid).

In its Impact Measurement Report for 2014, the organisation defines a successful social impact through its Breath x Depth formula as illustrated in figure 10 below. Breath refers to the number of lives that have been impacted due to digital work, both directly (workers) and indirectly (income-dependents).

Depth on the other hand, represents the effect that the company has had on a single worker. Put simply, it demonstrates how a formal sector job can be a life changer. The key depth success metric according to Samasource will resolve around short and long term financial benefits, job stability, future employability, professional development and changes in confidence and outlook.

Figure 10: Visual illustration of Samasource impact measurement formula



Source: Company's document

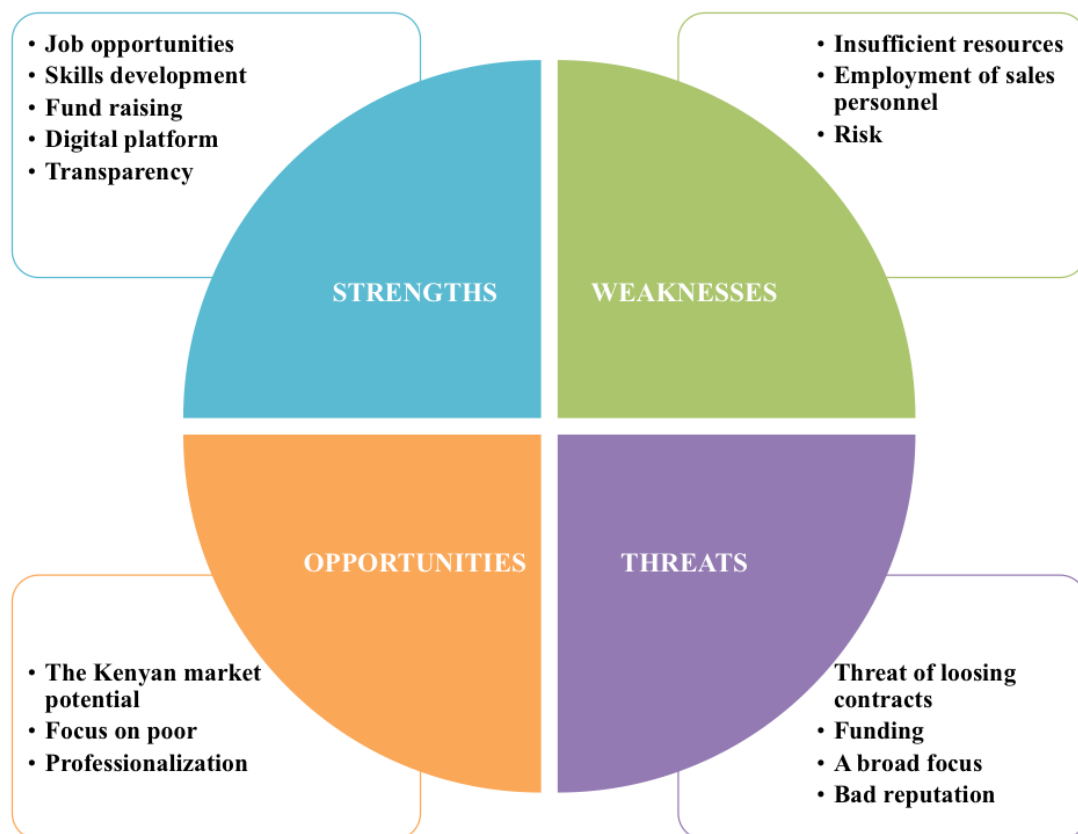
Samasource also uses its web-based platform to collect data from employees. The company triangulates between different measuring and monitoring tools that include: baseline online surveys, household surveys and post-Samasource surveys to understand and verify the long-run outcome of their workers.

5.4. SWOT ANALYSIS

This section analyses Samasource as a social business model. The interview conducted with the head of impact for the organisation, enabled the analysis of the strength, weaknesses, opportunities and threats of Samasource. The SWOT analysis as illustrated in figure 11 below allows for a valuable opinion on whether the company's

social business approach is sustainable in terms of poverty reduction. In addition, it gives me the chance to diagnose some issues that can serve as potential recommendation for future research.

Figure 11: SWOT Analysis of Samasource as a social Business Model



Source: Own Illustration

Strengths

Job Opportunities

Samasource was founded with the principal goal of creating and providing decent and remunerated jobs to the poor. According to the latest statistics made visible in the company's website, 27,787 poor people have benefited from the 6,794 jobs provided by Samasource. Even if some people may consider this number relatively small as opposed to the billions of people at the BOP, Samasource is very proud of its

accomplishments. In evoking the issue regarding the number of jobs, the company agrees that there is still much to be done in terms of poverty reduction as the issues is in billions. However, what they have completed so far considering their size and fairly young existence cannot be underrated.

Skills Development

Enhancing skills and capacity for all its workers is a vital dimension of what Samasource does. Before workers are attributed any particular task, they undergo a period of training (most of which is IT based). The idea is that, the workers should have gained sufficient knowledge and training that they can apply to future projects or careers, post Samasource. In fact, the company wants its workers to not only have a *remunerated Job* but they should gain *skills and working experience*. Fiona one of the company's workers had this to say with regards to skills development:

“I worked as a micro-worker for six months and then I was promoted to field manager. When I started as a microworker, I didn't know about management. But when I was promoted to field officer, I improved my management skills as well as reporting skills.”

(Samasource Impact Dash Board, 2015 Quarter1 p.3)

The idea of enhancing the skills and capabilities of poor people is also supported by (Karnani, 2006, 2007, Simanis & Hart, 2008), who see this as an opportunity for poor people to be empowered, grow in self esteem and eventually become producers.

Fund Raising

Like most non-profit organisations, Samasource also rely on private donations to fulfil its goals. So far, the company has been able to count on the generosity of individuals and foundations. The Rockefeller Foundation for example is a fervent supporter of the idea of Impact Sourcing and is one of the company's main donors. According to Samasource the mission and values of the company seem to be appealing to donors who have immensely contributed as explained by head of impact:

“People find us to be a lot more sustainable market driven policy, and I think it is seen as an intervention that really leverages some kind of global money in formal markets and formal works.”

(Appendix 3)

Samasource therefore has been able to survive partly because of donations raised during their annual *Give Work Gala* (Gino and Staats 2012). In the beginning, Samasource depended on its sales revenue but in the short to intermediate term, donors played a larger role in helping the company fulfil its mission (Ibid)

Digital Platform

Another strength that Samasource can boast of is its platform. The company believes that it can rely on its sophisticated platform (SamaHub) to carry out its work in different locations. According to the head of impact:

“I think it sets us apart. I think it really enables us to do the work well, and also to really be in a lot of other regions and helping people.”

(Appendix 3)

Despite being based in San Francisco, the SamaHub enables the company to carry out its activities in different regions. In fact, Samasource’s clients, local partners and the agents (poor workers) have access to this device since all the services or work that needs to be completed or that has already been done, is transferred via the platform. In addition, this device aims at instituting some form of trust among all parties.

Transparency

As it strives to create positive impact by reducing poverty through jobs, Samasource wants to be transparent to all stakeholders but most especially, to its donors who are interested in knowing the outcome of their donations.

In its yearly annual reports, Samasource explicitly discloses how it grows on yearly basis. The company details the number of jobs created and the overall people they have impacted, how it uses its finances to pay workers and finally it acknowledges all its

donors and sponsors. Being transparent is also a way for the company to express its *good will*, by conducting its business while considering all stakeholders

Weaknesses

Insufficient Resources

This is one of the weaknesses that Samasource has to deal with. As a small start up with multiple ambitions, this company has sometimes face the dilemma of prioritising to meet the available budget. As it also count on donation, the organisation needs to be strategic and pragmatic with the resources they have, since they operate in different locations and centres having different needs. To this issue, Chow noted:

“Operationally as a start up with low resources, you get stretched. And being in multiple countries and in different centres with all entertaining different priorities can be challenging. It can be costly to maintain all activities, partners and workers. This can be strenuous for both the business and the impact.”

(Appendix 3)

In fact, Samasource’s coffers cannot match that of some of its venture capital-backed, for-profit competitors (Gino & Staats, 2012). Because the company acknowledges its limited resources, it is also aware of the threat of employment burnout. Therefore, a decision to scale means ensuring that the employees are not affected in any ways.

Employment of Sales Personnel

Another challenge that the organisation faces is that of identifying and recruiting sales personnel who are accustomed to working for firms that had pay packages with cash incentives and stock grants. In fact, as a non-profit structure, hiring sales personnel can be a struggle especially if they are motivated more by money as opposed to the social mission.

Risk

Samasource is engaged in an activity that necessitates working with partners implanted in different local regions. This also means that while there is a trust relationship between both parties, unforeseen circumstances might occur and hinder the company’s image and reputation. For example, Samasource relies on local partners to recruit workers from poor neighbourhoods. These partners are also responsible for paying

recruits (with money from Samasource). However, if some employees fail to receive their due wages, it directly has a negative impact on Samasource. The fact that Samasource is not necessarily present at all times to monitor their partners represent a risk.

Opportunities

Kenyan Market Potential

As mentioned in the previous chapter, Kenya is one of the most promising economy in SSA and the biggest in East Africa. Despite being one of the poorest nations in the world, it has demonstrated its determination to grow, evident by the numerous development projects that have been carried out in the country (please see chapter 2 – poverty in Kenya). Indeed, Kenya has developed infrastructure and its IT sector, as well as effort made with regards to education of the youths. This advancement can be attributed among others to the Economic Recovery Strategy initiated between 2003-2007 by the government as discussed in chapter two, that attracted a lot of investments in different sectors. The markets opportunities in the region are not exhaustive; Most of the youths have acquired an education and have the drive for a better future. The huge un-tapped BOP market opportunity in Kenya is therefore an opportunity that cooperation's can capitalise on.

Focus on Poor

In its efforts to lift poor people from poverty Samasource believes that rather than distributing financial aid, the best strategy is to capitalise on developing their skills and capabilities through training, as it is more sustainable and can secure a future long-term career. Riddle, (2007) raised question with regards to whether development aid is a sustainable solution to poverty. On one hand, Moyo (2009) fervently rejects the idea of sending financial aid to poor regions like Africa due among other reasons, to the unsustainable ways the money is being used. On the other hand, Samasource sees the life-changing potential in investing and focusing on poor people *themselves*, who constitute more than half of the world's population as per the BOP theory. This justifies why its microwork model prioritises creating job opportunities rather than giving money.

Professionalization

Another opportunity for Samasource is to professionalise. This might entail making some decisions with regards to centre strategies when it comes to deciding what kind of services to provide or what services to invest in. Such investments can be in terms of time, marketing sales and products. This according to Chow entails that, Samasource could decide to focus solely on for instance image tagging or another domain and have all the engineers to concentrate on that, and try to have the team to concentrate on getting contracts based on that specific job. On one hand, such a strategy will enable Samasource to specialise in one particular domain. However, on the other hand it means that the company is taking a risk, as it will be saying NO to other opportunities.

Threats

Threat of Loosing Contracts

As a social business, Samasource also faces a couple of threats. The organisation has to compete with other companies who have enough resources and can outsource jobs at very low rates. For example in terms of wages, Samasource ensures that all its local workers are paid salaries superior to the local wage. According to Chow, the company has contract on service provider agreement or a memorandum of understanding, in which they have social impact requirements as well as requirements for recruitments. In the requirements for recruitments for instance, they specifically insist on the fact that their poor workers don't get paid below the *paid floor*, a number that they frequently update. In the company's report for 2014, it paid out more than \$ 5.5 million to their workers in direct wages and benefits. This means that, Samasource will charge its clients a considerable sum for a service in order to ensure that its poor workers receive decent salaries. Such is not necessarily the case with some competitors, who will be ready to offer lesser rates to similar clients for related services. Then, they would outsource such tasks to regions where poor worker will be willing to perform the tasks for even smaller salaries as compare to Samasource wage rate. According to Chow:

“We play in a market where there are many other countries with many other centres that can also train people to do so in the Philippines or China or India and who will be willing to do it at a much lower wage and potentially do it better.”

(Appendix, 3)

Because Samasource believes that their workers should have a decent wage, they have lost contracts to competitors. Nevertheless, the company considers that it is a risk worth taking if it means fulfilling its social mission.

Funding

It was established earlier that fundraising was strength for Samasource's business model, but funding can also be a threat for the company. As observed by Chow:

“As a non profit, I think it helps us as much as it hurts us in terms of funding that is tied to very specific goals. It is tricky and I think at some point, it is a core work company to be socially oriented, but I think that it is difficult when you are just trying to run a business with clients who just want a business that works very professionally and so they may not care so much about the social side.”

(Appendix, 3)

This means that, Samasource sometimes receives funding that is linked to a specific project that is not socially oriented. This can be tricky due to the fact that, it would also mean that Samasource would be obliged to undertake projects sponsored by partners that do not necessarily have a social mission.

A Broad Focus

Another threat that the social business has to accommodate is the fact that they focus on different projects at the same time. This can be overwhelming for a fairly small organisation. Other than Samasource, the Sama Group is expanding with initiatives that require much time and focus like SamaHope (a crowd funding site for doctors providing critical medical treatment for the world's poorest) and Samaschool (an initiative designed to equip marginalized people in the U.S. with new technological skills, and link successful graduates to jobs on online work platforms). Even if the organisation wants to impact poor people on a larger scale, working on several projects also entails less focus being devoted to a particular project. As summarised by Chow:

“If you have one person that is focusing on something else, then they are not focusing on Samasource.”

(Appendix 3)

Bad Reputation

Samaosource collaborates with local partners and delivery canters to facilitate its local activities and maximise the chances of success. These partners have the responsibility for the recruitment, training, and payment of new workers with assistance from Samasource. Such a partnership is based on mutual trust and the acceptance of partners to work according to standard set by Samasource. Nevertheless, the company has dealt with complaints regarding local partners not fulfilling their obligations of paying workers their dues. By intending to do well, the company might find itself having to rebuild its reputation, which can be costly. Over the years the media, activists and other networks have exposed (MNCs like Nestlé, because of the palm oil Scandal or the BP oil spill scandal) tarnishing their image and forcing them to take responsibilities (Porter & Kramer, 2006). According to Chow, Samasource has learned from past mistakes and have handled some situations of '*mistrust or breach of contract*', by terminating collaboration with implicated partners.

CHAPTER 6: DISCUSSION

This chapter aims to discuss the findings of this research while integrating theories used, to help answer the question under study. The purpose of this thesis has been to investigate how Samasource contributes to poverty reduction through substantial job creation. So far, theoretical concepts like poverty and multidimensional poverty, BOP and social business have been explained to provide a framework for this study. A case study and an analysis of Samasource have enabled a more detailed explanation of the ambitions, endeavours, accomplishments, opportunities and challenges of the company. So far, the organisation has created a total number of 6,794 jobs made available to formally unemployed youths and women from poor localities. This has benefited an additional number of 20,993 income dependents and the community. Bearing in mind the size and fairly young existence of the organisation, their accomplishments cannot be underestimated.

The BOP is one of the concepts that manifest itself throughout this paper, as it is directly linked to the issue of poverty. As discussed in chapter two, Prahalad and Hart (2002) maintain that the BOP segment consist of the poorest people on the planet, living on less than \$1.50 a day. This concept nonetheless has caused some disagreements as discussed in chapter two, notably with regards to determining the characteristics of those that will fit in the BOP segment (Karnani, 2006, Crabtree, 2007). In its mission to reduce poverty, Samasource mentions that their main focus is directed towards people at the BOP. However, my findings revealed that it is challenging to establish or say with certitude whether the poor referred to in the case of Samasource is the same as those discussed in the BOP theory. Samasource has enabled thousands of people to have access to remunerated employment. However, Prior to working for Samasource, some of its poor workers had obtained some education, while others had gained some form of training and work experience in other organisations. The company's annual report for 2012, mentions that albeit being poor, some of its employees are aspiring small-business owners with academic background in economic or technical disciplines.

I cannot confirm that these employees have undergone any measurement procedure that determined if they fit the BOP criteria (with regards to living under \$1.50 a day). Besides, if some have obtained an education, there is no indication as to how they paid for it. An interesting story provided by Samasource is that of Martha from Kenya, who, despite going through hardship excelled in school and later managed to secure a job at one of the company's partner delivery centres (Samasource Annual Report, 2012). The question that one can pose is whether her situation can be considered as BOP. Is Samasource really reaching the BOP per se? If some of the workers have acquired an education while others have gained training from previous jobs, can this be considered as BOP?

Martha's case suggests that on one hand, the answer is yes. Samasource is indeed targeting those at the BOP by providing unemployed and poor people with remunerated jobs at a living wage and seeking to build their skills, experiences and capabilities in the process. It is an opportunity that not only impacts the worker's life but that of relatives and the community at large. According to Martha:

“With my first salary I was able to move out of the children's centre. It was a dream come true. For the first time in my life, I didn't have to borrow anything and I could support myself very comfortably.”

(Samasource Annual Report, 2012, p.11)

On the other hand, with regards to the complexity of defining who belongs to the BOP or not and whether Samasource's employees really feature in this segmented group, I have limited primary data to prove it due to limitations discussed in the methodology part.

Another observation from the research is the extent to which Samasource is aligned to multidimensional poverty. As discussed in the theoretical chapter of this thesis, the most conventional way of defining poverty is through income (Chen and Ravallion, 2008). With its for-profit tendencies and opportunities for MNCs and the private sector, the BOP concept equally concentrates more on income as a way to reduce poverty. Notwithstanding the fact that income is a significant dimension to solving the issues of poverty, the findings from this research confirm the fact that to improve the lives of poor people and get them out of poverty entails providing them with more than

just an income. The case of Samasource demonstrates that when examining measures geared at helping poor people, it is equally fundamental to take into account the non-economic factors as discussed in second chapter under themes like multidimensional poverty, MDGs and SDGs. In this perspective, Samasource aligns itself to multidimensional poverty as it goes beyond the income aspect of poverty and tries to tackle the non-income deprivations that poor people endure. In fact, although the company maintains strict rules and regulations with regards to wages of its poor workers, at the same time they are aware that to enhance sustainable development and create a long-term impact, it is important that other aspects like education and skill enhancement of workers are taken into account. Great emphasis is therefore placed on training and developing skills and capabilities to provide workers with sufficient experience that can be valuable to them for future careers post-Samasource. In a short interview conducted with the CEO of Samasource in 2014, Janet, one of the workers credited the organisation for impacting her life and that of the community not only in terms of income benefit, but also through the education and skills she gained while working for the company. She observed:

“With the income I earn, I have been able to support my sister by paying her tuition. I have also been able to clear my father’s medical bills, and then another thing; I have also been able to clear some of my tuition at campus. The impact of this work for community here is that it has helped us especially in developing ourselves, our families and also in learning a lot of skills from the centre, especially the communication skills. I was a shy person before, but now, I am confident and can speak in front of every one without fear.”

(Interview conducted in 2014 by the company’s CEO with Janet, see link <https://www.youtube.com/watch?v=dCUMrhAZrtg>)

Fred, another employee from Samasource observed:

“I see a lot of improvement in my computer proficiency and I’ve acquired many useful skills that I can use in my future career.”
(Samasource Annual Report, 2012, p.18)

These examples reflect the importance of looking at poverty not principally in terms of income like the BOP theory, but by considering other multidimensional angles like

Samasource, as this will procure more impact for poor people and the community. Thus, since the concept of BOP is limited to primarily one dimension (income), a suggestion could be that it expands its evaluative space and consider aligning more towards multidimensional poverty. Also, the limitations to the BOP concept are an indication that it might be time to consider reformulating the theory.

By aligning towards multidimensional poverty, Samasource also considers CSR and sustainability in its business endeavours. Samasource's mission (fighting against poverty through job creation) is an indication that the organisation is socially responsible with an ambition to do good in the society. According to Carroll (1979) discussed in chapter two, CSR requires that companies commit to act ethically while contributing to economic and social development. The result of this research confirms that CSR and sustainability are an integral part of the company's core values. Through different actions, Samasource has incorporated the economic, and ethical dimensions of CSR as stipulated by Carroll, as well as the economic and social responsibilities as part of the *Triple Bottom Line* discussed by Crane and Matten (2010). Economically, Samasource has proven to be a fervent supporter of economic development by outsourcing remunerated jobs to the least fortunate in poor regions, to help increase household income as well as contributing to the development of local communities. Furthermore, the organisation has demonstrated its social and ethical ambitions by showing interest in improving the social wellbeing of its workers. Samasource ensures that all its workers are treated with dignity and respect. In addition, the company has very strict rules and regulations that local partners must adhere vis a vis the workers. This has to do with aspects like the employees wages, working environment and conditions as well as workers health insurance policies. In SSA for example, many youths encounter situations where they work in organisations for months without a contract or salary. Often they are exposed to unhealthy working conditions and discontinuity in salary without any social security. Brian, one of Samasource's workers made the following observation with regards to CSR and Sustainability, about a job he had before Samasource:

“They would tell you when you are going to get paid for completing a certain task, he recalls, but by the end of it all, you don't get paid. And you can spend several months working and not have an employment contract. So at any time they can fire you. So your heart is not at it when you are working.”

Last but not least, the SWOT analysis of Samasource as a social business model discussed in the preceding chapter indicates the organisation's business model has a lot of potential. The SWOT analysis demonstrated that the company's strengths and opportunities surpass its weaknesses and threats, meaning that overall, it is managing well. What Samasource is doing is next practice – not best practice. By utilising new, digital technologies to bridge the demand and supply of services, Samasource is trying to push the boundaries for poverty reduction. As such, Samasource is well positioned to benefit from major societal trends like the increasing automation of jobs and global networks enabled by digital platforms. Having said that, Samasource's optimistic ambition for 2017 (to pay and train over 20,000 women and youths to dignified work, and directly move over 100,000 people out of poverty), mentioned in the case study chapter is met with a couple of strings. Considering what the organisation has accomplished in seven years of existence, one can question, if Samasource can attain the 2017 goals in just two years bearing in mind the limitations discussed in the SWOT analysis. The company will have to work tremendously hard to scale up in two years like for instance starting in a new region.

CHAPTER 7: CONCLUSION AND RECOMMENDATIONS FOR FUTURE STUDY

7.1. CONCLUSION

Poverty still persists as one of the most significant challenges of the 21st century. Numerous initiatives by Western governments and international organisations like financial aid from IMF or World Bank has not produced anticipated results. A *bottom up* approach is increasingly viewed as more sustainable in terms of reducing poverty. Lessons learned from past mistakes indicate that to truly solve the issue of poverty, efforts need to go beyond sending money to poor nations but to focus on solution that will directly target the *poor per se*. Hence, to ensure the well being of poor people, a more sustainable approach to poverty reduction should be through job creation. In this context, the question under study was:

How does Samasource contribute to poverty reduction through substantial job creation?

The findings from this dissertation indicate the following:

First of all, it is established that since its creation, Samasource has created and distributed 6,794 jobs and impacted the lives of an additional 20,993 people and local communities. For a fairly small organisation of seven years of existence, such achievements cannot be overlooked. The numbers representing the amount of jobs created and people impacted are considerable. Therefore, Samasource's business model has channelled a substantial amount of jobs to help the poor out of poverty.

It can be erroneous to conclude that Samasource targets the BOP segment *per se*. This is judged by the character traits of some of their workers, who in some cases tend not to fit the BOP as per Prahalad and Hart, (2002).

This thesis also confirms the alignment between Samasource's aspirations with multidimensional poverty. Indeed, the company goes beyond the income aspect of poverty (as opposed to the BOP concept), by not only focusing on improving the workers household income. Instead, Samasource incorporate income and the non-

income deprivations like education and skills enhancement, which correlates with multidimensional poverty.

Organisations are increasingly being expected of to run their companies in an ethical and socially responsible manner. This thesis concludes that Samasource has incorporated sustainability and CSR related dimensions by ensuring that the economic, social and ethical responsibilities are respected. The company's impact measurement principles also guarantee a *follow up* of their workers life post-Samasource, to evaluate the long-term impact of their action.

Finally, the interview conducted reveals that Samasource has accomplished a lot in a fairly short length of time. But on the negative side, there are challenges discussed that the organisation can take into account in order to scale more and attain its ambitious goal for 2017.

It is worth keeping in mind that the results, findings and concluding remarks used in this thesis are primarily directed towards the context of Samasource and not intended to be generalised towards all situations and cases.

With all this said, Samasource is growing and learning from its mistakes. With more job contracts from clients and donations from different donors, the organisation has the potential to create bigger impact in the years to come.

7.2. RECOMMENDATIONS FOR FUTURE RESEARCH

This section provides a few recommendations for a future study on Samasource. Based on Samasource's tradition of measuring its impact, the organisation believes that its actions have a lifetime impact on the workers. However, due to the fairly young existence of the organisation, it is difficult to say with certitude whether its endeavours have a lifetime impact on its workers. It will therefore be interesting to explore this angle in the future. Furthermore, with the on-going debate about climate change and the environment and the role of companies towards this subject, an idea could be to conduct a research on how Samasource handles the environmental responsibilities, especially considering the fact that it works in partnership with offices located in different developing regions. Finally, managing a business with partners located in

regions across the globe is challenging especially in terms of monitoring. The interview conducted for this work shows that Samasource has encountered some issues in this domain, as it cannot constantly monitor its partners. An idea could be to carry out a research on different efficient monitoring tools that Samasource could adopt to facilitate its endeavours.

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