

# *Youth is wasted on the Young*

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*An analysis of Corporations and Youth Empowering Opportunity  
Structures in Myanmar*



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## Abstract

This thesis researches how corporations in Myanmar create youth empowering opportunity structures, despite the costs of investing in low-skilled workers and the alternative of hiring high-skilled workers from abroad. The thesis analyses the situation before and after the start of the transitional development. Corporations, willingly or unwillingly, create youth empowering opportunity structures by hiring and educating Burmese youth. There is rationale behind the creation of youth empowering opportunity structures by corporations. Several influences affect corporations to act in a certain way and while this sometimes may seem irrational, this thesis illustrates that there is a rationale behind it.

## Contents

|   |    |
|---|----|
| Introduction .....  | 6  |
| Chapter 1. The Corporate Role in Society defined. ....  | 9  |
| 1.1 The Rational Corporation.....   | 9  |
| 1.2 The Changing Corporation.....   | 11 |
| 1.3 The Rational Changing Corporation .....   | 13 |
| 1.4 The Rational Changing Corporation in Developing Countries .....                                   | 15 |
| 1.5 Conclusion.....   | 16 |
| Chapter 2. The Effect of the Transitional Development on Corporations in Myanmar.....                 | 18 |
| 2.1 Before the start of the Transitional Development.....   | 18 |
| 2.2 MNCs during the Transitional Development.....   | 20 |
| 2.3 The position of Local SMCs .....  | 23 |
| 2.4 Conclusion.....   | 25 |
| Chapter 3. The effect of the Transitional Development on Youth Empowering Opportunity Structures..... | 26 |
| 3.1 Youth Empowering Opportunity Structures before the Transitional Development .....                 | 26 |
| 3.2 The Start of the Transitional Development & Youth Empowering Opportunity Structures               | 27 |
| 3.3 Youth Empowering Opportunity Structures & Corporations.....                                       | 30 |
| 3.4 Conclusion.....   | 33 |
| Conclusion & Discussion .....   | 34 |
| Appendix .....  | 40 |
| Bibliography .....  | 41 |
| Published and Unpublished Sources.....  | 41 |
| Documents via Internet .....  | 44 |

## Introduction

Myanmar, the land of the many golden pagoda's, girls with white paste on their faces, beautiful, untouched nature, peaceful Buddhists, and of course of the famous and beautiful Aung San Suu Kyi. It sounds like heaven on earth. This is sadly not the case. Myanmar has a turbulent history which still affects the current society. A number of military leaders strictly ruled Myanmar from 1962 to 2011. Many accounts of the abuse of human rights can be found during this era, for example, evidence has been found of the use and recruitment of child soldiers by the oppressive military regimes of Myanmar. Forced labour, forced displacement, extrajudicial killings, detention of political prisoners, and sexual violence are just a couple of examples next to the obvious and severe violations of cultural, economic, and social rights.

In 2011, President U Thein Sein came to power and a series of reforms started. The transition of Myanmar began. Hundreds of political prisoners were released, including the famous opposition leader Daw Aung San Suu Kyi, ceasefire agreements were made with non-state armed groups and restrictions on fundamental freedoms were lifted. Nonetheless, this does not mean Myanmar is now a peaceful state. The country still has many problems due to the legacy of the decades of military rule. Land grabbing is an epidemic due to the economic liberalization and the government fails to act adequately. Anti-Muslim violence seems to be growing and militant Buddhist nationalists and their use of violence is spreading. Human rights violations are still very much present and some argue that the government is instigating the violations. The ceasefire agreements, though they are a step in the good direction, are fragile.

Considering that Myanmar has dealt with decades of military rule and armed conflict, the problems described above are not strange, but the time has come to deal with them. The start of the transition means that Myanmar is opening up to the outside world. The country that has been closed for decades now is of international interest. But what does all of this have to do with one of the central actors of this thesis, namely corporations? When thinking about corporations at a first glance, one does not necessarily directly link them to society. A Google image search results in images of skyscrapers, men in suits, logos of international companies, and satirical cartoons. The images seem to portray the corporations as large, static entities. The land of the many golden pagodas is also known as the land with the many natural (and human) resources and the land with the strategic location. Myanmar is situated between the economic superpowers of India and China. Thus Myanmar is interesting for corporations. But what does this have to do with youth empowering opportunity structures? To research that, the following main and sub-questions were drafted:

*How do corporations manage to create youth empowering opportunity structures in Myanmar, since the start of the transitional development of Myanmar on January the 31<sup>st</sup>, 2011, despite the high costs of investing in low-skilled workers and the alternative of hiring high-skilled workers from abroad?*

1. How is the role of corporations in society defined?
2. How does the transitional development affect corporations in Myanmar?
3. How does the transitional development affect youth empowering opportunity structures in Myanmar?

This thesis is structured in different steps. The first three chapters each represent a sub-question. The sub-questions chosen are fit to help to answer the main question. It is important to understand what the role of corporations in society is before the main question can be answered. To understand how and why corporations create youth empowering opportunity structures, one first needs to understand the role of corporations in society. The transitional development plays a central role in the second and third sub question for, as will be illustrated in the chapters, the transitional development is the combining factor of corporations and youth empowering opportunity structures. The transitional development is the catalyst of corporations and youth empowerment. After the third sub question is discussed, a chapter with the conclusion and discussion follows after which the appendix and bibliography can be found.

Though this thesis does not directly focus on conflict or human rights, it is argued that the subject is applicable for this Master. Myanmar has a history of violent conflict and it is still occurring as we speak. Many news articles can be found about violence and murder of Muslims or Buddhists. The tension between Muslims and Buddhist is still very much alive. While this does not directly have something to do with corporations and youth empowerment, it is argued that corporations can have a positive impact on the tensions. Furthermore the creation of youth empowering opportunity structures could help to develop peace and eliminate the potential of the tensions exploding (DFID/CSO 2010). This thesis fits in the academic debate about rationale choice theory and the claim that it cannot explain why corporations act in certain ways. There currently exists a lack of a multi-disciplinary approach and thus a lack of integration of disciplines. This thesis aims to fill this gap by using theories of different disciplines such as the fields of economy, finance, and of course conflict studies. This thesis furthermore contributes to the very limited existing data on Myanmar, and the link between corporations and youth empowering opportunity structures. It therefor can be said that this thesis aims to fill the existing empirical and theoretical gaps.

The methodology of this thesis consists of a literature research combined with interviews. The literature used for this thesis is multidisciplinary. Articles and books from the fields of economic, finance, youth development, and of course conflict studies are used. Furthermore reports and newspaper articles will be used. This thesis sets out to combine the knowledge of these different fields and bring in together in a new way; little to no research has been done on the creation of youth empowering opportunity structures by corporations in Myanmar. Therefore the use of interviews is helpful. A number of 13 interviews were conducted. The outcomes of the literature research and the interviews are compared with each other to strengthen validity. All the interviewees were male. Some interviewees worked in the corporate world while others worked in the civil society world. The interviewees ranged from young people in their twenties to middle aged men in their forties. While some were expats living in Myanmar, others were local Burmese people. All interviews, besides one, were conducted in English. One interview was conducted in Dutch, since this was the mother tongue of the interviewees and the interviewer. I have learned some basic Burmese to make myself understandable in Myanmar and to the interviewees. Though my Burmese is very basic and not very significant for the interviews, it might have helped in approaching Burmese people for an interview and to make them feel more at ease. The fact that I am a young, white girl may have affected how the Burmese interviewees saw me, since white people are seen as people with status. Though it must also be said that the fact that I am a young, Bengali girl may also have affected how the Burmese people saw me, since Bengali people have a low status in Myanmar. Open interviews were conducted and a check list was used to question the interviewees. The checklist can be found as an attachment at the end of the thesis (Appendix). Open interviews were used because of the qualitative nature of open interviews. Furthermore, open interviews gave the interviewees, whom are from different fields, the chance to tell their stories about the topic of the thesis. The country of Myanmar was chosen because Myanmar is in a unique position. Little research has been done in the recently opened up country. The country is at a critical point. It can either go forward or backward. The uniqueness of the country is exactly why it is interesting to research. Myanmar is not a textbook story.



## Chapter 1. The Corporate Role in Society defined.

To understand how corporations are defined in society, we first need to situate the notion of corporations in society in analytical framework. Corporations are often stereotyped as rational actors, actors that only act upon well calculated ideas and not on emotion. Is this true? Are corporations rational actors? What does a rational actor actually mean? A common assumption is that people, and thus corporations, are driven by money and therefore their actions can be predicted on a structural basis. To research in how far this is true and applicable, rational choice theory will be discussed. The main focus of this chapter is to answer the first sub-question, namely: how is the role of corporations in society defined? Section 1.1 will discuss the rationality behind corporations. Section 1.2 will look at the changing role of corporations. Section 1.3 will bring sections 1.1 and 1.2 together by discussing the rationality behind the changing corporations. Section 1.4 will place the rational changing corporations in the context of developing countries.

### 1.1 The Rational Corporation

Foundations of rational choice can be traced back to philosophers such as Adam Smith, with his invisible hand theory, or Thomas Hobbes. A little closer to contemporary time is Arrow (1963) who looked at whether collective and individual rationality are intrinsically in conflict in democratic societies. It would seem that collective social choices could clash with expressed preferences through individual rationality. This would not be a problem in a dictatorship society, which forces people to coerce; this can be a problem in a democracy. The article called 'Theory of Political Coalitions' by William Riker (1962) is considered to be an important work contributing to the political field of rational choice. Riker (1962) views individual rationality in terms of winning and not in terms of losing. According to Riker (1962) individuals thus act to maximize their satisfaction. Wandling (2011) argues that Riker's (1962) work demonstrates prominent characteristics of modern rational choice. The rational 'as if' assumption is used by rationalists as a tool to guide research and empirical analysis. This means that, for example, that rationalists argue that individuals assume to act 'as if' they make decision according to principles such as the maximization of utility which Riker (1962) mentioned. A second characteristic is that rational choice researchers use rational choice theory to deal with counterevidence or abnormalities. So when something or some act seems irrational, rational choice researchers will try to find the rationality that lies behind the irrational act.

A rationalist assumption is that entities can be reduced into parts which interact; an individualistic ontology. Rational choice theory can be viewed as a tree with branches. Rational choice theory is the trunk, or the general theory, and the branches represent the different theories within the general theory of rational choice. Through the construction of models of social context and individual action, social outcomes are explained. Rational choice theory thus is multileveled. The higher, macro, levels contain social structure specifications, while the lower, micro, levels describe consumptions containing behavioural acts of individuals (Coleman 1990: 305). Rational choice theory can be divided in so-called thin and thick models (Hechter & Kanazawa 1997: 196). Rational choice theory sees both structural and individual elements, as equally important to determine outcomes. A misconception about rational choice theory concerns the motivational assumptions which come with this focus. According to Hechter & Kanazawa (1997) rational choice theorists usually place more prominence on the social elements due to methodological reasons. Structural constraints, which are external to individuals, are easier to measure than internal constraints and values, which are often internal to individuals. To make rational choice theory, with its multilevel characteristics, more manageable, rational choice theorists accept models of individual action, but disagree about the most suitable model. This brings us to what has briefly been mentioned above, the thick and thin models. The thin, earlier, models do not take into consideration particular goals or values of individual pursuit. It operates on a broad level and predominantly focuses on general assumptions, like describing individuals as self-interested or goal oriented. The thicker models also use these assumptions, but add more specifications. Things such as cultural values, psychological needs, and belief systems are added as important actors that can impact the societal versus individual domain (Friedman 1996: 1 - 25). In this thicker sense, rational choice theory becomes more substantive and deeper for it requires some aspects of intentionality (Hechter & Kanazawa 1997: 194). The thicker version of rational choice theory will form the base of this thesis. In thicker models, individuals can also value goods which are non-exchangeable such as music or a feeling of doing good. It is important to note that thicker models believe that individuals are self-interested, not selfish (Friedman & Diem 1990: 91 - 114).

To fully understand rational choice theory, the so-called disputes also need to be discussed. A common misconception of rational choice theory is that it assumes that the anticipated consequences are calculated after which the best choices are chosen from the options, without emotional, habitual, or impulsive acts. Of course people are not entities which act fully without emotional, habitual, or impulsive acts and when arguing in this way, rational

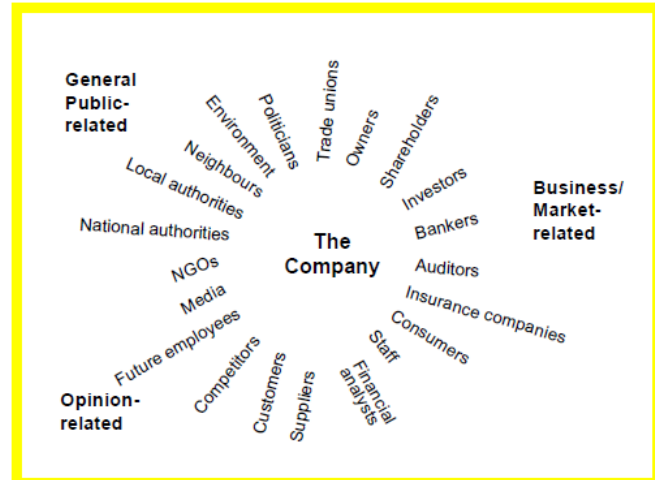
choice theory sounds improbable. The misconception in this line of reasoning concerns the very nature of rational choice theory. It is important to note that the aim of rational choice theory is not the individual outcomes, but the social outcomes. In this sense, the purpose of rational choice theory is not to describe what a rational individual will do in specific circumstances. In other words, institutions such as norms can enter the rational choice models as an outcome of action and as a context, and therefore rational choice does not solely focus on individuals.

Having briefly touched upon rational choice theory, now it is time to look at how this actually links to the topic of this thesis, corporations and their contribution to youth empowering opportunity structures. While many articles have been written on rational choice theory and corporate criminal acts, little is written about how rational choice theory can be linked to corporations in a more positive way. Rational choice theorists such as Paternoster & Simpson (1996) argue that rational choice theory helps to understand corporate offenders and the crimes they commit, because corporations are sensitive to threats of sanctions. Their argument continues by stating that it is easier to deter corporate offenders from committing corporate crimes, because the crimes committed by corporate actors are directed towards economic gains and therefore are more calculated crimes. Paternoster & Simpson (1996) state that by engaging in corporate crimes, corporations risk losing one of their often most prized possessions, namely their reputation and good name. This thesis will research if this line of thought on corporate crime also works the other way. Is it possible that corporations act in a just way due to the calculating nature of corporations, the potential of gaining reputation, and a good name? Hofferberth et al. (2011) argue that multinational corporations act on a logic of appropriateness and are affected by norms. The core of this nature of corporations is the changing role of corporations in society. Hofferberth et al. (2011) state that the changing role of corporations in society, causes corporations to be more sensitive to the expectations of society. While Hofferberth et al. (2011) argue that this sensitivity towards social expectations goes beyond the expected consequences and rational calculation of rational choice theory, this thesis will illustrate that the emerging sensitivity to the expectations of society actually do fit rational choice theory.

## 1.2 The Changing Corporation

The role of corporations in society is changing. Corporations and the business they bring with them are often seen as an important cornerstone of society, for corporations bring wealth. Corporations are more and more taking on roles and engaging in social and environmental causes with many other stakeholders (Serafeim 2013: 2). In the past, corporations were not

directly linked to these causes, but it seems that corporations are taking on a more social and environmental friendly role in society. An explanation for the changing role of corporations in society is that the values of society are changing and with it, activities of corporations and the way they are judged is changing. Norén (2004) states that corporations need to adjust to the current set of values of society or else they risk going out of business; in this sense, going along with the current set of values of society is a rational choice of corporations. Despite that by not going along with societal values may result in losing business, it seems that corporations nowadays are often the target of strong critiques. The world is globalizing and corporations have to manoeuvre in different multicultural societies with different values and norms. Due to globalization, the access to knowledge has grown. It is easier for corporations to get access to knowledge and, perhaps more importantly, it is easier for stakeholders to get access to information. Doing things in the dark is increasingly becoming more difficult, while transparency is demanded. This change of access to information has made it more important for corporations to gather information about the expectations and needs of the stakeholders. The interaction between society and corporations is changing and becoming more frequent. The stakeholders of a corporation are no longer a limited group of people, like accountants or other organization, but involve many external actors as image 1 illustrates. While in the past corporations only had the focus on the business/market related stakeholders, nowadays they have gained new stakeholders in the field of the general public and opinionated stakeholders. Corporations can no longer focus solely on making profit and making sure that they stay in business, they have to take into account others stakeholders too. The trick for the corporation is to find a balance between the short and long term interests of the various stakeholders and of course its own long term interest. The interaction between corporations and stakeholders of society has increasingly become more important and it seems that corporations are taking on a more social role in society. The increasing dialogue with society has caused corporations to be, willing or unwillingly, more responsive to issues that affect the environments. Corporations have to evaluate their impact and be pro-active in dealing with or preventing possible negative impacts. Compared to 100



1. Stakeholders (source: Norén 2004).

multicultural societies with different values and norms. Due to globalization, the access to knowledge has grown. It is easier for corporations to get access to knowledge and, perhaps more importantly, it is easier for stakeholders to get access to information. Doing things in the dark is increasingly becoming more difficult, while transparency is demanded. This change of access to information has made it more important for corporations to gather information about the expectations and needs of the stakeholders. The interaction between society and corporations is changing and becoming more frequent. The stakeholders of a corporation are no longer a limited group of people, like accountants or other organization, but involve many external actors as image 1 illustrates. While in the past corporations only had the focus on the business/market related stakeholders, nowadays they have gained new stakeholders in the field of the general public and opinionated stakeholders. Corporations can no longer focus solely on making profit and making sure that they stay in business, they have to take into account others stakeholders too. The trick for the corporation is to find a balance between the short and long term interests of the various stakeholders and of course its own long term interest. The interaction between corporations and stakeholders of society has increasingly become more important and it seems that corporations are taking on a more social role in society. The increasing dialogue with society has caused corporations to be, willing or unwillingly, more responsive to issues that affect the environments. Corporations have to evaluate their impact and be pro-active in dealing with or preventing possible negative impacts. Compared to 100

years ago, corporations have taken on more work and grown. Large corporations, though they existed, were pretty unusual (Tilston 2005: 9).

The issue of whether corporations can and should act as social actors on the basis of economic imperatives, or at least without jeopardizing their competition, has different dimensions. The meta-analysis of Orlitzky et al. (2003) on the relationship of corporate financial performance and social and environmental responsibility, for example, concluded that better financial performance of a corporation is linked to social and environmental responsibility. Serafeim (2013) argues that the increasing prominence of the relation between society and social performance on one side and corporations on the other side can be justified on the basis of economic grounds. Both Orlitzky et al. (2003) and Serafeim (2013) agree that the 'doing well by doing good' notion will lead to better financial performances. Many authors, such as Freeman et al. (2010) and Porter & Kramer (2011) describe that the 'doing well by doing good' notion is based on two beliefs. The first belief is that by meeting the needs of other stakeholders, like customers through providing safety or delivering the best products, or employees through providing trainings, directly value is created for shareholders. The second entails the belief that shareholder values can be destroyed by not meeting the needs of the shareholders. Compelling counterarguments are that by focussing on social and environmental issues, the corporations and its management loses its focus which, as a consequence, can have negative financial implications (Brown et al. 2006: 856). Other counterarguments are that, for example, profit will be lower due to expensive outsourcing and that the price of the product will rise and this consequently will result in losing customers. Following this argument, it could be concluded that companies who do not engage in social and environmental causes would thrive better than companies that do engage in such matters. This thesis argues that the duty of corporations is changing and therefore corporations take on social and environmental roles. It is important to understand corporations are participating, rational members within a society, who change as society changes.

### **1.3 The Rational Changing Corporation**

The previous section has made clear that the role of corporations in society is changing. The numbers of stakeholders are increasing and corporations are taking on more social and environmental roles in society. When thinking about the social and environmental role of corporations in society, a term that comes to mind is Corporate Social Responsibility (CSR). While in the 19<sup>th</sup> century, no corporation felt the need to act responsible, by the end of the twentieth century it became a corporate objective for many corporations (Tilston 2005: 9). In the

current society, the term CSR is often used and gets a lot of attention. It has been used so often, that it has led to confusion and misconception. The fact that there is no universal definition of the concept also does not help to fight the misconceptions and confusion.

When thinking about CSR, many people think about doing good and other philanthropies on a voluntary basis, but this is not the core of CSR. To understand what CSR is, it needs to be viewed from a holistic perspective. CSR is, according to Waldman et al. (2010), about the interchange between a corporation and all its stakeholders. As discussed above, the temporary corporation has many stakeholders, ranging from clients and employees to the community and non-governmental organisations (NGO). Thus, committing to the empowerment and development of employees would already be considered CSR. CSR is also when a corporation is engaged in providing services that are in line with the needs of their customers. The core point is that CSR is a holistic approach that considers the impacts and potential impact of the corporation and its existence in environmental, economic, and social fields. CSR is important to corporations because it is crucial for the long-term sustainability of a corporation (Waldman et al. 2010: 2). It is important to note that CSR is not a one-size-fits-all concept, and as Baumgartner (2011) says, insight into the organizational culture is needed to understand the variation of different, and tailor-made, approaches towards CSR.

Linking this back to the rational choice theory, even though CSR may sound philanthropical, there is a rational thought behind it. De Prins et al. (2009) agree and name four driving forces that make corporations start CSR processes. According to De Prins et al. (2009) CSR can be used as a business opportunity, as a product of the core values of a company, as a tool for managing reputation and to control risks and damages, and as a product to show that the leader or corporation is ethically motivated. Lynes & Andrachuk (2008) explain the motivations behind these rational thoughts of corporations to engage in CSR. Lynes & Andrachuk (2008) lists four motivations. The first motivation is that there are systems, such as social systems or political-institutional systems that influence motivations. The second motivation is that motivations are generated from pressures from the market, stakeholders, and globalization. Thirdly, influences are catalysts, such as the internal leadership of a corporation or the financial position. Lastly, the level of commitment of a corporation of course shapes its motivations of engaging in CSR projects. It is clear that CSR is not something that suddenly exists out of thin air. The strategies and commitments of corporations to CSR have to be placed in the larger context. Coming back to the argument of Hofferberth et al. (2011), namely that the corporate sensitivity goes beyond rational calculation or rational choice theory, this section has

proven that there most definitely is a rationale and motivation behind corporations acting socially responsible.

#### 1.4 The Rational Changing Corporation in Developing Countries

Moving to a developing country seems more than logical for a rational thinking multi-national corporation (MNC), labourers are often cheaper, accommodation are often cheaper, life is often cheaper. So the math sounds quite easy, less costs, but the same amount of production equals more profit. Sounds logical right? But what is the actual impact of MNCs in developing countries? What is their role? The previous sections have illustrated that corporations in general and thus MNCs are changing, which leads to them to take on more social and environmental roles. While it seems that there is not rationale behind it, the previous section illustrated that rational thinking can be found behind the seemingly irrational actions. The focus until now was on corporations in a general society, but this section will focus on the role of MNCs in developing countries. It is important for this thesis to focus on the role of MNCs in developing countries, for the country of interest of this thesis, Myanmar, is a developing country and many MNCs are interested in coming to this country. This section will research if MNCs in developing countries also fit in the picture sketched in the previous sections. As mentioned before, when using the term MNC, international or multinational MNCs is meant, unless mentioned otherwise.

Madiès & Dethier (2012) argue that governments of developing countries are sternly competing for investments of MNCs. The government expects that the presence of MNCs will give their country an economic advantage. MNCs are seen, logically, as the bringers of technological transfers and as essential foundations of employment. Local corporations can increase their potential through international MNCs investing in a developing country, and more commonly, the presence of MNCs has a positive effect on the level of economic development in a developing country. Flanagan (2006) states that governments of developing countries often link the presence of MNCs with positive impacts on society, however, Chu (2005) argues that by doing so, the governments often choose to prioritize economic development over things such as abuse of human rights. Of course, a telling example is the Niger Delta in Nigeria, where the government gained a lot of monetary funds with oil revenues, while local inhabitants had to deal with military occupations and extreme pollution. The economic impact of MNCs in developing countries is thus not always positive. Many authors, like Lipsey (2002) warn for numerous types of spill-overs for local corporations. MNCs, for example, tend to pay employees a higher salary with better working conditions. Local corporations cannot compete with the MNCs and therefor

lose their best staff to the MNCs. MNCs do not only have an economic impact on the host society, they also have an impact on human rights. Again, as the economic impacts, this works both positively and negatively. While authors like Harrelson-Stephens & Callaway (2003) state that due to the fact that MNCs are rich and powerful actors, they can contribute to increasing the respect for democracy and human rights. Spar (1999) agrees and argues that MNCs have a positive effect on human rights in developing countries because they are interested in social improvement. Of course, CSR cannot be left out in the list of positive impacts of MNCs on developing countries and with CSR the shift is made from impact to actual role in society. Through CSR, MNCs can improve living conditions of many social groups, like the poor (Falck & Heblich 2007: 248). According to Rivoli & Waddock (2011), MNCs can play an important role in the promotion of socio-economic and political rights, such as the right for a safe environment, health, and important for this thesis, the right to education. Essential here is the already mentioned notion of 'doing well by doing good' (Porter & Kramer 2011: 16). But this is of course not the whole story. To have good, there also must be bad and this is also the case for corporate involvement in developing countries.

Many stories can be found about negative impacts of MNCs in developing countries. Think for example of human rights abuses and the prolongation of war in the Democratic Republic of Congo due to mining MNCs or human rights abuses in Burma due to the Yadana pipeline project in Myanmar, and these are just a few examples of many. MNCs have more room to play in developing countries, where there are less restrictions and rules about how to deal with the society and the environment. CSR is also not always something positive. A critical writer on CSR, Frynas (2005) argues that CSR as a tool for public relations and business is often more important than CSR as a tool for development. CSR needs to fit the context of a developing country for it to work effectively (Giuliani & Macchi 2013: 19). The point is that the impact of MNCs, and with it CSR, is not always positive. To have a positive effect, taking into account the context of a developing country is significant.

## 1.5 Conclusion

To answer the main question of this chapter, namely how the role of corporations in society is defined, this chapter has evolved into an answer by undertaking four steps. It started off with rational choice theory as the core line of reasoning and illustrated how it links to corporations. It then illustrated how the role of corporations in society is changing into a more environmental and socially conscious corporation. The notion of CSR was introduced and it was illustrated that



there is a rational choice behind the social and environmental conscious development of corporations. To link this entire story to the topic of the thesis, the chapter followed by discussing the impact of MNCs in developing countries. It can be concluded that the role of corporations in society is defined as a rational actor using social action which can be clarified through rational choice theory.

## **Chapter 2. The Effect of the Transitional Development on Corporations in Myanmar**

The development of each country is unique and it is shaped by its culture, history, connection with the international environment and of course its domestic situation. Myanmar people have lived for more than half a century in political and economic isolation. To be able to understand how MNCs create youth empowering opportunity structures, MNCs firstly need to be placed in the context of Myanmar. This is the central aim of this chapter. The situation in Myanmar for MNCs is a quite unique situation. The country has been closed for many decades to the outside world and just recently has opened up in 2011 when the current president came to power. Furthermore the transition of Myanmar comes amidst a large shift in the landscape of global economy; the shift to the South and the East. This shift can be positive for Myanmar, for it creates new opportunities, but how does this work out for MNCs? The government of Myanmar is facing many challenges with Myanmar's reform. The European Union (EU) and the United States of America (USA) have recently lifted most their imposed economic sanctions against the country, which it got because of its poor human rights record. The current president, U Thein Sein, and Aung San Suu Kyi are encouraging Burmese people to come back to the country. Before this chapter starts, the term transitional development needs to be explained. Following the definition of Havrylyshyn & Wolf (1999) transitional development implies a country where the economic activity is liberalizing and market operations are tried being made to work most efficiently. McCawley (2004) adds to this definition that transition also entails transition towards political pluralism.

### **2.1 Before the start of the Transitional Development**

The military dictatorship that ruled the country since the 1960's significantly tried to decline foreign corporate involvement in the first two decades of their regime, but slightly opened up to market oriented policies, when the regime became more technocratic in the late 1980's (Holliday 2005: 332). This slight change made it possible for corporations to build links. The country is known for its strategic location and rich natural resources. Many believe that Myanmar has the potential to become a rising star in Asia, but that is easier said than done. During the past decades, withdrawals from MNCs are common (Holliday 2005: 332). MNCs such as Heineken, Levi Strauss, and Apple all left the country due to the military regime and the many human right violations. Zar & Apple (2000) state that MNCs left the country due to informal sanctions such as street protests, lobbying campaigns, and letter writing initiatives.

Domestically before the start of the transition, Myanmar corporate life was dominated by so-called crony companies<sup>1</sup>, companies who have strong ties with the government and by Chinese, Malaysian, and other South East Asian companies, who until now still dominate corporate life (IHRB 2012: 3). The refusal of the election outcomes by the military in 1990 resulted in imposed sanctions by Western countries, which had a large effect on Myanmar's economy (IHRB 2012: 1). Many western countries had imposed sanctions on Myanmar, so business was limited. The Chinese and other Asian countries did not impose sanctions on Myanmar and thus could do business with the country and its military regime (Rüland 2001: 153). Myanmar is economically important for China because its location between the Indian Ocean and landlocked provinces of China (Kim Shee 1997: 50). The current Burmese government consists of many people who also had high positions during the military regime, and corruption was and is present on a large scale. Many of the people interviewed for this thesis and the IHRB (2012), mentioned the crony, Chinese and other South East Asian corporations, stating that the Myanmar Gross Domestic Product (GDP) mainly depends on them and their link to natural resources. The country has a shortage of critical components and the business infrastructure is antique. This all contributes to hampering productions. Corporations could usually do as they pleased as long as the government agreed with it. The military regime did not have very high standards of human rights and ethical conduct, which did not help the situation. *'If you don't change the law, the law facilitates violence, then no matter what you do with civil society it is very difficult because the Chinese companies will say 'we have done everything in accordance with Myanmar domestic law, you can't hold us to any additional standards' (Interviewee 6)'*. Chinese companies invested in the Burmese energy sector, making billions of dollars which went to the military regime. According to ERI (2008) 40 % of the budget of the military regime goes to military spending, while 5% goes to public education and 1% to healthcare. China has built the infamous Shwe pipeline which goes through villages, carrying oil and gas from the centre of Myanmar via the north of Myanmar to China. One interviewee said: *'Chinese companies in Myanmar have big issues. Everybody doesn't like Chinese companies. But the point is they kidnap Myanmar resources. Some infrastructures the Chinese are doing*

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<sup>1</sup> Interviewee 6 explains the term crony: *'Crony is the language that is used here to describe people who did a lot of business activity and profited from connections to and support for and support from the military government. So someone who becomes very rich in the previous environment could only do so with a close relationship to the government and support for some very nasty things (Interviewee 6)'*.

brought up some issues in that area. If you know this Kachin Myanmar conflict<sup>2</sup>, started few years back. This is because of the pipeline (made by the Chinese); it is one of the reasons (Interviewee 4)'. Chinese products can be found everywhere, including electronics, cars, and fashion, but the Chinese corporations do not have a good reputation in Myanmar, for they are known to hire thousands of Chinese people and no locals (IHRB 2012: 9). Furthermore, though the Chinese are known for their non-interference foreign policies, the Chinese have provided Myanmar with military weaponries, financial support through condition free loans, and political support (ERI 2008: 2).

## 2.2 MNCs during the Transitional Development

Due to the transition, Western sanctions are being lifted, though the weapon embargo sanction remains. This means that for Western MNCs a whole new potential market has opened up. The word transition is the key word to understand the Myanmar context. The country is in a process of changing, but the process is not finished yet. This means that the government is also still in the process of changing, and as said before, many government workers still have strong ties to the former military regime. Since Myanmar is in transition and since the number of stakeholders is growing for corporations, how do corporations place themselves in the current context of Myanmar? Do they take into account the context and make use of CSR? Or do corporations act the same as before the start of the transition?

Many voices are saying that MNCs, who are (re) entering the country, can play an important role in the modernization of the economy and the improvement of the living standards of Burmese people and call upon responsible conduct.<sup>3</sup> As an owner of an IT corporation in Yangon, Myanmar phrases it: *'They (MNCs) are the ones that are going to bring 2014 and later technology and skills, capital. All those are very important. Something that is needed badly now (Interviewee 5)'*. As mentioned before, Myanmar has many natural resources such as jade,

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<sup>2</sup> The Kachin conflict is a long running conflict in Myanmar between Kachin militias and the government. The conflict restarted in 2011 when a controversial ceasefire of 17 years broke down. The systematic use of torture, child soldiers, landmines and rape is widespread on both sides of the conflict.

<sup>3</sup> In many of her speeches Aung San Suu Kyi calls upon investments to be environmental friendly, respectful of human rights, and act responsible. See for example: <http://www.reuters.com/article/2012/06/14/us-myanmar-swiss-suukyi-idUSBRE85C1NA20120614>. President also calls upon responsible business behaviour in his speeches. See for example: <http://online.wsj.com/news/articles/SB10001424052702303703004577475801843797044?mg=reno64-wsj&url=http%3A%2F%2Fonline.wsj.com%2Farticle%2FSB10001424052702303703004577475801843797044.html>

timber, gas, oil, and gold, which equals many potential business opportunities. The country has barely developed in the past half century, so there are also many business opportunities in the fields of for example energy, tourism, and infrastructure. EU and USA governments monitor their corporations in Myanmar and call up on acting within the boundaries of human rights.<sup>4</sup> While Myanmar is interestingly located for MNCs, the country can be found between two economic giants, namely China and India, and it has many natural resources, foreign investors are still a bit hesitant to invest in the country. Being closed from the outside world has heavily affected Myanmar's development of infrastructure. Amongst others, electricity is not reliable and internet is not well established. *'The infrastructure in the country is just still so underdeveloped that it doesn't make a lot of sense for textile companies, for example to come here. Because there is a huge demand for the textile industry and the production is one year or more behind. It is a no brainer to step up a textile industry here, but you need to get electricity, you need to get skilled workers that are not there, that is one thing. So it is the skilled worker, that is one thing, and the other thing is structure. If you don't have electricity you cannot produce (Interviewee 3).'* As this quote illustrates the lack infrastructure and skilled workers is a significant problem for MNCs in Myanmar. To make matters worse, land-based phone services are unreliable, SIM cards are expensive, they cost a couple of thousand dollars just a few years ago and now are about 100 USD<sup>5</sup>, and the postal service is unreliable too; it is always a surprise when your sent mail arrives at the place of destiny.

It is clear that it is not easy for MNCs to work in Myanmar, but for many corporations the benefits are seemingly higher than the costs. Hundreds corporations belonging to the world's biggest are in or planning to move to Myanmar. Telecommunication giants Ooredoo and Telenor are already established in Myanmar, as well as corporations such as Total, Coca Cola, Chevron, Deloitte, and PepsiCo. Interestingly, most of these MNCs have adopted CSR policies. An Burmese interviewee who works for a MNC in Myanmar explained the rationale behind it *'International companies right now in Myanmar, they do CSR for two reasons. One is for brand awareness, to get some impact from the government. The second thing is to align with the*

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<sup>4</sup> The UN Framework and the Global Impact have guiding principles on Business and Human Rights which forms the core for the EU and USA governments to draw human rights boundaries and ethical conduct for corporations. See: [http://www.unglobalcompact.org/issues/human\\_rights/The\\_UN\\_SRSG\\_and\\_the\\_UN\\_Global\\_Compact.html](http://www.unglobalcompact.org/issues/human_rights/The_UN_SRSG_and_the_UN_Global_Compact.html)

<sup>5</sup> Interviewee 2 said *'*: tot 2/3 jaar geleden was een sim kaart op de zwarte markt tot 1000 dollar. Nu tot een paar maanden geleden 200 dollar, nu is het 100 dollar.*'* This can be translated into: till 2/3 years ago a SIM card was about 1000 USD on the black market. Until a couple of months ago, they [SIM cards] were 200 [dollar], now they are about 100 dollar.

*international policies, which means I do something in Myanmar but you know I am doing business in Myanmar, but wait ok Greenpeace, wait we also do CSR, so for the reputations (Interviewee 4)*. Following the line of thought here, doing CSR in Myanmar is a quite rational step; you want your organisation to have a good name and good ties with the government, so you do as they please, and you want your organisation to not be criticized by the international community, so you try to do as they please. This is in line with the argument of De Prins et al. (2009) discussed in the first chapter of this thesis, namely that there are rational driving forces that make corporations start CSR. The line of brand awareness argumentation used by interviewee 4, is the third driving forces mentioned by De Prins et al (2009), namely using CSR as a tool for managing reputation. The second point made by the interviewee about international policies fits the one of the four motivations listed by Lynes & Andrachuk (2008) which were discussed in chapter 1, namely that one of the motivations behind CSR is that there are systems that influence motivations. In the argument of the interviewee, it is the international political system that influences corporations to do CSR. One of the interviewees, an expat, works for a major MNC in Yangon. When reflecting upon the approach of his corporation he said that *'We as a brand and a firm want to make a difference in the society in which we operate (Interviewee 2)*'.<sup>6</sup> It is interesting that the interviewee uses the word 'brand'. He does not say that the corporation has CSR policies just for the sake of being good. No, the brand of the corporation needs to be perceived as good by the society in which they operate. This is what many authors, including Sturges (1994), Benoit (1997), and De Raaf (2000), would see as an effective way of corporations to communicate with their stakeholders to shelter their reputation, and again fits the rationality of corporations. Another interviewee, a Burmese, who also works for a MNC says: *'You need to have a good corporate image. If you have a bad corporate image you are less likely to get customers (Interviewee 4)*', this quote again illustrates the rationality behind CSR policies of MNCs; a bad image results in less customers, which eventually results in less profit. A good image results in more customers, which is beneficial for the corporation.

It is important to note that having a CSR policy does not necessarily mean that the policy is effective. Some of the interviewed people expressed their doubts about CSR of MNCs. An interviewee, active in the NGO world, phrases the concept of CSR of MNCs in Myanmar sceptical ', *I am inherently sceptical of CSR because I think it often times seems to me to be deployed to say: 'we have this CSR thing, we have built a school, we have built a project and*

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<sup>6</sup> Interviewee 2 said *'Wij willen als brand en als firma eigenlijk verschil uitmaken in een maatschappij waarin we opereren'*, which is translated into: *we as a brand and as a firm want to make a difference in the society in which we operate*

*that somehow makes up for all of the damage we are nonetheless doing' (Interviewee 6)*. Another interview who makes CSR policies for MNCs also warns for the effectiveness of CSR: *'They (the corporations) come and they just say 'we can have a contract. I will give you, let's say, 1000 for the whole year, you must do something for us, do charity work. We want to show that someone can see what we are doing with this 1000'. We have to find an orphanage and Cordaid (a NGO) and take a photo and they just give the money and they go. I don't like it (Interviewee 10)*'. The interviewees both explain that just doing something that sounds good and ethical, does not necessarily mean it is effective or that it washes away other damages done. It seems that the interviewees both are reluctant to quick fix CSR policies, which entails just giving an amount of money to some charity and think that all will be well just because of the donation. . *'This is actually very popular now; everybody wants to do it (CSR). But we see that, you know, of course there are two ways of CSR, one is ok go for high profit margin and donate a little bit later, the next one which we are going to use is to think about how the rule in society and use whatever language and contribute to society and in the end we might not make big profit margin, but even then we do not need to do this show off CSR project because we are contributing to the society' (Interviewee 7)*. It furthermore must be noted that not all corporations are good and not all corporations have or want to have a CSR policy. A Burmese international business man and responsible business owner makes a realistic statement: *'Because in every sector and part of life there are good and bad [...] I mean there are good business people and there are crooks all over the place, in every country (Interviewee 5)*'. The point here is that one must not think that CSR is some glorious solution which all MNCs use. CSR has the potential to be effective and MNCs can adopt CSR policies, but CSR is not inherently effective and MNCs do not always adopt CSR policies.

### 2.3 The position of Local SMCs

This thesis predominantly focuses on MNCs in Myanmar, but the local small and medium corporations (SMCs) cannot be forgotten. What is their role? Did they also start using CSR policies? Are the driving forces for CSR policies of MNCs also applicable for local SMCs? It seems like an easy calculation, CSR costs money, MNCs have a lot of money while SMCs do not have so much money, therefore they cannot do CSR policies, but is this line of thought true? All the interviewees were asked if they see a difference between local SMCs and MNCs concerning the transitional development, their impact, and CSR policies. It seems that there are two camps. While one camp said that local SMCs can and should incorporate CSR because of

their position as local SMCs, the other camp argued that local SMCs already have a hard time trying to survive, so they do not have the time or funds for CSR. While little academic literature can be found on the effect of the transition on local SMCs, the interviewees gave their perspectives.

When asked about the difference between MNCs and local SMCs, a Burmese business man and social business owner replied: *'Don't forget we are in a Buddhist community where afterlife counts too. So that is a reason to do good things, to donate for the afterlife. Myanmar people donation has always been part of their lives, but if you look at developed countries, they donate too but it is just for different causes, different uses (Interviewee 5)'*. A Burmese business working for a MNCs agrees *'I think local companies are keen to do CSR, but they don't know what to do and how. They think if they make a donation it is CSR. Donation has been in our culture, because being a Buddhist you need to donate basically. In general, or monks or whatever. So we understand about donation, but we don't understand how to make the donation most effective (Interviewee 4)'*. The interviewees argue that donating is something which is inherent to Burmese culture. In this sense, Burmese culture affects the business conducts of local SMCs. Thus, the concept of CSR is not necessarily needed; Burmese people already have the concept of donation within them. A Burmese owner of a SMC, an IT corporation, reflects about his business conducts: *'Whatever you do should bring advantages to people. For us, we are not going to give people money, but we make it a lot easier using our knowledge and skills, things like communications and knowledge (Interviewee 7)'*.

A couple of the interviewees argued that while local SMCs do not have to do CSR, they have to act in a responsible way: *'If you are a small company you don't need to (do CSR). If you are an international company you have to show what your company stands for. The small company, if you start the business, I am not saying that they shouldn't do it, right. Everybody should do it. Poor companies can also do CSR, moral support (Interviewee 10, Burmese who has worked on CSR policies for international corporations and works in the entertainment industry)'*. An expat living in Yangon who works for a corporation from Belgium adds: *'No, I think that it is important for small companies to be responsible, but it is difficult to establish that. I think that they can also do things in a good and honest way with integrity, and not lie about what they are doing. It is a way of working ethically in a normal way, but they cannot do CSR, but if they want good business, they also have to work in a good way with integrity, and not all companies do that. If they want to survive in the long run, they have to work in a good way a*



*little bit because it is important. The word of the mouth is extremely important (Interviewee 11)<sup>7</sup>.* Both interviewees, though having very different backgrounds, agree that local SMCs do not necessarily have to do CSR, but they do have to act in a moral and ethical way. Interviewee 10 agrees with De Prins et al (2009) fourth driving force for acting responsible, namely that corporations need to show that they are ethically motivated, while interviewee 11 agrees with the first driving force listed by De Prins et al. (2009), namely that acting responsible is a business opportunity, maybe even a necessity. Both the interviewee agree with the second driving force, that acting responsible should be a product of the core values of a corporation (De Prins et al. 2009).

## 2.4 Conclusion

The aim of this chapter was the answer the following sub-question: *How does the transitional development affect corporations in Myanmar?* The chapter started off by researching the situation for corporations before the transitional development started. The corporate life before the start of the transition was dominated by Asian corporations and so-called crony corporations. The start of the transition resulted in an opportunity for MNCs. Myanmar is an interesting country for MNCs, though they have to deal with practicalities, such as power shortage. The increasing number of stakeholders result in MNCs acting responsible and adopting CSR policies, though it must be noted that not all corporations adopt CSR policies and that CSR policies are not always effective. When looking at local SMCs it can be concluded that donation seems to be inherent in Burmese culture and thus in Burmese life. While local SMCs do not necessarily have to adopt CSR policies, acting responsible is also required from them and is seen as for their own benefit.

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<sup>7</sup> Translated by the author: *nee ik denk dat het wel belangrijk is voor kleine bedrijven dat ze gewoon responsible zijn, maar dat is moeilijk om dat waar te maken. Ik denk dat bij hun ook gewoon dingen kan zijn om op een goede, integere manier, een eerlijke manier te doen en gewoon niet te liegen over alles waar ze mee bezig zijn. Een zeker vorm van ethisch werken op een normale manier als een klein, maar ze gaan inderdaad geen CSR kunnen doen, maar als ze goede business willen doen, dan moeten zij ook op een goede en integere manier werken en dat is niet bij alle bedrijven, zeker niet zo. Dat is eigenlijk als ze op een iets langere termijn overleven dan moeten ze wel een klein beetje op een goede manier business deal doen omdat dat belangrijk is. The word of mouth is verschrikkelijk belangrijk (Interviewee 11).*

## Chapter 3. The effect of the Transitional Development on Youth Empowering Opportunity Structures.

When drafting the sub question which is central in this chapter, it was assumed that the transitional development of Myanmar could also have an effect on the youth empowering opportunity structures. This chapter will research if that assumption is correct. The main question in this chapter therefor is: *how does the transitional development affect youth empowering opportunity structures in Myanmar?* Youth empowering opportunity structures are constructions which create situations in which the youth can be empowered. This can be on a small and individual scale, but also on a very large scale through something such as a national youth policy.

### 3.1 Youth Empowering Opportunity Structures before the Transitional Development

The Myanmar youth have had a turbulent role throughout history. All Burmese people know the many stories about students standing up to and protesting against the oppressive government during various moments in time. Burmese students stood up against the British colonial rulers and they stood up several times against the military regimes. Perhaps the most known student protest, are the protest in 1988 known as the People Power Uprising or the 8888 Uprising. The protests against the regime started in Yangon and spread throughout the country. After about 1.5 months of protesting, the protests were brutally ended by the military regime (Lee 2002: 892). The protests of the students had an effect, but not the wanted effect: *'The thing is, because it (the student protests) keeps on happening, always started by students so the government put the students in the same category as the rebels, those ethnic groups who are also fighting for their own independence. So then they have these policies which take away a lot of critical thinking aspect in education (Interviewee 8)'*. Universities were removed from cities and placed in more rural areas to prevent easy mobilization for student protests: *'All the universities are out of town. That is the way of oppression (Interviewee 7)'*. A Burmese interviewee recalls his college years during the military regime: *'Most of the people, we are affected under military government. For example me, I passed my grade 10 and I go to the university. I have been waiting for 3 years without doing anything because the university is closed (Interviewee 10)'*. He understands the effect the military regime had on education: *'We just need to change the education system to upgrade, to get more facilities for the kids. We have been like brainwashed (Interviewee 10)'*. The military regime tried to keep a firm hand on

the youth: *'The central rules and regulations are very strict. Sometimes even like university students they want to form a group, say like a green group, let me form a green club, you are not allowed to do that, even just a green club. It is like they (the military regime) want to control everything (Interviewee 7)'*. And it was not just the university students who struggled before the start of the transition. When a prominent activist in Myanmar was asked about the situation before the start of the transition, he replied: *'It was bad. We did not have chance to access internet widely like nowadays. It means we can't connect with international. Even local, we can't get informations. Many websites like BBC, YouTube and other sites were banned for years. Most of the middle class youth are going abroad to study or work. Brain drains (Interviewee 13)'*. Interviewee 7 also addresses the lack of access to information. According to him, the logic behind it was that: *'it is because of communication, they (the military regime) want to block communication (Interviewee 7)'*. It thus can be concluded that before the transitional development started, Myanmar youth did not have empowering opportunity structures. The opposite maybe even was the case; it seemed that the military regime did its utmost best to create disempowering structures for Myanmar youth. But given the start of the transitional development, has it changed?

### **3.2 The Start of the Transitional Development & Youth Empowering Opportunity Structures**

The previous chapter illustrated that the transitional development had a positive effect for MNCs, but was this also the case for youth? It has been made clear that before the start of the transitional development, the situation for the youth was not very empowering. Universities were placed out of the major cities, student unions were not allowed to be formed, access to information was difficult, education was kept under strict control, and many youths left the country in search for something better.

When thinking of youth empowering opportunity structures, education is something which one thinks of. Theoretically, education increases human capital which consequentially will result in a higher equilibrium level of output and thus transitional growth (Mankiw et al. 1992: 30). Benhabib & Spiegel (2005) argue that the transmission and diffusion of knowledge is facilitated through education and that this is needed to understand and implement new technologies and information effectively. This results in economic growth, according to Benhabib & Spiegel (2005). While it is difficult to find data on the situation before and during the transition, due to the lack of data or the questionable reliability, a UNICEF report concerning the

situation for youth claims that it is too soon to see an effect of reforms made. The report furthermore claims that youth living in rural areas are unlikely to benefit from any reforms (UNICEF MTR Report). That reforms are starting does not mean that they are working: *'they (the government) are starting to reform the education, but the whole system has been mismanaged, or deliberately mismanaged for so many years and it will be hard to change, starting from the educated, teachers, professors. Because even up to high school you just have to recite, you have to memorize (Interviewee 8)'*. Governments play important roles in shaping their countries and thus the government in Myanmar plays an important role in shaping its country. Before the start of the transitional development, the government tried to control the youth. When asked about how the government empowers the youth after the start of the transitional development, a CEO of a social business replied: *'Even if you look at government spending (now), I don't know, I don't have the numbers by mind exactly, but I think like 70, 80 % goes to the military. It is very clear where the priority of the government is. The government itself is mainly ex-military people, they are not very educated themselves (Interviewee 3)'*. The UNICEF report gives some promising numbers though: public spending on education has increased 30% in 2013, compared to 2012, but the total GDP spend of education is still the lowest compared to other ASEAN countries, with 1.1% (UNICEF MRT Report). Only 32 % of the youth in Myanmar attends high school and the quality of education is highly debatable (UNICEF MRT Report), but, as illustrated by the quotes, people remain sceptical.

The following quote of a social business owner illustrates the sceptical view of people on youth empowering opportunity structures after the start of the transitional development: *'I mean the government signed the millennium goals for education and they are at least submitting themselves to UNICEF, which is a joke. If you look at the education system for two minutes you can see what is wrong with it. [...] So these kids go to school and they don't get educated and they have to pay tuition. Myanmar people don't talk about it like we talk about it, because they don't see it as whatever, they live with it. Pre-university is 10 days a year. That is it. They go into class 10 days a year and during the 10 days the professor is not even there. They go in and they copy the answer, take the test and get their degree. Myanmar people are very proud of education and very proud for people to complete things, but it doesn't mean a thing. It doesn't mean anything. You will have people that are lawyer; they don't know the law (Interviewee 9)'*. This quote illustrates that there is still a lot of things wrong with the educational system in Myanmar. It seems that there is a lack of qualitative education, which is important for economic development (Hanushek & Woessmann 2007: 1). A CEO of an NGO that works with youth in Myanmar says *'I mean education is so much missing. Because university have been closed*

*until 2 years ago (Interviewee 3)* and even though the universities have recently opened up: *'only a few hundred people only are allowed, but the university can keep thousands of people (Interviewee 7)'*. This seems conflicting to what the Myanmar Ministry of Education says. According to the Ministry of Education its vision is to generate a learning society which is capable of facing challenges of the current era through an education system.<sup>8</sup> The Myanmar Ministry of Education claims that institutions are available for the general public where they can train and develop skills.<sup>9</sup> The interviewees do not see the change yet: *'the numbers (of students) are very low because the country has been under central government for the last 50 years. The curriculum is the old curriculum under central control. So the choices of each individual who wants to go into a particular field is very, very limited (Interviewee 5)'* and many interviewees are sceptical about the government's commitment.

It is clear that education is still a huge problem in Myanmar, but the transitional development also had some empowering effects for the youth. Interviewee 13, a 27 year old Burmese activist summarizes the effects of the transitional development on youth in Myanmar: *'Internet everywhere with mobile phones even though slow speed. No more censorship on websites and local news industry. Still brain drains. More job opportunities by the international companies. More scholarship. Many private schools. More freedom, especially freedom of expression. National youth policy is under developing. Many youth movements like MYF (Myanmar Youth Forum), AYF (ASEAN Youth Forum), peace say marching, youth day marching are happening. We are trying to take a lead the society. More freedom doesn't mean absolute freedom. We still need to struggle for that. The game just began. This is long way to change the society. Our mind-sets were systematically destroyed by dictators for more than 40 years. The most important is to change us to be more disciplined society. My generation is full with poisons and corrupted minds. We can only change the country by shaping younger generation (Interviewee 13)'*. According to Mehra et al. (2004) access to internet is great empowerment and has the possibility to achieve more social equality. Valaitis (2005) agrees and argues that the use of internet contributes to building of social capital through providing access to information and access to communication.

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<sup>8</sup> The source is the website of the Myanmar Ministry of Education, see: <http://www.myanmar-education.edu.mm/dhel-2/myanmar-higher-education-policy/introduction/>

<sup>9</sup> The source is the website of the Myanmar Ministry of Education, see: <http://www.myanmar-education.edu.mm/dhel-2/panorama-of-myanmar-higher-education/>

### 3.3 Youth Empowering Opportunity Structures & Corporations

The previous sections of this chapter have illustrated the need for youth empowering opportunity structures, but what does this have to do with corporations? The government, though it seems to be trying, has not brought about sufficient youth empowering structures. In the previous chapters corporations have elaborately been discussed, but no apparent link seems to be made between them and youth empowering opportunity structures. Youth empowerment and corporations do not seem as entities which have to do something with each other. Youth empowerment sounds like something which fits CSOs (Civil Society Organizations) or NGOs, not corporations. Thus, what do corporations have to do with it? Do corporations create youth empowering opportunity structures, and if so, why?

Let us go back to the basics. To have a functioning corporation, one needs several things: a building to operate in, office supplies such as computers and tables, electricity, customers, and perhaps most importantly, employees. It has been made clear that while the transitional development has resulted in youth empowering opportunity structures, such as access to internet and freedom of expression, the access and level of education is still insufficient. A corporation needs workers, so how do corporations deal with the lack of skilled workers in Myanmar? Do they hire foreigners, or do they use to hire locals? The locals are generally speaking significantly cheaper than foreigners, but lack skills and knowledge. *'So it is really a tricky situation here because there are a lot no/low skill workers. So I think that if big corporations come in, they are going to have a really huge challenge in developing talent. I think that the Ooredoo and the GEs (General Electric) and the manufacturing companies that come in, they will have money to do that (develop talent). I think that it is a good stepping stone for the country to have big countries come in and hire a bunch of people and develop them. Because the education cannot do it right away. It is got to be the corporations to do it (Interviewee 9)'*. The last sentence of this interviewee is interesting. The interviewee basically said that one of the tasks of the corporations is to develop education in Myanmar, because the current educational system is not sufficient. This quote clearly illustrates the shifting roles of corporations into a more social responsible actor in society, as discussed in chapter 1. Another interviewee said: *'I strongly believe that the private sector should be the main support in pushing fort issues to the educated (Interviewee 5)'*. When asked if that was not something that the government should do, the interviewee replied: *'The government has their own responsibilities and the government has its own responsibilities but government cannot do all (Interviewee 5)'*. This sounds like what Chu (2005) warned for in chapter 1, namely that governments of developing countries often choose to prioritize economic development over issues such as the

abuse of human rights. The interviewee who said this, is a Burmese business man and social business owner. It is striking that he does not see the development of education, and therefore the development of youth empowering opportunity structures, as something which the government should do. Another Burmese interviewee seems to have the same opinion: *'they (the government) are cooperative but just sometimes they are just busy (Interviewee 7)'*. These quotes illustrate the growing power and responsibilities of the corporate sectors and the diminishing power and responsibilities of governments (Wenger & Möckli 2003). Iwai et al. (2004) argue that the decision of an MNC to invest in a developing country depends on the payoff. A famous MNC is known to hire a lot of locals and especially young people in Myanmar. When asked what the rationale was behind it, an employee replied: *'I do not believe that you can just come here, quick, quick, stay for just two weeks and say 'I am going to start something here', I am under the impression that you have to be more secured within the local society if you want to remain successful (Interviewee 2)'*<sup>10</sup>. The interviewee is basically saying that as a corporation, you have to be woven in the society in which you operate, if you want to be successful. So following interviewee 2's argument, the payoff would be long term success in the host country, in this case in Myanmar. An interviewee working for a large and well known MNC, which gives consulting, risk management and other related advices, was asked about who they prefer to hire, said: *'So this recruitment round we having all locally educated people, all Myanmar MBA graduates. This is our policy, we know that they have some, they have limited experience and limited, but we want to train them, that is one thing, and we did have people come, I mean, we practice with them and then we realized they are good. I mean they are good, they excided our, because we put lower expectations, they excided our expectations. Although they didn't reach the level, we believe we can change them. The average age is around 25 to 24, 25 to 27, 28 (Interviewee 4)'*. While the interviewee did not say whether the rationale behind it was the brand awareness, one assumable reason for hiring locals is because of brand awareness, or as De Prins et al. (2009) would say, brand awareness manages the reputation of a corporation and therefore it is financially beneficial to act socially responsible. Another interviewee, an expat working for a large MNC said: *'Why am I here? Why are all my colleagues from the West and all the expats here? We came to train the hired people in a few years, because the local population, even the people who studied, there is nobody with (Interviewee*

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<sup>10</sup> Translated by the author: *Ik geloof niet dat je hier zo vlug, vlug 2 weken kan blijven en zeggen 'ik ga hier iets openen', je moet wel wat franker zitten in de lokale maatschappij heb ik de indruk om iets op te richten en succesvol te blijven (Interviewee 2)*

2)<sup>11</sup>. The interviewee argues that the reason the interviewee and all his other foreign colleagues are here is solely to train Burmese people. When asked what was the reason to hire and train Burmese people he replied that: *'it comes from above (managers, directors), there they decided 'like we will fully go for the society approach in the countries in which we will be active, and we will also go for customers service and global responsibility (Interviewee 2)<sup>12</sup>'*. According to the interviewee the reason for hiring locals is something which the management of the MNC has decided to do. The Interviewee said that the MNC wants to have a society approach and global responsibility. Here again Lynes & Andrachuk (2008) motivations behind social responsible behaviour of corporations help to understand this quote. Lynes & Andrachuk's first and third motivations namely say that motivations are generated from systems such as political or institutional systems and that pressures from the market, stakeholders and globalization motivate organizations to act responsible. According to the interviewee, global responsibility is one of the driving forces, meaning that globalization and international systems affect the choice of the MNC to act responsible. A Burmese activist also sees the rationale behind it: *'CSR? I'm sure that corporation are doing CSR for their good sake. To get credit by doing CSR. But this is still a good opportunity for individual youth or youth organizations to get fund or sponsored or job. What I see on the CSR is we are using each other in the name of responsibility (Interviewee 13)'*. Thus, while the creation of youth empowering opportunity structures is not necessarily an aim of MNCs, they do, intentionally or unintentionally, create youth empowering opportunity structures by hiring and training Myanmar youths. A business owner reflects on his approach: *'I think we empower a lot of youth here, because most of the youth does not really have working experience. We give them the working experience and also we train them to be responsible for whatever it is they do. And also we train them like computer things, education, how to behave and communicate with the clients, so a lot of skills. It is not just about the salary, a lot of skills (Interviewee 8)'*.

It seems that the corporations create youth empowering opportunity structures by hiring the young people of Myanmar and providing training and education for them. The training and education given to the Myanmar youth is something which, until now, they cannot expect to

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<sup>11</sup> Translated by the author: *Waarom ben ik hier? Waarom zijn al mijn collega's uit het Westen en alle expats hier? Wij zijn gekomen om de mensen die binnenkomen eigenlijk op te leiden in een paar jaar, omdat bedoel lokale bevolking, zelfs de mensen die gestudeerd hebben, er is niemand hier met ervaring (Interviewee 2)*

<sup>12</sup> Translated by the author: *"dat is zo de [name MNC] van hoger hand, dat is daar eigenlijk beslist van 'kijk de landen waar wij actief worden, gaan we volop voor de gemeenschapsaanpak en eigenlijk voor ook eigenlijk customers service, global responsibility' (Interviewee 2)*



receive from their own government. In this sense, the corporations are perhaps even taking on roles which in Western countries would be described to the government.

### 3.4 Conclusion

The central aim of this chapter was to answer the following sub-question: *how does the transitional development affect youth empowering opportunity structures in Myanmar?* The chapter started by describing the situation for the youth before the start of the transitional development. The situation was difficult and the youth was struggling. Due to the many student protest, the youth was perceived as a threat by the military regime and education was made limited. After the start of the transitional development, things have started to change, but the pace of the change is extremely slow. Trust in the government is still lacking. The start of the transitional development has made it possible for MNCs to come into Myanmar. The Myanmar youth lacks qualitative education, but are cheap labour forces. Corporations choose to hire Myanmar youth, despite that they can hire foreigners, for several reasons. The main point is that corporations, intentionally or unintentionally, create youth empowering opportunity structures by hiring the Myanmar youth.

## Conclusion & Discussion

This thesis set out to answer the question of how corporations create youth empowering opportunity structures, despite the high costs of investing in low-skilled workers and the alternative of hiring high-skilled workers from abroad. To understand this main question fully, first theory needed to be discussed. The central sub-question in the first chapter therefor was: How is the role of corporations in society defined? CSR was introduced and the rationale behind it was discussed.

Rational choice theory shapes the basis for corporations in Myanmar to hire youth. As, Coleman (1990) argued, on a higher level the rationale choice of the corporations to focus on the youth contains specifications of social structure, while on a lower level behavioural acts of individuals can be found. An example of these specifications of social structure is the interaction between corporations and the Burmese youth, between MNCs and local SMCs in Myanmar, and between corporations and the Burmese society. While these social structures may not be visible immediately, they are present and interact with each other. In this sense, the rationalist assumption that entities can be reduced into interacting parts is clearly visible in the case of corporations and youth in Myanmar. The use of the thicker models of rational choice theory help to explain the lower, micro, level of rational choice where behavioural acts of individuals can be found. The cultural values in Myanmar, which give status to education for example, may cause a young person to go to a corporation where they can get training and education, instead of staying at home or working on the fields. On a more societal level, the Burmese belief system of donation drives corporations to act in a certain way. In this way, corporations in Myanmar seek non-exchangeable goods.

The changing role of corporations in society illustrated how institutions, such as norms, enter into the rational choice model as and outcome of action and context. The role of corporations is changing into a more social and environmental aware role. As Norén (2004) argued, corporations need to adjust to the current set of norms of a society or they may risk going out of business. The social structures of globalization affect individual experiences in society and affect the behavioural aspects of corporations at large. Corporations, and especially MNCs, have to manoeuvre in multicultural societies, like Myanmar, with many different norms and values. Corporations have to deal with a growing number of stakeholders. For the case of corporations in Myanmar this means that while the corporations at first only had to deal with the military regime, now the corporations have to deal with many stakeholders, including the Burmese civil society, the international community, and the government.

The growing amounts of stakeholders, globalization, and the societal structures have resulted in the increased prominence CSR. The commitment to the empowerment and development of employees would already be considered when following Waldman et al. (2010) who see CSR as the interaction between corporations and all the stakeholders. That corporations in Myanmar create youth empowering opportunity structures by hiring and training Burmese youth thus would be considered CSR, even though corporations do not necessarily see or label this as CSR. The creation of youth empowering opportunity structures by corporations in Myanmar is not necessarily philanthropic. De Prins et al. (2004) argued that CSR can be used as a business opportunity. This is clearly the case for some corporations in Myanmar, for in the long run it is cheaper and more fruitful for them to hire local youth. Secondly, De Prins et al. (2004) argued that CSR can be used as a product of the core values of a company. Interviews with people working for large MNCs have illustrated that corporations indeed want youth empowering opportunity structures to be seen as one of their core values. Interviews have also illustrated another point mentioned by De Prins et al. (2004), namely that CSR is used for managing reputations of corporations. It can therefore be concluded that the youth empowering opportunity structures created by corporations in Myanmar do not necessarily go beyond rational calculation.

While Madiès & Dethier (2012) argued that governments of developing countries are sternly competing for investments of MNCs this cannot be clearly found in the research done for this thesis. The relationship and image of the Burmese government is still tricky and many believe that the government is afraid to lose its power. Chu's (2005) argument that governments choose to prioritise economic development over things such as the abuse of human rights, can clearly be found in Myanmar before the start of the transition. After the start of the transition, it is not clear though. Harrelson-Stephens & Callaway (2003) stated that due to the power and resources of MNCs, they can be powerful contributors to democracy and human rights. Due to the creation of youth empowering opportunity structures, MNCS, and SMCs, in some way contribute to democracy and human rights. As the interviews illustrated, the youth empowering opportunity structures created by corporations, provide the youth with chances they otherwise would not get. The Burmese youth gets the chance to access knowledge and education and consequently they are empowered. Quotes of interviewees also illustrated that CSR in Myanmar is not always effective. The quotes of the interviews are in line with the argument made by Giuliani & Macchi (2013), namely that for CSR to be effective, it must fit into the context of the developing country.

The thesis follows by researching how the transitional development of Myanmar affected corporations. The main sub-question in the second chapter was: How does the transitional development affect corporations in Myanmar?

Before the start of the transition, the corporate life in Myanmar was dominated by crony corporations and Asian corporations. Many Western corporations were not active in Myanmar due to formal and informal sanctions and due to the government's reputation of human rights abuses. As argued by Holliday (2005) MNCs left Myanmar due to the military regimes and its reputation of human rights abuses. This clearly illustrates the changing behaviour of corporations and the growing number of stakeholders. Furthermore it illustrates social structures and how globalization and norm-institutions also affect MNCs. MNCs could have chosen to stay in Myanmar despite the reputation of the government and the human rights abuses, but somehow they chose not to stay in the country. The argument of Zar & Apple (2000), namely that MNCs left the country due to informal sanctions by civil society, clearly shows the social structures of the relationship between the Burmese society and civil society on one side and corporations on the other side. The interviews also evidently showed the changing role of corporations within the Burmese society. Interviewees claimed that many people do not like the Chinese corporations active in Myanmar, because they only hire Chinese people, for example. Apparently, the interviewees expect some kind of behaviour of corporations that is in line with what they perceive as suitable norms.

After the start of the transitional development, MNCs started to come into Myanmar. MNCs have to deal with the underdeveloped infrastructure and the growing amount of stakeholders. The growing amount of stakeholders and the financial rationale results in MNCs adopting CSR policies and acting responsible. Interviewees agreed with Harrelson-Stephens & Callaway (2003) that corporations can be powerful contributors to democracy and human rights, due to their power and resources. The interviewees showed the rational behaviour of corporations by stating corporations have to see if there are more benefits than downsides to have a business in Myanmar; the lack of infrastructure and technological development may hamper the efficiency of a business. MNCs that are already established in Myanmar usually have a CSR policy, again illustrating the effect of social structures of the changing role of corporations in society. Interviewees see the rationality behind these policies and agree with authors such as De Prins et al. (2004) by stating that corporations have CSR policies for brand awareness and being in line with international policies. For the local SMCs the transitional development meant more freedom, though they are not affected by the amount of stakeholders. The local SMCs argue that donation is something which is inherent to Burmese culture. This

argument that donation is inherent to Burmese cultural belief embodies the macro levels of rational choice theory. Burmese people interviewed for this thesis all agree with this cultural belief system that affect the way SMCs behave. An unexpected outcome was that the interviewees felt that SMCs do not have to have a CSR policy, but do feel that local SMCs should act in a responsible way. Interviewees acknowledge that both MNCs and SMCs act in a responsible way, for it is required and for their own benefit, but somehow the local SMCs are acquitted of the CSR policy responsibility. It seems that the term CSR is linked to large corporations with a lot of money. But when assuming that CSR is the interaction between a corporation and its stakeholders, as Waldman et al. (2010) state, the responsible way in which local SMCs should behave according to the interviewees, can also be seen as CSR.

The third chapter of this thesis linked the transitional development to youth empowerment. The main sub-question here was: How does the transitional development affect youth empowering opportunity structures in Myanmar? Before the start of the transitional development in Myanmar, the youth was oppressed by the military regime. Due to several student protests, which ended bloody, the military regime did not trust the youth and tried to hamper youth empowerment by limiting access to and qualitative education.

The start of the transitional development meant change, but the change is not yet significantly visible. Authors such as Mankiw et al. (1992) and Benhabib & Spiegel (2005) argue that education is important for transitional and economic growth. Change has started, but the interviewees remain sceptical. Some interviewees fear that the reforms that are being made will not be effectively implemented and many are unsure about the input from the Burmese government. The lack of data on youth before and after the start of the transitional development is telling. When talking to Burmese people about youth, they have many stories to tell. People in Myanmar know that the educational system is ineffective and outdated. People in Myanmar know that the educational system lacks quality, but it seems that the academic field has not yet found the Burmese youth. Of course, the fact that the country has been closed for many years for outsiders is a logical explanation, but there is a serious need for research on youth in Myanmar.

Corporations have to deal with this lack of sufficient education in Myanmar. Though the Myanmar people are cheap labour forces, they lack skills. Even though, many corporations, MNCs and SMCs, choose to hire locals, despite the high costs of training them and the option of bringing in skilled foreigners. There are several reasons for this. One argument is that if you want to be a successful corporation, you need to be woven into society. Hiring youth and training them is a good way of becoming a part of society. Here the notion of 'doing well by

doing good' of authors such as Orlitzky et al. (2003) and Serafeim (2013) comes to life. Being woven into the society, or in other words having an interaction between a corporation and the society stakeholder, will lead to better financial performances. Another factor is that issues, such as the many stakeholders or systems like the international system, influence or pressure corporations to act in a social responsible way and thus hire youths. Whatever the case might be, the fact remains that by hiring Myanmar youth, training Myanmar youth, and education Myanmar youth, corporations are creating youth empowering opportunity structures. This is the first belief of the 'doing well by doing good'; if the needs of the stakeholders are met, direct value is created for the corporations. This means that if the youth is seen as a stakeholder and the corporation is hiring them and giving them training, the needs of the youth is met and this will lead to direct value for the corporations (Porter & Kramer 2011: 16).

It can be concluded that corporations create youth empowering opportunity structures by hiring Myanmar youth. The Myanmar youth often lacks qualitative education and are usually not skilled worked, but by training them and educating them, corporations create youth empowering opportunity structures. It is in the rationale of a corporation to do so, for the corporation also benefits from hiring, training and educating them. While the training and education may take a while and the costs may be high at first, hiring youth is a fruitful investment for a corporation. Even though creating youth empowering opportunity structures is not something most corporations aim to do, by hiring youth, they do create these structures. While it may not necessarily be a gesture of good will, the outcome can be empowering.

There are some limitations and weaknesses that need to be discussed. The research conducted for this thesis was on a small scale. Over a dozen people were interviewed. All the interviewees were males. The interviewees consisted of Burmese people and expats. I am a young women and this could potentially have affected the type of answers they gave, though in Myanmar women do not have a subordinated role compared to males. The fact that the research was done on a small scale and that the interviewees were solely men, could have resulted in limited findings and may be seen as a weakness of this thesis. Another point that could have resulted in limited findings is my own ethnicity. In Myanmar people look up to white people, so perhaps when I interviewed Burmese people, and they were under the impressions that I am white, they might have exaggerated answers to impress me. On the other side, I am also Bengali and Burmese people have issues with Bengalis. Thus, the Burmese interviewees who knew about my Bengali ethnicity might have given different answers, had they not know about my ethnicity. The last weakness of the research was language. None of the interviewees was a native English speaker and I am also not a native English speaker. Though I have

learned some Burmese, this is of course very basic Burmese. The language barriers could have resulted in limited answers or misunderstandings of answers and questions.

Little research has been done on Myanmar in general and even less research has been done on the positive impacts of corporations in Myanmar. It is logical that academic sources are hard to find, because the country only recently has opened up. Many articles though, can be found that warn for the negative impact of corporations in Myanmar. One cannot deny that the arrival of MNCs can have devastating impacts of the natural, unspoiled, environment of Myanmar and its inhabitants, humans and animals equally. While it is easy to focus on the negative effects, this thesis tried to focus on positive outcomes. Further research must be done on the possible positive effects that corporations can have in Myanmar. Myanmar is at a crossing; it can go forward or it can go backwards. The influence corporations can have in the eventual outcome is important to understand and therefor further research is needed. The youth of Myanmar has also not been extensively studied and finding academic literature on Myanmar youth is hard. Possible future research on the positive impacts of corporations on Myanmar youth is needed. There seems to be a gap in the academic world when discussing youth and positive corporate impact, especially in a multi-disciplinary way, though the impact that corporations can have, is significant. This thesis tried to introduce the topic of corporations and youth empowering opportunity structures, hoping to spark an interest in others. Myanmar is a unique country which still can be moulded into a success case. We all have the power to help to achieve Myanmar to be that success case. Youth is not wasted on the young; time is wasted by not spending it on the youth.

## Appendix

### Checklist interview

|                                     |   |
|-------------------------------------|---|
| Basics                              | Name/background/educational<br>background/professional background |
| CSR                                 | Types/reasons/implementation/efficiency                           |
| Corporate involvement               | View of corporations in Myanmar/ transition                       |
| Corporate position                  | In Myanmar (compared to)  |
| International/national corporations | Differences and similarities                                      |
| Youth empowerment                   | Transition/ general/ corporate                                    |



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