Human Recognition and its Role in Economic Development:
A Descriptive Review

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Abstract: This paper introduces the concept of human recognition, defined as the extent to which an individual is acknowledged by others to be of inherent value by virtue of being a fellow human being. The sources, effects, and qualities of human recognition are described and analyzed qualitatively, and a detailed example is presented to illustrate the roles that human recognition plays in development programs. The paper uses narrative descriptions and examples to explore the mechanisms by which human recognition can enhance or undermine program objectives and directly affect the well-being of program participants. A review of research on related concepts finds that while much of this research is relevant and instructive to the study of human recognition in development settings, the concept of human recognition has not been directly addressed in existing work and that its study would help address a number of gaps in the current literature.

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Before…I was treated like an animal – by my employer, by my husband, by my village. Now I am treated like a human…I am not afraid anymore.

> \- a tobacco worker, Gujarat, India
> (*Voices of the Poor*, World Bank 2000, quoted in Narayan 2005)

In recognizing the humanity of our fellow beings, we pay ourselves the highest tribute.

> \- Justice Thurgood Marshall

1. Introduction

The first quotation above from the World Bank's Voices of the Poor publication attests to something that many development practitioners and researchers have observed: how people are viewed, valued, and treated can influence and be influenced by development programs and their outcomes. This paper and other papers that build on it explore this observation by formalizing and empirically testing the role that how people are viewed, valued, and treated – defined here as "human recognition" – plays in development outcomes, programs, and individual well-being. The objective of this work is to generate greater knowledge about this aspect of development and its impacts, and to inform improvements in the design and implementation of activities.

Study of the role human recognition plays in development builds on approaches and findings from other research on related concepts such as capacities, freedom, empowerment, and social capital. Some of the approaches applied in this paper and others on human recognition extend beyond approaches used in earlier work, and an attempt is made to offer a comprehensive analysis of human recognition in development that includes: qualitative exposition, literature review, theoretical model, measurement method, data collection, and empirical hypothesis testing. This paper focuses on qualitative exposition and literature review. Given this comprehensive approach, in addition to introducing the concept of human recognition and taking

initial steps to identify its role and relevance in economic development, a secondary contribution of this work is that the methods developed and applied here can serve as a model for efforts to model, measure, and empirically study the role of other intangible components in economic development.

Traditionally, analyses of economic development and poverty alleviation have focused on measurable, material components such as income, physical health, and education. In recent years, however, the study and practice of economic development have expanded to focus on components such as capabilities (Sen 1992), freedom (Sen 1999), mental health (Patel and Kleinman 2003), human psychology (Mullainathan 2004), empowerment (World Bank 2002), and social capital (Narayan and Pritchett 1999). While these components usually are not the primary, explicit objectives of development programs or policies, they have been found to be important underlying factors in successful economic development. Examining development through the lenses of these less tangible components has enhanced understanding of the processes and outcomes of economic development and led to more comprehensive approaches to poverty reduction.

A concept that is related to those mentioned above but distinct in crucial respects is human recognition. Human recognition is defined here as the extent to which an individual is acknowledged by others to be of inherent value by virtue of being a fellow human being. While human recognition is related to concepts that have been extensively studied such as empowerment and social capital, a review of literature indicates that it has not been identified as a concept on its own, nor has its role in economic development been studied. This paper introduces the concept of human recognition and its role in economic development and poverty alleviation. Other papers (Castleman 2011a; Castleman 2011b; Castleman 2011c) build on this

paper by more formally exploring how human recognition influences interactions among individuals in household, community, and institutional settings, and examining hypotheses that human recognition affects health, education, consumption, and other material outcomes, as well as directly affecting psychic well-being. If evidence supports these hypotheses, it implies that consideration of human recognition can improve understanding of the sources of poverty and can help inform optimal design and implementation of programs and policies.

The next section offers a descriptive exposition of the concept of human recognition, its sources, effects, and role in development. Section 3 reviews literature on related concepts in development and their relevance to the study of human recognition. Section 4 outlines areas requiring further study.

2. Description of Human Recognition

2.1. Definition of Human Recognition

As stated above, human recognition is defined as the extent to which an individual is acknowledged by others to be of inherent value by virtue of being a fellow human being. Human recognition can be positive or negative. Provision of positive human recognition refers to actively acknowledging an individual to be of value by virtue of being a human being who possesses basic qualities in common with oneself and other human beings. Provision of negative human recognition refers to viewing an individual as lacking inherent value as a human being or not acknowledging this value. The concepts closest to negative recognition are objectification and dehumanization. While these two terms are used in common parlance and therefore have more commonly understood senses and connotations than "negative human recognition" does, the latter term is used here for conceptual cohesion with positive recognition in order to facilitate the a model and measurement scale for human recognition.

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At their extremes, positive and negative human recognition enable what are sometimes considered the best and worst qualities of humanity. On the negative side, much of humanity's capacity for cruelty – individual cruelty such as torture and societal cruelty such as genocide – is made possible by, among other factors, the capacity to objectify, to dehumanize, to not see another as a human being. Studies of dehumanization and violence have found that once one views another person as a thinking, feeling human being like oneself, it becomes difficult to be regularly and violently cruel to him or her (see, for instance, Nussbaum 1995, Haslam 2006, and Sabucedo et al. 2003). Occasional cruelty in anger, jealousy or other emotions is still quite possible, but most people are not able to be systematically and continuously cruel to an individual whom they actively recognize as a human being with qualities in common with themselves. Objectification's role as a prerequisite for violence has been documented in the context of soldiers during war as far back as Homer's *Iliad* (Weil 1945).

Positive human recognition can prevent the infliction of cruelty, but beyond that, the compassion and kindness that many religions and other systems of morality point to as among the highest of human virtues are largely rooted in the ability to actively recognize others as human beings. For example, one of Mother Theresa's contributions that made her a globally admired figure was her recognition of the ill, destitute and dying as individuals of value and dignity and her demonstration of how to actively and continuously provide this recognition through humane delivery of palliative care and other services. Positive human recognition can be understood to be an underlying requirement – necessary but not sufficient – for the respect and empathy that motivate and constitute efforts such as caring for the needy or racial and ethnic reconciliation.

Distinguishing between human recognition and other related concepts, such as respect, dignity, empowerment, and social capital, helps to elucidate the nature of human recognition.

Respect

As mentioned above, human recognition is closely related to respect but is conceptually distinct. Respect can be based on human recognition, but it can also be based on foundations other than acknowledgement of one's inherent value as a human being. Some types of respect can exist in the absence of human recognition. For example, one can be respected for particular skills, say a specialized manual skill, while at the same time one is not respected as a human being. This example may apply in the case of manual laborers whose employers value their production of outputs but treat them inhumanely, or in the case of women in some settings whose husbands and in-laws value and respect their labor in the household but mistreat them and do not recognize their basic needs. Therefore, while human recognition underlies certain types of respect, such as respect for an individual's basic rights and needs as a human being, it is not related to other types of respect, such as respect for an individual's skills or production abilities.

Dignity

Dignity can be the result of positive recognition, but it too is conceptually distinct from the recognition itself. Dignity characterizes a quality or feeling that an individual possesses or experiences, while human recognition characterizes an interaction between two or more individuals. "Treatment with dignity" does describe an interaction and is similar to positive recognition, one difference being that treatment with dignity refers to behaviors while human recognition refers to a way of being viewed and valued. Furthermore, human recognition is a specific interactive dynamic, while dignity is a broad concept that can encompass a number of

different types of interactions and individual qualities beyond those specifically rooted in human recognition. For example, some types of dignity are associated with pride such as when a head of household experiences a loss of dignity during a period of unemployment; and other types of dignity are associated with personal modesty such as when one feels a loss of dignity while in embarrassing circumstances in front of others. Thus, while positive human recognition can increase dignity and negative recognition can diminish dignity, some forms of dignity do not involve human recognition at all.

Empowerment

Empowerment, defined as an increase in individuals' capacity to make key choices affecting their lives (Kabeer 2001), occurs *within* individuals whereas the process of human recognition occurs *between* individuals. In some cases positive human recognition can lead to empowerment. For example, a teacher's respectful and accepting treatment of a student from a socially marginalized ethnic group involves provision of positive human recognition. This recognition may empower the student to pursue endeavors she was previously excluded from, to equalize her relationship with other students, or to gain greater control over aspects of her life such as further education. Interactions such as these are based on positive human recognition and are important sources of empowerment. As Stephen Smith (2005) points out,

> People are not empowered or disempowered in a vacuum. Rather,
> they are empowered or disempowered relative to other people or
> groups whose lives intersect with theirs and whose interests differ
> from theirs, at least in part.

While in cases such as the above example, positive human recognition can lead to empowerment, recognition is neither necessary nor sufficient for empowerment, and cases exist where each occurs without the other. For example, a woman who begins earning income and whose contribution to household earnings empowers her to take a greater role in household

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expenditure decisions and other decisions is an example of empowerment that may not involve changes in human recognition. Conversely, when members of Mother Theresa's Missions of Charity view destitute and terminally ill patients as valued individuals and humanely meet their basic needs, it is an example of human recognition that may not lead to empowerment[1]. Human recognition emerges as an interactive dynamic that in some cases contributes to empowerment but in other cases does not, and is conceptually distinct from empowerment.

Social capital

Social capital has been assigned different definitions by different researchers. Coleman offers one of the broadest definitions: "some aspect of social structure that enables the achievement of certain ends that would not be attainable in its absence" (Coleman 1990, cited in Baliamoune-Lutz and Lutz 2004). Putnam narrows the concept down to "those features of social organization, such as networks of individuals or households, and the associated norms and values that create externalities for the community as a whole" (Putnam 1993, cited in Baliamoune-Lutz and Lutz 2004). Fukuyama places the emphasis on the outcome of trust by defining social capital as "an instantiated set of informal values or norms shared among members of a group that permits them to cooperate with one another. If members of the group come to expect that others will behave reliably and honestly, then they will come to *trust* one another." (Fukuyama 1999, cited in Durlauf 2001).

In all of these definitions, one commonality between social capital and human recognition is that, unlike dignity or empowerment, both inherently involve *interactions* among individuals or groups. There is a certain degree of overlap between the two concepts, and in some situations positive (negative) human recognition contributes to increased (decreased) social

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[1] An example from outside development settings of positive human recognition that does not necessarily lead to empowerment is soldiers recognizing the commonness between prisoners of war and themselves and therefore treating the prisoners humanely.

capital. For example, acknowledgement by a dominant ethnic group of the common humanity between themselves and a minority or marginalized group can generate greater trust and cooperation among members of the two groups.

However, human recognition and social capital are conceptually distinct; while there may be overlap in incidence, networks and interactions that lead to trust and cooperation are distinct from interactions in which an individual is recognized as a fellow human being of value. Collaboration among neighbors to help identify or entrap a local burglar is an example of social capital that does not involve human recognition. An urban doctor's periodic visits to a poor rural area during which she treats community members' medical problems and treats patients with respect and concern is an example of positive human recognition that does not involve production of social capital.

In addition to the conceptual difference, the functions that social capital and human recognition play in development also differ. As capital, the primary function of social capital is to enable production; by facilitating cooperation, social capital facilitates economic development. As Fukuyama puts it, social capital and trust serve as "a lubricant that makes any group or organization run more efficiently" (Fukuyama 1999). Using terminology introduced by Amartya Sen in the context of freedom (Sen 1999), social capital plays an instrumental role in development. Note that social capital may very well contribute directly to psychic utility, but the treatment of social capital in development literature is generally confined to its instrumental role in enabling economic outcomes. Human recognition, on the other hand, as discussed in more detail below and formally modeled in another paper (Castleman 2011a), serves both instrumental and constitutive functions (using Sen's terminology) by both contributing to economic and health outcomes and directly improving psychic utility.

2.3. Sources of Human Recognition

As indicated by the definition, individuals receive recognition from multiple sources. These sources can be organized into three domains, and this organization facilitates measurement of human recognition:

1) *household* and family relationships, roles, interactions, and behaviors;

2) *community* norms, and interactions among neighbors, community leaders, and friends;

3) *organization and institution* norms and systems, and interactions within institutions such as schools, places of employment, places of worship, and health care facilities and other service delivery points.

Culture and religion could be considered a fourth domain, as culture and religion can significantly affect human recognition transactions. But cultural and religious traditions and norms generally operate through one of the three domains described above. For example, in some settings places of worship serve as central sources of positive human recognition for individuals who are otherwise marginalized and do not receive substantial positive recognition. In this case the human recognition transaction occurs in the organizations and institutions domain, though it could also be interpreted as occurring in the community domain. The role human recognition plays in religion can be seen historically as well. One interpretation of the early appeal of religions such as Buddhism and Christianity is that they offered strong positive human recognition to individuals and communities that were marginalized at the time, low-caste Hindus in the case of Buddhism and disenfranchised Jews in the case of Christianity.

The quotation from the World Bank's Voices of the Poor at the beginning of this paper is a woman's testimony to the poor – and subsequently improved – human recognition she received in multiple areas of her life. She gives examples of recognition received in each of these three

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domains: her employer (organizations and institutions), husband (household), and village (community). Another paper (Castleman 2011b) discusses these sources of human recognition in greater detail, organizes them into a framework, and identifies measurable indicators for each source.

2.4. Effects of Human Recognition

It is hypothesized that human recognition affects the utility or well-being[2] of the individual receiving it in four distinct ways. These effects can be categorized into psychic and material effects.

Psychic effects

1) The level of human recognition an individual receives directly affects her well-being: the psychic effect of being objectified or viewed and treated as "less than human" reduces one's utility while the psychic effect of being positively recognized and valued as a human being increases one's utility.

2) Human recognition can lead to changes in dignity, self-respect, empowerment, and empathy, which in turn affect one's utility, independent of material outcomes that these changes may enable. For example, increased empowerment may itself increase an individual's well-being due to the satisfaction of increased capabilities and power, in addition to any material improvements gained from actualizing increased capabilities.[3]

Effect 1) involves changes in psychic well-being obtained directly from human recognition itself, and effect 2) involves changes in psychic well-being that result from changes in other factors (e.g. empowerment, empathy) that recognition enables.

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[2] I collapse the concepts of utility and well-being here and use the two interchangeably. This assumes a utility function that captures both material and psychic components of an individual's well-being. For an analysis of the distinctions between human well-being and the economic concept of utility, see Sen 1992.

[3] In some cases empowerment may decrease one's psychic utility and well-being if circumstances prevent one from actualizing one's new capacities, leading to frustration and unmet expectations.

Material effects

3) The level of human recognition an individual receives can affect the individual's behaviors and actions, which in turn affect material outcomes such as health status, income level, and educational attainment. These outcomes contribute to the individual's utility. For example, the recognition a woman receives from community health workers may empower her to play a greater role in fertility decisions, thereby improving her health.

4) The level of human recognition provided to an individual can also affect the actions and behaviors of those *providing* the recognition, and these actions can affect material outcomes for the individual receiving the recognition. For example, positive recognition of a young, married woman by her husband and in-laws may manifest itself in their sharing material wealth with her, which increases the wealth and well-being of the woman. Negative recognition of a young, married woman by her husband and in-laws may manifest itself in mistreatment and abuse such as domestic violence, which decreases the health and well-being of the woman.

The difference between effects 3) and 4) is that the former refers to the effects human recognition has on the behavior of the individual receiving recognition, while the latter refers to effects on the behavior of the individual providing recognition. Both refer to behavior's impact on the well-being of the individual receiving human recognition. There are also likely to be psychic and material effects of providing a given level of human recognition on the *provider's* well-being. These effects are not discussed here but are explored in greater depth in another paper (Castleman 2011a) as part of the model of human recognition provision. As detailed in that paper and discussed briefly below in the section on complementarity, the provider's own

level of human recognition may influence the effect that provision of recognition to others has on his own well-being.

Some effects of human recognition may involve a combination of 3) the receiving individual's behavior and 4) the providing individual's behavior. For example, Dunkle et al. (2003) find that women in South Africa who experience domestic violence – a manifestation of negative human recognition – are at greater risk of contracting HIV, which may be the result of both the women's own limited bargaining power to demand actions or behaviors that protect them from infection (influenced by the negative recognition the women are receiving, effect 3) and their partners' behavior toward them (influenced by the negative recognition their partners are providing, effect 4).

Figure 1 diagrams the four effects that human recognition has on the utility of the individual receiving it.

Figure 1 Effects of Receiving Human Recognition on an Individual's Utility

1)

i's Dignity, Empowerment

2)

Human Recognition   **3)**   **U_i**

h   i*   **i's Actions**   **i's Material Outcomes**

4)

h's Actions

*Individual h provides recognition to individual i.

In his discussion of the role freedom plays in development, Sen points out that freedom serves both an instrumental and a constitutive function in development, i.e. it is both a means and an end of development (Sen 1999). Applying this terminology, the effects described above

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suggest that human recognition contributes to well-being both instrumentally and constitutively, with material effects representing the instrumental role and psychic effects representing the constitutive role[4].

2.5. An Example

An example helps to concretize the concept of human recognition and frame the hypotheses to be tested. The example presented in this section is deliberately exaggerated in order to clearly illustrate the characteristics and effects of human recognition in development activities.

Consider three young, pregnant women living in three poor villages in a country in South Asia[5]. Like many poor, young married women in rural South Asia, these three women – call them Anam, Beena, and Champa – each live with their husbands in their in-laws' house and each are "low on the totem pole" of the power structure within the household and village. The women's control over their daily activities and interactions is limited, and they require permission from their husbands or mother-in-laws for activities such as going to the doctor or to the market.

Each of the women attends a local government health center that provides antenatal services comprised of regular check-ups, tetanus toxoid (TT) injections, distribution of iron-folic acid tablets, and education about healthy nutrition and physical activity during pregnancy. Because they live in different villages that are quite far apart, each woman attends a different health center. The three health centers are equipped with identical equipment and supplies, have

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[4] Strictly speaking, effect 2) can be viewed as an instrumental effect: recognition influences dignity, self-respect, or empathy, which in turn affects utility. But because the psychic utility obtained from dignity, self-respect, or empathy is in many ways similar to that obtained directly from human recognition and is quite distinct from the utility obtained from material outcomes, both psychic effects are categorized as constitutive. These two effects are combined and treated as one in the model developed in Castleman 2011a.

[5] The example is set in South Asia so some of the details are specific to that context, but the principles of the example can be applied to other settings as well, with different details.

the same level of staffing, and provide identical commodities, information, and medical check-ups.

At the center that Anam attends, the health care workers who provide the antenatal services ask patients about concerns, problems, or questions they may have and listen to responses, providing advice as needed. Prior to administering a procedure or prescribing a medicine, the health care workers explain what the procedures are for and why they are providing them, and ask if the patient has any concerns or questions. Staff at the clinic sit in the same types of chairs at the same height as the patients do. The doctor who manages the center treats the nurses and other staff respectfully and listens to their views. Health center staff speak to patients with respect and use language appropriate for speaking to an equal. Some of the staff have particularly caring approaches, expressing genuine concern for the patients and making efforts to minimize discomfort. During one visit per trimester, each patient receives a brief private "sit-down" session with a health worker or counselor, separate from the physical check-up, to discuss any concerns or problems she may have.

As a result of her visits to the center, Anam has a relatively healthy pregnancy and gives birth to a healthy infant girl. She manages problems that occur during her pregnancy with guidance and help from the health workers at the center. For example, she continues to consume iron-folic acid pills as recommended despite some initial gastrointestinal side effects that the health center staff help her to manage and tolerate. Two months after her baby is born, Anam returns to the center for a check-up. During this visit, the health workers discuss family planning options with her, and she and her husband begin using contraception a few months thereafter.

Anam's visits to the center also boost her confidence. The health workers' treatment of her and their bestowing of importance on her concerns begin to instill in her a sense of self-worth

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that other aspects of her life had not cultivated. These changes lead Anam to alter her behavior with others in certain ways, particularly those less powerful than her in the social structure such as her nieces and nephews and her brother's wife when she visits her parents' home. She is more attuned to their perspectives and needs, and finds it harder to treat them insensitively or cruelly, as she occasionally had in the past. When her daughter is born, Anam sees her as a source of pride and treats her accordingly, despite the prevalent sentiment among her peers and elders that having a female child is a disappointment. Anam's improved confidence and sense of self-worth help her to broach the subject of contraception with her husband and to persist in convincing him that they use it.

At the center that Beena attends, health workers provide the same set of services as Anam's clinic does, but do not initiate communication or counseling with patients. Matter-of-fact responses are provided to questions that patients may ask, but staff do not elicit questions or concerns. Medicines are prescribed and procedures administered mechanically. Patients' chairs have steel seats and are six inches lower than the cushioned chairs in which staff sit. When it is necessary to speak to patients, health workers use neutral, clinical language similar to language they use to speak to store employees while shopping. Staff rarely make eye contact with patients, and the overall manner of staff towards patients is one of detached necessity. Check-ups are carried out in private, but it is not uncommon for a health care worker's communication to the patient during the check-up to consist entirely of two to three-word instructions.

Beena's visits to the center contribute to the health of her pregnancy, but the improvements in her well-being end there. Neither her own confidence and sense of dignity nor her interactions with others change as a result of participation in the program. She gives birth to a daughter and raises her in a fashion similar to how she was raised, and her daughter grows up

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with a clear sense that her needs are secondary to those of her brothers and male cousins. While Beena's participation at the center yields positive health benefits, her health and the health of her infant do not improve as much as Anam's do. She does not follow the nutritional advice she receives as closely as Anam does, and she does not return to the center in the months after her delivery. She therefore receives no information about contraception, and becomes pregnant again when her daughter is ten months old.

At the center that Champa attends, the same set of services is provided, but health workers provide no information beyond what is absolutely necessary, and this information is often communicated in an impatient or rude tone of voice. Procedures are sometimes administered in a rough manner, and are often accompanied by expressions of exasperation at the patients' ignorance or "dirtiness". Staff are known to sometimes compare patients to animals under their breath. At this center the doctor treats the nurses and assistants poorly and abruptly. At all times other than during physical examinations, patients sit on the floor, and the center staff sit in chairs. Privacy is rare. Patient questions are treated as a sign that a patient does not know her place and are sometimes ridiculed before being grudgingly, though accurately, answered.

Champa's visits to the health center do benefit her health during pregnancy and delivery. The TT injections and the check-ups help ensure a safe delivery. However, Champa becomes anemic during her pregnancy because when the iron-folic acid pills cause her stomach discomfort, she does not inform or ask the health workers and instead she just stops taking them. Also, minor problems she experiences during her pregnancy do not get addressed and in one instance the problem worsens and requires medical attention. Champa's baby daughter is born with a low birth weight, most likely due to the anemia and other health conditions that Champa experienced during pregnancy. Like Beena, Champa does not return to the center after her

delivery, does not use contraception, and becomes pregnant again several months after her delivery.

Each visit to the center makes Champa feel smaller. The treatment she receives from the center staff reinforces and deepens her sense that her needs and views are not of value and that at a fundamental level, *she* is not of value. In order to try to feel "bigger", Champa follows the pattern of the behavior she experiences: she treats the few people whom she has power over (her nieces, and younger brother's wife) with the same lack of acknowledgment of their value. As her daughter grows, this lack of recognition becomes part of Champa's attitude toward her as well, combining with other elements such as maternal love and acceptance that her daughter is of less value than her male siblings and peers.

<div align="center">*   *   *</div>

This example is oversimplified, with stark contrasts among the three centers and among their admittedly exaggerated effects on the lives of the three women. But the example is realistic in the sense that the three centers do reflect the spectrum of how development activities can operate with respect to human recognition, and how this can reinforce or undermine the objectives of the program. The example also serves as a useful starting point for analyzing the nature of human recognition in greater depth.

2.6. Qualities and Dynamics of Human Recognition

One way to identify and characterize human recognition is to examine what occurs in Anam's center that does not occur in Beena's, and what occurs in Champa's center that does not in Beena's. Quantifying the human recognition provided at each center, at Anam's center a positive level of recognition is provided, at Beena's center a null value is provided, and at Champa's a negative level is provided. The health services delivered at all three centers are

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identical; what differs is *how* the services are delivered. At Anam's center patients are

recognized as human beings whose concerns, problems, and comfort are of value. Health care

workers view patients as fellow human beings and treat them accordingly. This dynamic is

markedly absent from Beena's center. At Champa's center, patients are explicitly viewed as not

being of value and in some respects even viewed as subhuman in the sense that basic human

qualities and needs are not acknowledged. This objectification enables the correspondingly poor

behavior.

Channels of human recognition provision

These differences in human recognition among the health centers are not black boxes;

rather, there are specific channels through which provision of human recognition occurs. In

particular, four channels can be identified:

- *systems* (whether patients' privacy is respected, whether procedures are explained and
  patients' permission sought prior to administering them, whether individual counseling
  occurs as part of patient care)

- *processes* (seating arrangements while waiting and receiving services)

- *interpersonal approaches* (health care workers' language, manner, and interaction style)

- *organizational norms* (expected staff behaviors, relationships and interactions)

Most of these are endogenous components of the design and operation of the health

center services, which suggests that the effects programs have on human recognition are to a

certain extent within the control of those designing, managing, and implementing the programs.

While this example involves the health sector, the same channels apply to other sectors as well.

For example, an educational service such as a school affects human recognition through systems

such as teaching methodologies, curriculum content, and seating arrangements; processes such as

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student participation procedures and norms; interpersonal approaches such as the instructor's language and style; and organizational norms such as expected behaviors among instructors, among students, and between the two.

The example focuses on programs' effect on human recognition through *how* interventions are implemented. Programs can also influence human recognition directly through interventions aimed at addressing recognition or related issues, such as ethnic reconciliation or domestic violence prevention. Program interventions can also influence human recognition indirectly through changes in other outcomes such as income or health. The example focuses on how interventions are implemented and does not include these types of approaches, though counseling could be considered an intervention that directly affects human recognition.

Effects on utility

The example illustrates the hypothesis that the differences in human recognition among the three centers lead to differences in the health and well-being of the patients attending the centers. Anam gains greater utility from her visits to the center than Beena does, who in turn gains greater utility than Champa does. These differences in utility gains are caused both by psychic effects from changes in dignity, confidence, self-respect, and sense of belonging, and by material effects from improvements in the health status of the women and their infants and increased control over fertility. The material effects are directly related to the objectives of the health center, suggesting that how human recognition factors are incorporated into programs and services in some cases influences how successful they will be in achieving their objectives, a prediction that is modeled in another paper (Castleman 2011a).

Transaction costs

One mechanism by which human recognition affects material outcomes is through

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transaction costs. If it were merely a choice between obtaining information about the side effects she is experiencing from iron-folic acid pills or not obtaining the information, Champa would presumably choose to obtain the information. But because of the interactions involved in seeking the information, which in her case cause disutility, Champa chooses not to seek this information. This choice affects the material outcomes of the services provided, i.e. non-adherence to iron-folic acid tablets resulting in anemia. In the case of Anam, this can be viewed as a transaction benefit: because of the psychic utility she gains from interacting with the health center staff, she returns to the center frequently, which benefits her adherence to its services and extends to adoption of contraception. This is an example of how individuals include the benefits and costs of human recognition factors in their decision processes, which may lead to different choices than if human recognition factors were not considered. The implication for program design and management is that accounting for human recognition factors improves understanding of the targeted populations' behaviors and improves the accuracy of projected outcomes.

Interactive nature of recognition

Human recognition by its very nature consists of an interactive process between the provider and receiver of recognition, as illustrated in the example where human recognition transactions occurred between doctors and nurses, between health care staff and the three women, and between the three women and their sister-in-laws, nieces, nephews, and daughters. This stands in contrast to most other aspects of development that are studied, including intangible ones such as empowerment, capacities and freedom that are neither wholly reliant on nor entirely comprised of interactive processes.

Complementarity

The example illustrates how in some contexts human recognition transactions can be complementary, with individuals who receive higher levels of positive recognition being more likely to provide positive recognition to other individuals, and those who receive lower or negative levels of recognition being more likely to provide negative recognition to others. Complementarity refers to a situation in which because of a particular good's externalities, one individual's consumption of the good increases another individual's marginal utility from consumption of that good. In the case of human recognition, the increase in marginal utility applies to the *provision* of human recognition, and provision of recognition can be seen as the good in question. Those receiving positive recognition such as Anam in the example (which means others are providing positive recognition) are more likely to provide positive recognition or less negative recognition to others. Conversely, those receiving negative recognition, such as Champa and the health workers at Champa's clinic, are more likely to provide negative recognition to others. Provision of positive human recognition has a "positive" externality, leading others (specifically the individual on the receiving end of the recognition) to be more likely to provide positive human recognition to others. Provision of negative human recognition has a "negative" externality, with the receiving individual being more likely to provide negative recognition to others.

This suggests that changes in human recognition can build on themselves both positively and negatively, with "ripple effects" in which a positive (negative) change in an individual's level of recognition leads to greater positive (negative) levels of recognition among those with whom she interacts. This can have implications for the impacts that development programs have on participating communities beyond direct program participants themselves as improvements in

the human recognition levels of participants can extend to other populations.

Building on this concept, Castleman 2011a formally models this complementarity in terms of the benefits and costs of provision of human recognition whereby one's own level of human recognition changes the marginal utility of providing human recognition to others. Champa's example suggests two of the psychological underpinnings of this complementarity. Champa feels "small" and pushes down those less powerful than her as a means of feeling "bigger" or of value. And in seeking ways to do this, she "follows the pattern of the behavior she experiences", i.e. she follows the examples that she observes and experiences.

Provision of recognition "down" the power structure

Because individuals often have a wider latitude of choice about providing recognition to those with less power than themselves than they have for those with more power, the complementarity is likely to occur "down" the power structure; that is, individuals who receive positive (negative) recognition from those more powerful than themselves in turn provide positive (negative) recognition to those less powerful than themselves. This suggests that improving the human recognition that more powerful entities or individuals provide to the less powerful may have the maximum overall impact.

In poverty and development contexts, one argument for greater empowerment of those with relatively less power – such as women, landless laborers and sharecropping farmers, or members of marginalized ethnic groups or castes – is that empowerment enables these groups to better "hold their own" in dealing with those who exercise power over them, leading to more equitable and possibly more efficient outcomes. For example, Ghosh et al. find that increasing the bargaining power of credit-constrained borrowers reduces credit rationing, increases entrepreneurial efforts, and increases efficiency (Ghosh et al. 1999). Changes in intrahousehold allocations of income or food due to empowerment and education of women may be another

example. A third example is empowerment of women to discuss and negotiate with their

husbands for contraception, such as Anam in the fictional example.

In the case of human recognition, however, because of the "downward" direction of

human recognition provision, a critical dynamic is individuals' behavior toward those *less*

powerful, whom they have the greatest opportunity to recognize or to objectify. Given

complementarity of human recognition provision, one way to improve human recognition

transactions and related outcomes may be to increase the recognition levels of those strongly

positioned to provide human recognition to others. This may lead them to provide higher levels

of recognition to others. The example illustrates this dynamic both in the positive case of

Anam's increased level of human recognition affecting her behavior toward her less powerful

relatives and the negative cases of the health care workers' behavior toward patients at Champa's

center and Champa's behavior toward her relatives.

However, a balance may need to be struck between the "carrot" of improving human

recognition levels of those in positions to provide recognition to others and the "stick" of

enforcing laws and norms that prevent serious manifestations of negative recognition such as

violence or abject humiliation. There may be a risk of "absolute power corrupting absolutely"

whereby providing even greater recognition to individuals in positions of relative power without

any conditions on their own behavior validates or frees them to continue providing negative

recognition to those with less power. Possibly, the dynamic described above of providing

positive recognition to encourage individuals to provide similar recognition to others may work

most effectively in the case of individuals in the middle of the power structure, such as mid-level

health care staff in the example. It may also work best when balanced with enforcement of

regulatory measures discouraging or preventing manifestations of negative recognition.

The "downward" dynamic of human recognition provision can generate a positive social externality from interventions that improve recognition, as such interventions may induce others to provide greater positive recognition (or less negative recognition) to others. Reducing cruelty and other abuses of power may be most effective when approached from both directions – the more powerful who are abusing and the less powerful who are abused – and the complementarity of human recognition allows single interventions to address both groups of people, especially since many people belong to both groups. That is, many individuals are subject to negative recognition and at the same time – and perhaps partially due to that negative recognition – they also provide negative recognition to others. The health care workers at Champa's center are an example of this. So interventions targeting these individuals can benefit both the individuals themselves and those "lower" than them in the power structure.

One implication of this dynamic is that while targeting interventions to those at the bottom of social and power hierarchies is valuable for many reasons, working with populations in the middle and top of the hierarchy may be an effective means of improving human recognition transactions.

Improving the human recognition levels of those providing recognition is only one approach for effecting change in human recognition provision. Other approaches include education, formation of groups among individuals who receive low levels of recognition, and enforcing prohibitions on extreme manifestations of negative recognition such as inhumane employer practices and violence.

Intergenerational dynamics

Complementarity of human recognition can operate over time, leading to a dynamic process across generations whereby recognition levels of one generation affect recognition levels

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of subsequent generations. There are two factors underlying the influence that parents have on the recognition their offspring receive. The first factor is that the positive or negative recognition that parents provide directly to their children may be among the most powerful sources of recognition. Human recognition from parents is often provided over a sustained period of time during a formative period of life when identity and self-perceptions are being formed and solidified. The formal model of human recognition (Castleman 2011a) includes a provider-specific parameter that captures how the same level of recognition provided by one individual has a different effect than when it is provided by another individual. Given the influence that parents can have on self-perception, this parameter is likely to have a high value for an individual's parents. Complementarity of human recognition means that individuals who receive large quantities of positive (negative) recognition themselves are more likely to provide positive (negative) recognition to their children, as illustrated in the example by the ways Anam, Beena, and Champa each view their daughters. The observed phenomenon whereby victims of child abuse are more likely to grow up to abuse their own children is an example of this complementarity (Oliver 1993).

The second factor underlying the intergenerational dynamic of human recognition is that to the extent that occupation, socio-economic status, ethnicity, caste, religion, or other such characteristics affect the level of human recognition an individual receives from others, parents' status strongly affects their children's because children often inherit these characteristics from their parents.

Diminishing marginal utility

It is hypothesized that the increase in well-being from receipt of positive recognition will be greater if, as in the case of the three women in the example, the individual has generally

received low levels of positive recognition in the past than the increase in well-being will be for someone who already receives high levels of positive recognition. This implies that there is diminishing marginal utility with respect to receipt of positive recognition. One implication of diminishing marginal utility is that increasing the levels of positive human recognition received by marginalized populations who previously have been receiving low levels of recognition may have greater impacts on this population's well-being than increasing the levels of human recognition received by populations who have been receiving high levels of recognition will have on that population's well-being. This points to the role that development and poverty alleviation programs can play in improving human recognition and the relevance of human recognition to the design, implementation and outcomes of such programs because these programs often target members of marginalized populations who receive low levels of human recognition.

2.7. Human Recognition in Development

Relevance to development

Some of the ways that human recognition is relevant to economic development have been alluded to above. The example illustrated how human recognition can affect the achievement of development objectives and program outcomes. These effects occur through a number of pathways, including human recognition's impacts on access to services and economic and social opportunities, and the behavior of individuals providing and receiving recognition.

In addition to its effects on the material outcomes that are objectives of development activities, human recognition also affects well-being directly through psychic effects. This is relevant to development to the extent that improving the well-being of target populations is an objective of development efforts.

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Furthermore, development programs and policies can themselves influence human recognition transactions, as the health center example illustrated. Development programs and policies often target population groups that have relatively low levels of wealth, education, and power. These are often socially marginalized individuals who receive low levels of human recognition and therefore may be most in need of increased human recognition levels – though as discussed above, it may also be important to target individuals at higher points in the power hierarchy. Development interventions offer opportunities to improve human recognition transactions, and deliberately planned efforts to incorporate human recognition considerations can help ensure that programs achieve these gains. The quotation at the beginning of the paper is from a woman in India who attributes the improved human recognition she receives in all three domains of her life to joining a trade union established for poor women, the Self-Employed Women's Association (SEWA). This is an example of recognition levels being improved by a development organization's activities. The health clinic Anam attends serves as another example, though of course this case was created for illustrative purposes.

Conversely, as the example of Champa's center illustrates, in some cases development programs can cause reductions in human recognition levels among beneficiaries. Consideration of human recognition in design and implementation of development interventions can at a minimum ensure that interventions "do no harm" in that they do not cause provision of negative human recognition.

The health center example and subsequent analysis focused on how implementation approaches affect human recognition through four channels: systems, processes, interpersonal interactions, and organizational norms. In addition to affecting human recognition through *how* interventions are implemented, development programs can also influence human recognition

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transactions through the *content* of interventions.

The content of interventions can influence human recognition in two distinct ways. Some interventions directly influence human recognition transactions. For example, a policy requiring – and enforcing – employers to provide humane working conditions to employees, or a program that organizes and educates community members to prevent domestic violence are both examples of interventions designed to directly improve human recognition transactions. Strictly speaking, these interventions improve actions and behaviors that are manifestations of human recognition, rather than directly addressing the way individuals view and value each other. But part of the education involved in changing these behaviors entails changing how people view others. Given the close relationship between these actions and human recognition transactions, preventing negative behaviors and enforcing positive ones can contribute to changes in human recognition that – in these examples – employers provide to employees and household members provide to past or potential victims of domestic violence.

Alternatively, some interventions improve material development outcomes, which in turn lead to higher levels of human recognition for participating individuals[6]. For example, interventions that increase beneficiaries' income or education may increase the quantity of human recognition they receive from other members of their households and communities, in addition to increasing respect for specific knowledge or income earning capacity. Table 1 summarizes the different channels by which development interventions affect human recognition.

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[6] This is the reciprocal relationship of when changes in human recognition affect material development outcomes. The simultaneity of this bidirectional relationship can cause endogeneity in empirical models, an issue dealt with in Castleman 2011b and Castleman 2011c.

Table 1: Pathways by which Development Interventions Affect Human Recognition

Programme Element	Channel	Example
Implementation approach	Systems	Client privacy and consent procedures
	Processes	Seating and waiting arrangements for services
	Interpersonal approaches	Teacher treatment of students
	Organizational norms	Employee conditions
Content of interventions	Directly improve human recognition transactions	Education and law enforcement to prevent domestic violence
	Improve material development outcome, which leads to improved human recognition transactions	Girls' education that improves the human recognition girls receive in the household and community

While there is value in understanding how human recognition factors affect program outcomes and how programs influence human recognition, the question arises whether it is necessary to explicitly measure and include human recognition in program planning, analysis, and assessment. Given that changes in human recognition will be reflected to some extent in material outcomes (e.g. health, income) that are more straightforward to measure, what is the added value of explicitly including human recognition in planning and assessment?

One reason for explicit inclusion of human recognition in program planning, analysis and assessment is that human recognition's effects on program's material outcomes comprise human recognition's instrumental effects, and accounting for the instrumental aspects alone does not yield accurate valuations of recognition's impact on well-being. Constitutive effects – direct psychic effects on utility from positive or negative recognition – also need to be considered. Furthermore, since most programs only measure the outcomes that the program aims to improve, there may be other instrumental effects from human recognition that are not captured, e.g. improved income or access to markets as a result of increased human recognition that occurs in

the context of a health program.

In his examination of freedom, Sen gives an example from the history of slavery in the U.S. in which accounting for the instrumental role of freedom alone leads to a significantly different valuation of slaves' well-being than if freedom's constitutive role is also considered. He cites a study by Robert Fogel and Stanley Engerman that found that black slaves in the 19th century U.S. had higher pecuniary incomes than free black agricultural laborers did, and that slaves had a longer life expectancy than free urban industrial workers did. Despite this, there were widespread efforts to escape slavery and few would argue that these individuals were better off as slaves (Fogel and Engerman 1974, cited in Sen 1999). Slavery is an example of dire lack of freedom, as Sen points out, but slavery is also an example of dehumanization and negative human recognition. It can be argued that one factor that enabled slavery to persist in the U.S. was whites' lack of recognition of blacks as fellow human beings of common value and with common needs. In this example, accounting for only the instrumental effects that freedom and human recognition have on material outcomes such as income and life expectancy fails to account for the significant direct effects these factors have on well-being. Similarly, in the example of the three health centers, accounting only for the differences in health outcomes among the three women would not completely capture the differences in their well-being.

A second, related reason for considering human recognition in planning and assessing programs is that it affects optimizing behavior, so failure to account for recognition may lead to weakened understanding of the determinants of behavior and inaccurate predictions of behavior, and therefore to suboptimal programs. The situation discussed above in which Champa chose not to follow up with health care workers about side effects from iron-folic acid pills (and instead stopped taking them and became anemic) is an example of how human recognition factors may

lead to different choices and outcomes than would be expected when such factors are not taken into account.   Including human recognition in program planning and assessment enables more complete understanding of the determinants of behavior, including transaction costs as in Champa's case, and more accurate projection and assessment of participant responses. The formal model of programs and human recognition in Castleman 2011a predicts that ignoring human recognition factors leads to inaccurate conclusions about people's behavior and response and therefore to sub-optimal resource allocations, program design, and results.

To the extent that issues of human recognition are considered in program planning or analysis[7], they are usually considered only in terms of their instrumental functions. For example, a program may aim to provide greater recognition to clients in order to improve participation, attendance, and adherence to services or in order to empower them to gain greater access to resources or services. It is unlikely that the managers of any of the three health centers in the example made conscious decisions about their center's operation based on an objective of increasing the human recognition or dignity of patients, though possibly those at Anam's center did have such considerations in mind.[8] Most likely, decisions were based on objectives of improving health care and meeting targets within budgetary and other constraints. However, as the example showed in perhaps exaggerated fashion, the approach that each center took had clear impacts on health outcomes and patient well-being.

These unplanned impacts are an example of the "unintended consequences" that Sen discusses based on earlier work by Adam Smith and by Carl Menger and Friedrich Hayek (Sen 1999). Sen's recommendation in the face of such "unintended consequences" is to try to

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[7] Programs likely do not frame these considerations in terms of human recognition, which is a new concept developed here, but use related concepts such as dignity or respect.

[8] Of course these are hypothetical centers created for the purpose of illustration, but the point is it is unlikely that managers of health centers located at various points along the spectrum of human recognition provision explicitly consider this objective.

anticipate them and make them "reasonably predictable". In the case of programs' unintended impacts due to human recognition, such an anticipatory approach implies considering a program's effect on human recognition and the resulting impacts on outcomes and well-being during program design and implementation, even if the precise role and impacts of human recognition in the program cannot be predicted.

Articulating a rationale for studying empowerment, Narayan writes, "The challenge of measuring, monitoring, and evaluating empowerment…is only worth pursuing because of its central importance in poverty reduction" (Narayan 2005). While this may be debated for empowerment, in the case of human recognition the value of studying and addressing it lies not only in its instrumental effect on poverty but also in its direct effect on well-being.

Sectors

The example above involves the health sector, but the role human recognition plays in development is by no means confined to the health sector alone. Similar examples could be constructed in other sectors as well, for example the education sector with three schools that impart the same academic subject matter to students but differ in the teachers' styles and interactions with students, the classroom environment and dynamics, the teaching methodology, and the norms for behavior among students of different ethnicity, socio-economic background, and sex. The education sector possesses substantial scope to affect human recognition both positively and negatively, especially given the formative role it plays in individuals' behavior, identity, views, and perceptions. In addition to classroom norms and teaching methods, the content of education can also affect human recognition through inclusion of specific topics related to cruelty, prejudice, gender roles, exclusion, etc.

Land tenure situations involving exploitive relationships between landlords and tenants

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may involve negative human recognition transactions, and activities aimed at addressing land tenure issues can influence human recognition. Microfinance, labor economics, and activities aimed at increasing access to public services are other areas with scope to affect human recognition. A labor supply model that incorporates human recognition is presented in Castleman 2011.

In these and other sectors, activities influence human recognition through the same four channels: systems, processes, interpersonal behavior of functionaries, and organizational norms of implementing groups, and in some cases activities influence human recognition through the content of interventions. Since activities in virtually all development sectors operate through these channels, human recognition can be influenced by activities and in turn can influence outcomes in most development sectors. The role it plays in some sectors, such as health, education, and labor are likely to be greater than in others, such as water and sanitation and infrastructure development, though this depends on the implementation mechanisms and the operating environment. For example, development or relief activities being implemented in environments where ethnic conflict is present or recently occurred may have greater scope to influence human recognition than in environments where such conflict is not present, and influencing human recognition may be more relevant and vital in post-conflict settings.

Target groups

The example focused on poor rural women, and in many settings it is economically poor and socially marginalized individuals who are likely to receive the lowest levels of human recognition and be most in need of improvements in human recognition. But while issues of human recognition may be most relevant and consequential for those with the least social, economic, or political power, the relevance of human recognition and its consequences extend to

other groups as well and are by no means confined only to the poor. Using 1998-2000 data from adults in Russia, Lokshin and Ravallion find that the correlation between poverty and powerlessness is not very strong. "Only about half of those who perceive themselves as poor also see themselves as powerless, and vice versa" (Lokshin and Ravallion 2005). Forty-two percent of respondents ranked their level of power less than their level of economic welfare, and over time, 40% of those who felt their welfare had increased did not feel their power had also risen (Lokshin and Ravallion 2005).

Russia in the late 1990s was in many ways a unique environment, but the same phenomenon has been observed in other contexts as well, for example in relatively well-off and socially and culturally conservative households, in which women are not poor but have little power in the household or community (for an example from Egypt, see Kishor 2000). These studies focused on empowerment but it is posited that the relationship between poverty and human recognition is similar: low levels of human recognition are likely correlated with poverty, possibly with bi-directional causation, but there are also many non-poor individuals who receive low levels of recognition. This suggests that efforts to address human recognition need to extend beyond just the poor.

Furthermore, as discussed above, in many settings targeting those who are not themselves receiving low levels of recognition may yield broader benefits. Given the complementarity and "downward" dynamic of human recognition transactions, the recognition received by a relatively powerful, well-off individual may influence the recognition and consequently the well-being of less powerful individuals with whom she has human recognition transactions. The example illustrated this dynamic in the negative recognition that the doctor at Champa's clinic provided to the nurses and other health care workers, that the health workers provided to patients, and that

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Champa provided to her nieces, nephews and sister-in-law. The observation that some men who are poorly treated in their workplaces "take it out" on their wives or children at home may be another example. As discussed above, the implication is that target groups for interventions aimed at improving human recognition should include not only the most marginalized populations who receive the lowest levels of recognition but also those at higher levels of the hierarchy who provide human recognition to the less powerful groups. For example, in many settings this may involve targeting interventions to men, who may have more power than woman and be primary "providers" of human recognition to women (and to other men). As with other program areas, interventions may vary for different target groups, and approaches aimed at those higher up in the power structure may need to include both increases in the recognition they receive and interventions aimed at "regulating" the recognition they provide to others, such as prohibiting certain behaviors and providing incentives for behaviors that manifest provision of positive recognition.

This targeting approach has implications for the sectors in which human recognition considerations are included, i.e. not only in activities targeting the poorest and most marginalized such as provision of food assistance, basic health care, and nonformal education services, but also in activities that target somewhat better off populations. Examples of such activities may include microfinance services, farmer groups, and cooperatives, which often draw participants from those with the basic economic means and social networks to successfully participate, rather than the poorest landless laborers.

This is not to imply that interventions for the poorest and most marginalized are not absolutely critical, nor that consideration of human recognition is unimportant in such interventions. Rather, the postulates here are that 1) many individuals who are not poor may still

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receive very low levels of recognition; and 2) strategies for improving the recognition and well-being of the poorest and most marginalized groups need to target individuals who are potential providers of recognition to these marginalized groups, and some of those individuals may not themselves be poor or marginalized.

Beyond development

The focus of this paper is human recognition's role in economic development, but it is worth noting that human recognition is also relevant to other realms beyond development. Examples of areas and issues in which human recognition plays a significant role include genocide (Hagan and Rymond-Richmond 2008), ethnic conflict, civil war (Keen 2005), race relations, minority rights, gender equity, international relations (Lindner 2006), terrorism[9] (Friedman 2005), and human rights issues such as human trafficking, slavery, and torture. Some of these issues relate to development as well but are distinct and important enough subjects that separate treatment of human recognition's role may be merited.

Similarly, while this paper focuses on the impacts development programs can have on human recognition (and vice versa), it is useful to recognize that other types of institutions also have significant impacts on human recognition transactions. Examples include religious institutions, organizational and corporate norms, educational institutions, standards of medical care, interpersonal behavior, and art and popular culture. Some of these are relevant in development settings as well, but distinct treatment may be merited.

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[9] For example, author and *New York Times* columnist Thomas Friedman (2005) and the Human Dignity and Humiliation Studies network (2006) have both argued that national, cultural, and individual humiliation are primary underlying factors influencing young men's choice to participate in terrorist activities.

3. Review of Related Literature

Currently, human recognition is not explicitly identified as a concept in the economic development literature. However, several related concepts have been addressed extensively in the literature. Review of this work provides a background and basis for the study of human recognition. In particular, this related work offers useful approaches, methods, and lessons for how to study non-tangible aspects of development. The review also defines the landscape of related studies, and identifies gaps that the study of human recognition helps to fill.

3.1. Existing Work

While non-tangible dimensions of well-being are generally not considered in conventional economic analysis, it is worth noting that economic theorists as far back as Adam Smith considered such issues to be important subjects of analysis. In his *Theory of Moral Sentiments*, Smith emphasizes the value that people place on acknowledgement and sympathy from others and the role it plays in motivating economic behavior. Smith asks,

> For to what purpose is all the toil and bustle of this world? What is the end
> of avarice and ambition, of the pursuit of wealth…What are the advantages
> which we propose by that great purpose of human life which we call bettering
> our position? (Smith 1759)

Smith points out that the purpose is not merely to meet material needs and that much income is often spent on "superfluities". Rather, the objective of efforts to improve economic status extends well beyond material acquisitions:

> To be observed, to be attended to, to be taken notice of with sympathy,
> complacency, and approbation, are all the advantages which we can propose
> to derive from it. (Smith 1759)

According to Smith, the rich man cares more about the "attention of the world" and others' "agreeable emotions" towards him than he does about the material "advantages of his situation". In contrast, the burden of being poor is that

….[Poverty] either places [the poor man] out of the sight of mankind, or, that
if they take any notice of him, they have, however, scarce fellow-feeling with
the misery and distress which he suffers. He is mortified on both accounts…
to feel that we are taken no notice of, necessarily damps the most agreeable hope,
and disappoints the most ardent desire, of human nature. (Smith 1759)

This early work by the patriarch of the study of modern economics and capitalism

identifies the central role that interpersonal interactions play in motivating economic behavior

and the link between economic welfare and receipt of others' acknowledgment and "fellow-

feeling". Smith articulates with startling clarity the negative impact such lack of positive

acknowledgement has on the well-being of poor individuals.

Building on Smith's insights, Avner Offer points out that gaining "regard" from fellow

human beings is a fundamental motivation and objective of economic behavior (Offer 1997). In

a review of economic history, Offer suggests that a key reason for the persistence of non-market

exchange is people's pursuit of regard, which he defines to include a range of positive

interpersonal interactions: "acknowledgement, attention, acceptance, respect, reputation, status,

power, intimacy, love, friendship, kinship, sociability**"** (Offer 1997). This concept of regard

encompasses a wide range of interactions, but one thing they have in common is that they all

involve the receipt of positive acknowledgement from other individuals or groups.

In particular, Offer's review finds that gift exchange continues to be a significant

component of the economy, both unilateral gifts such as donations to charitable groups and

reciprocal exchanges that occur in households, communities, the workplace, and among

businesses or even countries. In addition to the material benefits from the "gains from trade", i.e.

material goods expected to be provided in return for a gift, individuals engaging in gift exchange

also aim to gain "the satisfactions of regard". Offer points out that gift exchange can be negative

as well, such as cycles of blood feud and retribution. While regard is difficult to measure, Offer

warns that if only material and easily measurable factors are considered and issues of regard are

ignored, policies will not be optimal because desire for regard affects preferences. This is especially true because in addition to regard's instrumental role in influencing terms of trade, it is also "a good in its own right" with direct psychological benefits (Offer 1997). By fleshing out Smith's principle into the beginnings of a model and providing a range of examples throughout economic history, Offer makes a convincing case for the importance of incorporating interpersonal interactions and their valuation into economic thinking and models.

George Akerlof created a model of labor contracts that incorporates gift exchange based on 1953 performance and wage data from cash posters in a U.S. utilities company. In the model, employers pay employees higher than market-clearing wages, and in response workers exert higher levels of effort. While the exchange involves entirely material terms – wage for labor effort – and does not incorporate any sort of "regard", it is based on sociological and psychological factors beyond mere market exchange. Wages are higher for all workers, not only the high performers, which Akerlof interprets to be responding to workers' desire to protect their colleagues. Furthermore, the system relies on norms of perceived fairness: a standard of performance based on a "fair day's work" and a norm for treating all employees fairly (Akerlof 1982).

Incorporating Offer's concept of regard into the Akerlof model would broaden the exchange to include not only the wage and the labor performance but also the direct psychological benefits of positive interactions between employer and employee. In this category fall "gifts" from employers that involve provision of positive human recognition, such as egalitarian employee policies, in-kind gifts to recognize employees, and fringe benefits or exceptions to rules that acknowledge and support basic needs such as family obligations, disabilities, or other circumstances. Employees value the human recognition received from such

employer "gifts", in addition to the material gains, and may respond with greater effort or labor supply. This is part of the rationale for investments by employers aimed at boosting morale and generating a sense that the employer cares about employees' well-being. A labor supply model that incorporates such dynamics is presented in Castleman 2011a.

While Adam Smith emphasized the role that interpersonal interactions play as an objective and engine of economic transactions, these factors have not traditionally been emphasized in most of mainstream economics, including economic development. One of the first steps in broadening understanding of economic development was taken by Dudley Seers, who expanded the objectives of development beyond national incomes alone to focus on individuals and their needs. In his 1969 paper "The Meaning of Development", Seers presents a rationale for including poverty, unemployment, and inequality in the objectives of development. He points out that these components affect individuals' well-being more directly than national income does and that in some cases policies to increase national income can worsen inequality or unemployment (Seers 1969). Given the strong emphasis on national income in development thinking at the time that Seers' article was published, his work was a valuable step toward opening the field to a broader set of issues. The fact that prioritizing poverty, unemployment, and inequality is now an accepted part of mainstream thinking attests to the importance of his work.

In later work Seers focuses on political and cultural constraints to addressing poverty, inequality, and unemployment (Seers 1977) and political constraints to measuring these and other components of direct relevance to individuals' well-being. For example, he cites the poor incentive governments have to collect or publish data on "the number tortured or killed by the police…the prevalence of violence…the number without shoes" (Seers 1983, cited in Nafziger

2005).

Recognizing that issues of poverty, unemployment, and inequality complement other development objectives such as national income but also that some interventions addressing one can worsen the other, Seers recommends identifying approaches to development that improve multiple outcomes simultaneously and recommends monitoring all relevant outcomes. This recommendation is relevant to human recognition in that there is a need to understand the interactions between human recognition and the more conventional outcomes of development, to identify development approaches that improve both types of outcomes, and to avoid approaches that improve material outcomes while worsening human recognition, such as the health center Champa attends in the example.

Seers' work was significant in redefining economic development and advocating for greater emphasis on the lives of poor individuals (see, for example, review by Nafziger 2005). This expansion from countries to individuals as a unit of analysis for targeting interventions and measuring impacts laid the groundwork not only for the focus on poverty and inequality that has persisted since then, but also for subsequent work centered on aspects of individuals that were not previously considered, such as Sen's capabilities framework.

Among development economists, Sen has been the pre-eminent pioneer in broadening the understanding and objectives of economic development beyond strictly tangible, material dimensions, and he remains a leading force in this area. Sen introduced the now widely applied approach of focusing on individuals' capabilities instead of their commodities (Sen 1985). Sen's capabilities approach is based on the insight that individuals' well-being hinges on their capabilities to perform key functionings, which include "being" (e.g. safe, healthy) and "doing" (e.g. productive labor). The implication of this approach is that economic development and

poverty alleviation should focus on addressing critical gaps in people's capabilities, rather than focusing only on increasing the quantities of material commodities that people possess. A corollary implication is that measurement of development conditions, poverty levels, and program impacts should include indicators of key capabilities.

Sen's capabilities approach has become an accepted alternative – or perhaps enhancement is more accurate – to conventional welfare economics and is applied widely in various strands of development economics. For example, the capabilities approach has served as the basis for improved measurement of poverty (Alkire and Foster 2011; Alkire 2007; Foster and Handy 2008) and inequality (Pressman and Summerfield 2000). It has also served as the basis for research on gender and empowerment in development (Agarwal, Humphries, and Robeyns 2005). The approach was part of the rationale for establishing the Human Development Index in 1990, which expanded the standard measure of national-level development used by the United Nations Development Program (UNDP) to include life expectancy, literacy, and educational attainment, as well as per capita income (UNDP 2004), though Sen himself has pointed out that the index is still quite limited (Alkire 2007). Sen's work has also motivated new approaches to measuring poverty such as the multi-dimensional poverty index which the UNDP is now measuring in 104 countries (UNDP 2010).

Applying and expanding the capabilities approach, Sen (1999) identifies freedom as an overarching capability that enables people to actualize their other capabilities and allows them "to lead the kind of lives they value…and do the things [they have] reason to value." Sen frames development itself "as a process of expanding the real freedoms that people enjoy". The role freedom plays in development is twofold: as an instrument and as an objective of development. An increase in an individual's level of freedom is "1) significant in itself…and 2) important in

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fostering the person's opportunity to have valuable outcomes." To distinguish these two functions, Sen introduces the distinction between freedom's constitutive role and value and instrumental role and value (Sen 1999). This distinction applies to human recognition, which as discussed above also has both constitutive and instrumental roles in the context of development settings and programs.

While the thrust of Sen's work focuses on individuals' capabilities and functionings, he does allude to capabilities related to interpersonal interactions. For example, he includes the "ability to go without shame" as a basic capability and refers to Adam Smith's example that in 18th century England most people would be ashamed to appear in public without a linen shirt and leather shoes (Sen 1983; Sen 1985; Smith 1776, cited in Reyles 2007). Building on this insight, the Oxford Poverty and Human Development Initiative's (OPHI) efforts to identify missing dimensions of poverty, based in large part on Sen's work, include freedom from shame and humiliation as one of the missing dimensions (Reyles 2007). Another component identified by OPHI that involves interactions is "external capabilities" consisting of capabilities that an individual possesses through, and as a result of, a relationship with other individuals (Foster and Handy 2008). Some of Sen's own recent work has also extended more directly into issues of interactions among individuals and among ethnic and religious groups. His 2006 book, *Identify and Violence: The Illusion of Destiny* examines how individuals' view of themselves and others influences conflict and violence, primarily from the standpoint of cultural, national, and religious identity (Sen 2006).

Sen's capabilities approach and study of freedom have been instrumental (and constitutive!) to broadening how development and poverty alleviation are understood and practiced. The study of intangible components of development, including human recognition,

owes a great debt to Sen for opening the field to such components and for establishing cohesive and rational frameworks for incorporating these components. The focus of Sen's work has been on individuals' capabilities and freedoms, but there is scope to extend this approach and the associated frameworks to examine interactions, as the OPHI work referred to above has begun to do. Study of human recognition applies some of the frameworks that Sen has established and extends them to specific types of interactions. Like freedom, human recognition is hypothesized to play both an instrumental and constitutive role in development. Human recognition is hypothesized to significantly affect other "functionings" such as accessing health care and markets. Human recognition is an interpersonal dynamic that underlies and influences the types and extent of freedoms that individuals have, especially poor or socially marginalized individuals. In this sense, the relationship between human recognition and freedom is similar to the relationship described above between human recognition and empowerment.

Applying Sen's capabilities framework, human recognition provision can be seen as a functioning that involves "doing", or perhaps more precisely "viewing". Sen points out that an individual's happiness depends not only on his own functionings but also on others' functionings (Sen 1985). Provision of human recognition is a functioning that is inherently about how one views and interacts with others, so others' human recognition provision is a component of one's own happiness function. When a particular functioning is feasible for an individual, the individual possesses that capability, so the ability to provide positive or negative human recognition can be seen as a capability.

By extending Sen's frameworks to more directly address interactions, the concept of human recognition may actually help reconcile parts of Sen's work with its critics. For example, Nafziger challenges Sen's conclusion that since famines are caused by people lacking the

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capability to access food rather than by the lack of availability of food at the national level, demand for public action prevents famines from occurring in democracies (Dreze and Sen, 1989; Sen 1999; Nafziger 2005). Nafziger points out that famines have occurred in quasi-democracies such as Malawi, Ethiopia, and Sudan due to deliberate denial of food by leaders, not due to lack of capabilities (Nafziger 2005). In cases where political or military leaders deliberately cause or allow a famine to occur by preventing specific population groups in their country from accessing food, it is likely that the leaders are objectifying and dehumanizing members of the groups to which they are denying food. Ethnic, tribal or religious differences often exist between the leaders and the groups being denied food, and not recognizing members of the other group as human beings of inherent value facilitates actions such as denial of food or violence, as in the Darfur example cited by Nafziger. Absence of positive recognition received by members of the victimized population is not exactly the absence of a capability because receipt of recognition does not meet Sen's definition of capabilities, which are the "feasible functioning vectors…[or] various combinations of functionings" that an individual can achieve (Sen 1985). Received human recognition is a determinant of the capabilities an individual has but is not a capability itself.

However, if viewed from the standpoint of the military or political leaders who are instigating the famine, it is the capacity to recognize members of other, perhaps opposing ethnic, tribal, religious, or geographic groups as human beings of value with basic characteristics in common with themselves that is a capability using Sen's framework. As discussed above, recognizing members of these other groups as human beings of inherent value is a functioning, and the ability to carry out this recognition is a capability. Seen from this perspective, it is in fact lack of capabilities that enables this type of famine to occur. Not lack of capabilities on the

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part of the victims of the famine, but lack of capabilities on the part of the instigators of the famine, those in power who fail to provide human recognition to members of other groups, which facilitates the denial of food. This is something of a departure from how Sen's capabilities approach is usually applied because it is the capabilities of others that affect individuals' most basic functionings – accessing food. Sen does account for others' functionings in individuals' happiness functions (Sen 1985), and the interpretation of famines presented above is consistent with that treatment. When interactions among people are incorporated into the framework, interdependence emerges wherein one individual's functionings depend on others' capabilities.

Sen has made several other significant contributions to broadening the scope of development economics, and one area of relevance to the study of human recognition is his analysis of how preferences are influenced not only by outcomes but also by processes, in particular choice processes. In his analysis of the act of choice, Sen points out that the mere fact of having the freedom to choose may affect one's preferences and optimal choice. He gives the example of preferring an outcome of the more comfortable chair or the larger slice of cake, but when required to choose which to take and which to leave for his wife, his preference changes because of the disutility obtained from the act of choosing the better option for himself and the positive utility gained from the act of giving his wife the better chair or cake. He differentiates between *culmination outcomes*, which include only the outcome of a choice, and *comprehensive outcomes*, which include both the choice act and the outcome of the choice (Sen 1997).

The example given above of Champa's decision not to seek information that would help her continue iron-folic acid pills is similar in that the disutility from the process affects – and in this case changes – her decision. However, it is not the act of choosing that confers disutility in

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Champa's case, but rather the process required to obtain the information, i.e. interactions with the health care workers. Therefore, the framework of transaction costs explains this example better than Sen's framework of the choice act.

Bruno Frey and Alois Stutzer study the contribution to utility of a whole set of processes and conditions, including the choice act such as Sen describes, interpersonal interactions such as Champa's with health care workers, behavior processes, and characteristics of institutions. Frey and Stutzer define the contribution to utility of these various processes as "procedural utility" and use data from Switzerland to measure the procedural utility gained from one specific condition, possession of full political participation or voting rights. Interestingly, they find that having the right to participate in the political process does contribute significantly to individuals' utility, measured using subjective well-being, but that utilization of these rights, i.e. actually voting or otherwise participating in the political process, does not confer significant additional utility (Frey and Stutzer 2004).

In their discussion of procedural utility, Frey and Stutzer provide a compelling example of the complementarity of human recognition discussed above. They cite documentation that recidivism rates are lower among domestic violence offenders who are treated more respectfully by arresting officers than they are among offenders treated less respectfully during arrest (Lind and Tyler 1988, cited in Frey and Stutzer 2004). This is a good example of complementarity of human recognition moving "down" the power structure: provision of positive human recognition by law enforcement officers to offenders reduces offenders' provision of negative human recognition – manifested in violence – to those with less power than them, household members vulnerable to their violence.

Methodologically, Frey and Stutzer's study offers a sound approach for empirically

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measuring the direct psychic utility gains from an intangible process and separating these gains from the utility conferred by the material outcomes of the process. They use a difference-in-difference method, first measuring the differences in utility between citizens and foreigners in the same administrative units (since citizens have participation rights and foreigners do not) and then measuring the difference in these differences across administrative units with different levels of participation rights. To measure utility they use subjective well-being, citing other economic studies that use this measure and citing reliability studies that show it correlates well with other measures of happiness. The methods used in the study can be adapted to analysis of human recognition, which involves some of the same challenges that Frey and Stutzer face. An empirical paper (Castleman 2011c) uses subjective well-being to measure human recognition's direct contribution to utility; uses an ordered probit, as Fred and Stutzer do, for the human recognition models in which subjective well-being is the dependent variable; and use differencing to measure whether specific interventions affect changes in human recognition and other outcomes.

Subjective well-being is a broad indicator, often measured by responses to questions about how satisfied one is with one's life. Research in the fields of psychology and psychiatry offers methods to identify specific and clinically measurable aspects of low subjective well-being, such as mental health disorders, and recent public health research has applied these methods to vulnerable groups in developing country settings. In a series of studies, psychiatrist Vikram Patel and his colleagues find a relatively high prevalence of mental health disorders among poor women in low- and middle-income countries (Patel et al. 2001; Patel et al. 2002; Patel and Kleinman 2003). Given the hypothesized impacts that receipt of human recognition has on psychic utility, identifying and measuring elements of psychic utility and their

determinants among vulnerable populations in developing countries can help to elucidate the channels through which human recognition affects people. Patel's work also offers insights into whether and how receipt of negative human recognition is a determinant of mental health disorders.

In a study of women in Goa, India, Patel and co-investigators find that predictors of postnatal depression include having experienced marital violence, recent experience of hunger, delivering a female infant, depression during pregnancy, and maternal employment. Based on their analysis, the authors conclude that gender preferences and marital violence are significant risk factors for postnatal depression (Patel et al. 2002). Analyses of data from Brazil, Chile, India, Indonesia, Lesotho, Pakistan, and Zimbabwe find that common risk factors for mental health disorders are low levels of education, being female, economic insecurity, and duration of physical illness (Patel and Kleinman 2003; Patel et al. 2001). One recommendation the authors offer based on analysis of the Zimbabwe data is to train all health care providers in the identification and management of depression (Patel et al. 2001).

Several of the factors identified as strong risk factors for mental health disorders involve receipt of negative human recognition. Marital violence is a manifestation of negative recognition. The type of economic insecurity described in these papers also involves negative human recognition. In identifying economic insecurity as a consistent risk factor, Patel and Kleinman quote a Bulgarian man from the World Bank's *Voices of the Poor: Crying Out for Change*:

> The employer can keep you up to three months on a temporary contract
> without signing a permanent contract. At the end of the third month,
> he just says "go away" without explaining how and why. Just "go away".
> He could send you away even earlier if he did not like you. If you say
> anything, if you cross him, he says "go away, there are thousands like
> you waiting for your position". (Narayan et al. 2000, cited in Patel and Kleinman 2003)

The quotation suggests that employers' commodification of employees is part of what contributes to employees' economic insecurity and that economic insecurity's impact on mental well-being is worsened by such employer treatment.

The preference for male babies, manifested in female babies being a significant risk factor for postnatal depression of the mother, may also reflect low levels of human recognition for the mother. The fact that female babies are valued less than male babies and the active disappointment that family members express at the birth of a girl may correspond – or be perceived by the mother as corresponding – with undervaluing females in general, including the mother. More directly, strong preference for male children is sometimes accompanied by valuing women more who produce male children (despite conclusive biological evidence that a baby's sex is determined by the father's input, not the mother's). Determining a woman's value by the sex of the baby she delivers reflects a lack of recognition of her inherent value as an individual.

The fact that several of the determinants of mental health disorders identified by Patel and his colleagues are rooted in low levels of human recognition suggests that receipt of low levels of recognition may be a cause of mental health disorders in this population and that improving human recognition may be one approach to reducing depression and other disorders. Reduction of mental health disorders represents a strong public health rationale for addressing human recognition. There may also be a poverty rationale; building on Patel's research, Smith analyzes "mental health poverty traps" in which poverty and mental health disorders reinforce each other in a vicious cycle (Smith 2005). If increasing human recognition reduces the incidence or severity of mental health disorders, it may also help mitigate poverty by contributing to prevention of or escape from such poverty traps.

Patel's studies also offer methodological lessons in how to empirically study the links between economic data and psychological and emotional conditions such as depression and other mental disorders. One approach the studies use that is applied to the study of human recognition involves data collection. Patel's 2001 study in Zimbabwe and 2002 study in India both drew samples from primary health care centers as a means of accessing a sample of clients from whom data could be easily collected and who may be more likely to experience mental health disorders than the general population. This approach is used for data collected from HIV-infected adults attending treatment centers in Kenya (Castleman 2011c). The same rationale applies; data can be collected from these subjects relatively easily, and they are individuals who are more likely than the general population to be receiving low levels of recognition, due to HIV status and possibly due to malnutrition. Because of this, however, human recognition (or depression) data from individuals attending health care facilities may not be representative of the general population so caution is needed before extrapolating results to the larger population. Individuals who are ill or in need of health care may be more likely to receive low levels of recognition than the general population. On the other hand, those attending health facilities may have greater access to health care than those who have the same conditions (e.g. HIV or malnutrition) but are not attending facilities, and differences in access to health care may be related to differences in human recognition levels, an issue that is investigated empirically in another paper (Castleman 2011b).

The recommendation by Patel and his colleagues to orient and train primary health care providers in identification and treatment of mental health disorders may also be a useful approach for improving human recognition outcomes. Although low human recognition is not a clinical condition and may not be as closely linked to physical health outcomes as depression is,

primary health care providers have periodic contact with poor women and others with low levels

of human recognition. As the health center example above illustrates, care providers have

substantial scope through their behavior to boost the recognition and strengthen the dignity of

patients, as well as scope to undermine and reduce recognition among patients. Orientation of

primary health care workers in identifying clients with low human recognition levels and in

applying processes as part of service delivery that enhance clients' human recognition could be

an effective means of improving human recognition levels.

Research such as Patel's in public health, psychology, and other fields outside of

economics offers lessons and approaches that are useful for study of cross-disciplinary topics

such as human recognition. Increasingly, economics is incorporating topics and approaches from

psychology, which has led to the sub-field of behavioral economics. Behavioral economics uses

evidence and experience from psychology to integrate various human limitations into economics.

Limits on rationality, willpower, and self-interest affect economic behavior, causing systematic

and sustained deviations from the behavior predicted by standard economic models that assume

individuals act rationally as *homo economicus* (Mullainathan and Thaler 2000).

Sendhil Mullainathan applies behavioral economics to development settings, examining

psychological insights that explain key behaviors and challenges in development economics and

that inform the design of interventions to effectively address these challenges. Mullainathan's

analysis of development economics through the lens of psychology offers explanations for

barriers to improving conditions in developing countries in the areas of education, savings,

financial institutions, governance, and property rights. For example, Mullainathan describes how

limits to self-control contribute to barriers to education for many poor children in developing

countries. Parents plan to save enough to send their children to school, but short term needs

eclipse long term savings and parents are not able to save enough to keep their children in

school. Understanding the psychological limitations that underlie poor education levels helps to

inform policy recommendations. Mullainathan offers policy steps to encourage education in the

face of this limitation: changing school fees from one large payment to several small ones in

order to ease the financing of school; making bonus payments to parents for enrollment more

frequent to compensate for short-run sacrifices; and making schools more attractive to children

to minimize the pressure parents feel from children not to attend (Mullainathan 2005).

Given that a central objective of economics is to understand and predict human behavior

and given the significant role psychology plays in human behavior, the integration of the two

disciplines initiated through behavioral economics is making valuable contributions to the field.

The insight that the standard model of *homo economicus* is inconsistent with a number of

commonly observed psychological phenomena opens the door for a range of refinements to

economic models in various contexts. Human recognition is an example of a dynamic rooted

largely in psychology that affects development processes and outcomes. In this sense, the study

of human recognition in development economics fits into the rubric of behavioral economics.

As discussed above and modeled in another paper (Castleman 2011a), it is hypothesized

that receipt of human recognition both directly contributes to utility and contributes to and

constrains achievement of other outcomes that are part of utility functions, such as health and

income. The approach generally taken by behavioral economics is to frame psychological

factors as limitations to rationality, as constraints to individuals' optimization of utility functions,

and as sources of "mistakes". However, some of the choices that are identified as limitations or

constraints may in fact – as with human recognition – reflect gains in utility from sources other

than increases in wealth. This is distinct from being a constraint on optimizing utility. Some

examples, drawn from Mullainathan and Thaler 2000 and Mullainathan 2005, are discussed below.

To a certain extent, this distinction between being a constraint and being a component of utility is a question of how best to model a particular psychological factor. But the modeling is more than just a theoretical construct because it can have implications for predicted behaviors and for recommended policies and programs. Constraints to optimization are generally things people try to minimize or get around, whereas components of utility are balanced against other such components (based on marginal utilities and costs) but are not minimized. In some cases, modeling a psychological factor as a constraint may best capture its influence on behavior; for example, a status quo bias in which people resist change (Mullainathan and Thaler 2000; Mullainathan 2005) may be best modeled as a psychological cost of transactions. However, other limitations may be more accurately modeled as part of the utility function. Limits on self-interest (Mullainathan and Thaler 2000; Mullainathan 2005) may be the result of psychic utility gained from the act of altruism itself – Sen allowing his wife to have the larger portion (Sen 1997) – or from the gratitude of recipients (Stark and Falk 1998). Loss aversion (Mullainathan and Thaler 2000; Mullainathan 2005) may reflect a utility function in which losses of a certain magnitude of wealth lead to greater changes in utility than gains of wealth of the same magnitude do. If this is the case, loss aversion does not in fact constrain utility maximization; rather, it accurately reflects actual utility.

The limitation on willpower described in the behavioral economics literature in which individuals sacrifice long term benefits that they report wanting, such as their children's continued education (Mullainathan 2005) or retirement savings (Mullainathan and Thaler 2000), because they succumb to short term temptations is likely due in part to discounting of

consumption over longer time horizons compared to immediate consumption. But it may also in part reflect the utility gained from the process of succumbing to short term temptations. Sen has observed that an individual's utility is affected by the act of choice itself (Sen 1997), and also that freedom confers a constitutive benefit to an individual, in addition to its instrumental benefits (Sen 1999). In some cases these two factors may combine to lead an individual to actualize or demonstrate one's freedom by behaving in ways that are not consistent with long term planning or that are not conventionally viewed to be optimal choices. In some situations such actions may actually confer greater utility than saving for long term benefits would, due to the psychic utility derived from demonstrating one's freedom. This dynamic may in part motivate the behaviors Mullainathan describes, such as a spending spree that cuts into savings for a socially valued good like one's children's education or one's own retirement. Cases of a head of household spending on socially non-optimal goods such as alcohol may even be in part motivated by the desire to show that he is in charge and can spend household money at his own discretion. Sen does not discuss this specific phenomenon. Some of Dostoevesky's work explores this phenomenon, though only in literature and not in economic terms (see for instance, *The House of the Dead* 1860, based on Dostoevsky's experiences in prison). Parents of teenagers can attest to the existence of this dynamic among that demographic group. To the extent that this phenomenon is at play in the low savings behavior described by Mullainathan, such behavior may be partially caused by the utility individuals gain from exerting their freedom.

For psychological factors such as these – and such as human recognition – that do contribute directly to utility, incorporating them into the utility function of the model may produce more comprehensive understanding and more accurate predictions of people's choice behavior than modeling them as constraints to optimization. For example, choices about

charitable giving can be modeled as balancing the marginal disutility of lost income with the marginal utility of the social recognition and altruistic satisfaction gained from donating. Policy and program implications may differ depending on whether a particular limitation of *homo economicus* is viewed only as a constraint to optimization or also as a component of utility. In the former case, the general prescription may be to reduce the power of these factors in order to loosen the constraint and allow greater material consumption. In the latter case, reducing the power of the psychological factors may not necessarily be optimal since that reduces the utility they confer. This approach is particularly relevant to human recognition, which both constrains consumption and other behaviors, and contributes directly to utility. One implication of this approach is that utility is obtained not just from material gains but also from psychological factors.

To illustrate how behavioral responses to norms and expectations contribute to the persistence of inequalities, Mullainathan (2005) cites an experiment carried out by Karla Hoff and Priyanka Pandey in which high and low caste boys in junior high schools in Uttar Pradesh, India performed mazes for financial reward. Performances in the two groups are equal when caste is not announced, but when caste is announced prior to completing the mazes the low caste group performs 25% worse than the high caste group. This difference only occurs when an individual is assessing performance; when the link between performance and reward is done automatically and mechanically without any human involvement, announcing caste has no effect on performance (Hoff and Pandey, 2006).

Hoff and Pandey focus their interpretation of the results on adjustments that the students make to their performances to meet their expectations of bias on the part of the individual assessing them. A related dynamic that may be at work here is the impact receipt of lower levels

of human recognition has on the students' performances. In the cases where caste is not announced or where the "judge" assessing performance and allocating rewards is a machine, the boys receive equal quantities of human recognition from the judge and they perform equally. In cases where caste is announced and an individual is assessing their performance, the low caste boys may receive – or at least perceive that they receive – lower recognition from the judge, as well as from others present, as a result of their caste. In poor, rural settings in India members of lower castes are more likely to be viewed and treated disrespectfully than members of higher castes (Mendelsohn and Vicziany 1998). This may contribute to their worse performance, for example through the immediate effects of lower confidence or self-esteem generated by the perceived lower level of human recognition received. If receipt of lower levels of human recognition contributes to poorer performance, it could have implications for the impacts human recognition has on educational attainment and income.

Sizable literatures exist on the roles that empowerment, especially empowerment of women, and social capital play in development. Despite conceptual and functional differences with human recognition, experiences empirically measuring empowerment and social capital and studying their roles in development are instructive to the study of human recognition. Like human recognition, these are intangible factors that play significant roles in the process and outcomes of economic development and poverty alleviation. And unlike human recognition, considerable study has already been carried out on their roles in development. Section 2.2 discussed the relationship and distinctions between human recognition and empowerment and between human recognition and social capital. A review of empowerment and social capital with particular focus on empirical measurement methods is in Castleman 2011b. Therefore, this section does not review these literatures in depth but instead summarizes selected work that is

broadly relevant to the study of human recognition.

Recognizing the significant role empowerment plays in addressing poverty, the World Bank has become active in recent years in examining the interplay between empowerment and poverty reduction and has produced resources and approaches for integrating empowerment initiatives into poverty reduction activities. *Empowerment and Poverty Reduction: A Sourcebook* (2002) and the workshops associated with its development are examples of products of the Bank's efforts in this area. The publication emphasizes the role empowerment plays in enhancing the effectiveness of development activities and identifies five areas in which empowerment can improve development and poverty reduction efforts: access to basic services, local governance, national governance, pro-poor market development, and access to justice (World Bank 2002).

Although the emphasis of the World Bank document is on empowerment's instrumental function in improving the effectiveness of development assistance, it does make the case that "empowerment…is much more than a means to other objectives; it is a good in itself, and a desirable goal of development." The sourcebook argues that there is a synergistic relationship between increasing empowerment and enhancing the effectiveness of development and poverty reduction efforts: an intervention such as increasing access to basic education services empowers those receiving education while also enhancing the impact of development activities over the long term through the benefits of education on productivity and other outcomes (World Bank 2002).

This dynamic differs somewhat from how the relationship between program interventions and human recognition is illustrated in the health center example above and modeled in Castleman 2011a. In the human recognition model, interventions or implementation approaches

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affect human recognition, which in turn enhances or undermines other outcomes, as well as directly affecting utility. In the model of empowerment referred to in the World Bank sourcebook, the same interventions (e.g. establishing more schools to increase access to education) that strengthen empowerment outcomes also independently improve other development objectives. One pathway by which these interventions improve development outcomes may be through empowerment, but other pathways independent of empowerment also apply, such as education's effect on individuals' earning capacity.

In some situations this type of synergistic relationship also exists between material development outcomes and human recognition outcomes, whereby interventions improve both sets of outcomes. One example is the establishment of women's groups that receive microfinance loans and in which members provide solidarity and positive recognition to each other. Another example is food supplementation (Castleman 2011c), which improves both material outcomes and human recognition levels among those receiving food. While the content of program interventions can influence human recognition, the human recognition model emphasizes *how* interventions are implemented, such as in the health center example. In the case of empowerment described by the World Bank above, improvements in empowerment rely on the education itself, not the implementation approach, though how interventions are implemented does affect empowerment through the same four channels presented above. Because human recognition is a specific interactive dynamic that influences various behaviors – as opposed to empowerment, which encompasses a wide range of changes in people's control over their choices – in many cases human recognition transactions can be seen as occurring *prior* to and contributing to other development outcomes, which differs from the more parallel dynamic described for empowerment.

Since being able to measure empowerment is essential to effectively integrating it into poverty reduction activities and assessing progress and outcomes of such integration, the World Bank undertook a process to review and document approaches to measuring empowerment (Malhotra et al. 2002; World Bank 2005). The workshops and culminating document, *Measuring Empowerment: Cross-Disciplinary Perspectives* (2005), from this process include multi-disciplinary perspectives on the challenges and opportunities for measuring empowerment in the context of development and poverty programs and for measuring the interactions between empowerment and poverty outcomes. Some of the outputs from this process offer lessons and models that can be adapted to measurement of human recognition, such as development of multi-domain frameworks to identify and measure empowerment in different aspects of an individual's life (Malhotra et al. 2002); use of subjective well-being to assess the impacts of empowerment (Diener and Biswas-Diener 2005); and the implications that empowerment's dual role as a means and an end of development activities has on endogeneity in empirical models (Khwaja 2005). These issues and approaches apply to measurement of human recognition as well (Castleman 2011b).

In her empirical analysis of empowerment and its impact on child health outcomes in Egypt, Sunita Kishor (2000) separates the *process* of women's empowerment, which include sources of empowerment and settings that support empowerment, from empowerment *outcomes*, which are actual changes in women's control over key choices in their lives. She finds that improved infant health and survival are often more closely associated with the process of empowerment than with the empowerment outcomes themselves (Kishor 2000). This finding suggests there are direct material benefits of strengthening processes such as human recognition, which is one source that enables empowerment to occur, independent of the empowerment

outcomes.

While much progress remains to be made in empowering marginalized and disenfranchised individuals and groups and in integrating empowerment into mainstream development activities, the recent focus that the World Bank has placed on empowerment represents a meaningful step toward achieving these goals. That empowerment issues are accepted and incorporated into mainstream development research and practice by institutions such as the World Bank is an indicator of how much progress has been made since Dudley Seers' time, when incorporation of poverty, unemployment, and inequality was a groundbreaking suggestion. This mainstreaming of empowerment also offers promise that with the appropriate evidence base, narrative, and advocacy, other non-material components of development such as human recognition can be routinely incorporated into development research and practice. The process undertaken to mainstream empowerment offers a model for the conditions and steps required.

Social capital is another non-material component that has to a large extent been mainstreamed into development research and practice. Gary Becker was among the first modern economists to model social interactions in a formal economic model (Becker 1974). Becker's work was a forerunner of more recent work on social interactions and social capital. A number of studies over the past decade have examined social capital's impact on development outcomes. Mina Baliamoune-Lutz and Stefan Lutz find that the interaction between strong institutions and high levels of social capital in African countries has significant positive impacts on human well-being, measured by adult literacy and life expectancy. Social capital is measured using an index of measures of corruption. Baliamoune-Lutz and Lutz also identify local NGOs and grassroots organizations as essential sources of social capital production, suggesting that such groups can

facilitate and enhance the social cohesion and trust that promote economic development (Baliamoune-Lutz and Lutz 2004). In this way human recognition's hypothesized role is similar to that of social capital: it promotes economic development and can be enhanced by organizations that implement development programs.

Deepa Narayan and Lant Pritchett (1999) examine social capital's impact on household income using a measure of social capital that is based on membership in groups and self-reported trust of strangers and government officials. They find that the level of social capital in a village is a significant positive determinant of household income in the village, and they offer evidence supporting a causal link between social capital and income. Moreover, they find that it is the level of social capital at the village level that significantly predicts household income, not the level of social capital at the household level (Narayan and Pritchett 1999). Narayan and Pritchett separate measurement of social capital in the household and community domains and conclude that social capital's effect on income operates from the community domain. This study offers a useful example of how to use cross-sectional survey data to measure the impact that an intangible factor such as social capital has on concrete economic development outcomes and how to distinguish among different domains. Empirical study of human recognition using cross-sectional data apply some of the approaches used by Narayan and Pritchett, such as combining multiple measures of human recognition into a single indicator and identifying instrumental variables from within the survey data to address endogeneity of the intangible factor of interest (Castleman 2011b).

Stephen Knack and Philip Keefer (1997) study the impact of social capital at the national level on a country's economic growth, measuring social capital with survey data about levels of trust and civic norms collected from 29 countries by the World Values Surveys. They find that

both trust and civic norms are significant, independent determinants of economic growth at the national level. Belonging to organizations and groups, a common indicator of social capital that is used in Narayan and Pritchett's measure, is neither a significant determinant of trust and civic norms nor of economic growth. Trust's effect on economic growth is greater among poorer countries, which Knack and Keefer interpret to mean that social capital helps to meet gaps that are common in developing countries such as poor access to credit due to weak financial institutions or poor contract enforcement. They conclude, "Interpersonal trust seems to be more important in facilitating economic activity where formal substitutes are unavailable" (Knack and Keefer 1997). The greater relevance of interpersonal relationships in business transactions in developing country contexts (compared to developed countries) is commonly experienced and documented, and Knack and Keefer offer empirical evidence and an interpretation of one aspect of this phenomenon.

Related to this finding, Knack and Keefer examine the determinants of social capital and find that social polarization, measured by proxies of income inequality and ethnic heterogeneity, is a significant negative determinant of both trust and civic norms. One of Knack and Keefer's interpretations for this finding is that when groups do not share common backgrounds and expectations, forging agreements without formal enforcement mechanisms becomes more difficult (Knack and Keefer 1997). This conclusion speaks to the role that people's views of each other play in facilitating or undermining economic transactions and development, and may have implications for the relationship between social capital and human recognition, which entails a particular way of viewing another person or group of people. That is, if feelings of commonness among individuals or groups facilitate social capital, this implies that positive human recognition enhances production of social capital while negative human recognition

undermines its production.

After reviewing the many indicators used to measure social capital, Christian Grootaert recommends organizing the different components of social capital in a conceptual framework and then developing a measurement technique that captures each component (Grootaert 2001). This recommendation can be applied to measurement of human recognition as well, which also occurs in multiple domains (Castleman 2011b).

Using the Narayan and Pritchett paper, the Knack and Keefer paper, and a study of social capital in the U.S. (Furstenberg and Hughes 1995) as examples, Steven Durlauf (2001) identifies challenges in empirical analysis of social capital, in particular issues surrounding econometric identification of social capital models. Such models may be under-identified due to endogeneity of the social capital variable, which can be caused by codetermination of social capital and outcome variables such as income. Durlauf points out how endogeneity clouds the causality claimed in all three of the papers reviewed. To address these challenges, Durlauf highlights the need for social capital research to apply more rigorous definitions of concepts and more rigorous measurement of indicators, and for models to explicitly include codetermination of social capital outcomes and other outcomes. He recommends that using data from economic experiments is a more promising approach to econometric identification of social capital models than observational data from surveys (Durlauf 2001).

Robert Moffitt (2001) offers a number of methods to address the types of challenges that Durlauf raises for empirical models of social interactions including social capital. Moffitt describes how the results of empirical models showing impacts of social interactions can be affected – and invalidated – by simultaneity between social interactions and the outcomes measured, by unobserved characteristics of the individuals or groups studied, by errors in the

measurement of social interactions, or by endogenous decisions about social interactions such as joining groups. Methods identified by Moffitt to address these problems include randomization, use of nonlinear models, and differencing (Moffitt 2001).

These challenges to econometric modeling of social capital and other social interactions and the recommended methods for addressing the challenges are relevant and instructive to empirical models of human recognition. As with social capital, econometric models in which human recognition is a determinant of health or consumption outcomes are likely to face identification problems due to the endogeneity of human recognition variables. However, the type of simultaneity or "reflection problem" that Durlauf and Moffitt refer to in measuring social interactions may not apply to human recognition. Unlike many other social interactions, such as competition or peer pressure, simultaneity between peers who provide human recognition to each other may not be very common because human recognition often moves down the hierarchy of power, and those who are the primary sources of recognition provided *to* a given individual may differ from those who are the primary receivers of recognition provided *by* the same individual. Nevertheless, there can still be human recognition specifications if recognition and outcome variables in the model such as health or well-being influence each other.

Because simultaneity, unobserved variables, and errors in measurement can all cause endogeneity in models of recognition, the approaches recommended by Durlauf and Moffitt can be applied to address endogeneity. Randomization and differencing are used in Castleman 2011c.

The literature reviewed above is drawn from peer-reviewed articles, research studies, and World Bank documents. Less scholarly media such as newspaper columns and books targeting the general public have also contributed to understanding of issues related to human recognition.

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A few recent examples are briefly described here, though for the most part these focus on issues outside of development. Author and *New York Times* columnist Thomas Friedman has described in *The World is Flat* (2005) how humiliation underlies terrorism, insurgency, and civil conflict.

> ….terrorism is not spawned by the poverty of money. It is spawned by the poverty of dignity. Humiliation is the most underestimated force in international relations and in human relations.

Friedman's observation is relevant to human recognition because negative recognition is an interpersonal dynamic that enables and leads to humiliation.

Columnist David Ignatius has written about the role dignity plays in international relations, in particular the power of offended dignity – or worse, assaulted dignity – in spawning insurgencies and war (Ignatius 2007). Ignatius quotes philosopher Isaiah Berlin:

> Nationalism springs, as often as not, from a wounded or outraged sense of dignity, the desire for recognition….The craving for recognition has grown to be more powerful than any other force abroad today. (Isaiah Berlin 1961, quoted in Ignatius 2007)

Recognition is used in its conventional sense here, not specifically human recognition, but given the link between human recognition and dignity, Berlin's words apply to human recognition as well.

The quotation by Justice Thurgood Marshall at the beginning of the paper is an example of how issues of human recognition have also emerged from judicial thought.

While articles and books such as these may not rigorously advance the theory or evidence of human recognition, they do serve to communicate the importance of these issues in a form that is accessible to a broad readership. Introducing and framing issues of humiliation, dignity and human recognition in terms that are accessible and compelling to the general public through forums such as newspapers establishes these issues in public consciousness and shapes how they are perceived. It is therefore worth noting the existence and perspectives of such publications in

the review of related literature, along with more scholarly work.

3.2. Identified Gaps in the Literature and the Role of Human Recognition

Human recognition is related to various other concepts and components of development, and researchers have explored several of these related concepts in considerable depth. This review surveyed some of this literature that is of particular relevance to the study of human recognition in economic development. Based on results of the review, it appears that while related concepts have been studied, the concept of human recognition itself has not been identified or examined in the context of poverty and development. There are a number of gaps in the current literature that the study of human recognition would help to fill, and three findings emerge from the literature review that point to the value of studying human recognition.

The first finding is that human recognition transactions underlie and enable several other components that are central to poverty and development, such as empowerment, social exclusion, domestic violence, and conflict based on religion, ethnicity, race, tribe, or caste. Study of human recognition enables a fuller comprehension of these issues in development contexts. For example, study of human recognition dimensions underlying ethnic conflict can yield a broader understanding of the determinants and nature of the conflict and inform a more nuanced and targeted set of interventions to prevent or address conflict than would be possible if human recognition is not examined. Understanding which types of development interventions and approaches facilitate the continuation or worsening of negative recognition transactions and which promote improved recognition transactions can strengthen relief and reconstruction efforts in settings of ethnic conflict.

A second finding that emerges from the literature review involves the role that study of human recognition can play in understanding and identifying the mechanisms and challenges by

which empowerment, social capital, and related concepts contribute to well-being. Much of the research on empowerment, social capital, and humiliation focuses on the instrumental functions of these components, such as their role in enhancing economic opportunities, improving participation in services, or increasing adherence to treatment.[10] Human recognition is hypothesized to contribute to utility and well-being both through its instrumental effect on material outcomes such as health and consumption, and through its direct, constitutive effect on psychic utility. The theoretical model of human recognition includes both types of effects (Castleman 2011a) and the empirical models test the significance of both effects (Castleman 2011c). These approaches for capturing both types of effects can be applied to other components that may in fact have both instrumental and constitutive functions, such as empowerment, social capital, humiliation, and social exclusion, thereby opening the way for broader analyses and understanding of the functions these concepts serve.

In some cases, the concept itself may refer to the instrumental effect only, and the direct effect on utility occurs primarily through the underlying human recognition. Social exclusion may be an example of this. Social exclusion refers to the systematic denial of access to basic public services on the basis of an individual's or group's identity or social status, including ethnic, tribal, religious, social, caste or other characteristics[11]. Social exclusion affects utility through the loss of material benefits as a result of the services not accessed. However, social exclusion can also directly diminish utility through the psychic effect of being denied access to services on the basis of one's social status. This change in psychic utility is rooted in the negative human recognition inherent in being denied basic services such as clean water, health

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[10] Sen's treatment of freedom does include both instrumental and constitutive functions.
[11] In some cases social exclusion does not entail explicit denial of services on the basis of social status but rather exclusion of groups by locating services geographically close to certain groups and far from others or locating services where certain groups cannot travel due to safety concerns or social traditions.

care, or education, i.e. that one's basic needs are not valued or in some cases that there is a deliberate effort to prevent one from accessing basic services. Identifying and measuring human recognition can help ensure that the direct psychic effects of phenomena such as social exclusion are accounted for in evaluating their impacts and in identifying actions aimed at reducing such phenomena.

The two findings described above relate to the benefits that study of human recognition brings to understanding other related components of development. Yet the primary gap that the study of human recognition fills is simply the absence of human recognition itself from the current development literature. The review of literature found that there has not been research that directly identifies or studies this concept in the context of development and poverty. While fuller understanding of the extent and pathways of human recognition's impacts requires further study, the review and analysis presented in this paper suggest that human recognition transactions are at play in development settings and that consideration of these transactions improves understanding of the environment and mechanisms of poverty and poverty reduction.

Examples of situations in which human recognition is relevant to development and poverty include:

- health care interventions such as the hypothetical example depicted above;
- situations in which tribal and ethnic conflict have dramatic effects on a population's economic conditions and access to basic services, such as Rwanda in the mid-1990s, and Darfur, South Sudan and the Democratic Republic of Congo in recent years;
- social exclusion from critical services, as described above;
- land tenure issues in the context of exploitive landlord-tenant relationships;
- the role exploitive and dehumanizing treatment of women has in perpetuating and

deepening economic and social poverty, and conversely the role increased autonomy and improved status of women plays in economic and social development;

- teaching methods, treatment of students, and content of education curriculum in resource poor settings; and

- limitations to development and poverty reduction caused by power imbalances based on ethnicity, religion, caste, or other social categories.

These situations are complex and require multi-disciplinary perspectives and multi-sectoral approaches. Applying the "lens" of human recognition to the study of these challenges enhances understanding of the issues at play. At the programmatic level, the impacts that interventions have on human recognition influence the well-being of target populations through recognition's effects on the program's objectives and outcomes, on other material outcomes that are not program objectives, and on psychic utility. Therefore, consideration of human recognition allows fuller and more accurate projections of program impacts and enhances the design of interventions and implementation approaches.

4. Areas Requiring Study

This descriptive review suggests that human recognition should be considered in analysis of development and poverty, as a component that contributes to development outcomes, as a factor that enables other key components of development such as empowerment, and as a factor that directly affects well-being. Because the study of human recognition in development and poverty settings is a new area of study, there are many aspects requiring study, several of which are summarized below. While the list is confined to issues related to human recognition in development contexts, there is also scope to study human recognition in other contexts, such as its role in civil conflict, genocide, racism, health care in developed countries, and terrorism.

Areas requiring study include:

1) Formal theoretical models that describe and predict: human recognition provision behavior; relationships among human recognition provided, human recognition received and an individual's total level of human recognition; equilibrium outcomes; and human recognition's contribution to utility, to program outcomes and to other material outcomes.

2) Methods and data requirements for measuring human recognition validly, reliably, and feasibly.

3) Empirical study of the determinants of provision and receipt of human recognition, i.e. the factors determining the level of human recognition that individuals provide to others and the factors determining the level of recognition that individuals receive.

4) Empirical study of the extent to which human recognition is a determinant of material development outcomes (e.g. health, income, employment, education) and the pathways by which this relationship occurs.

5) Empirical study of the extent to which human recognition is a direct determinant of well-being, independent of its effect on material outcomes.

6) Theoretical and empirical study of the role human recognition plays in the effectiveness of development and poverty reduction policies and programs.

7) Theoretical and empirical study of how the design of policies and programs influence human recognition transactions; and operations research on specific program interventions and approaches that affect human recognition positively or negatively.

Other papers begin study of these areas. Castleman 2011a focuses on area 1) and the theoretical aspects of areas 6) and 7). Castleman 2011b focuses on areas 2) and 4). Castleman 2011c focuses on areas 4) and 5) and examines some empirical aspects of areas 3), 6) and 7).

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