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Business and development: Changing discourses in the extractive industries

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ABSTRACT

This paper identifies how organisational field dynamics have changed over time within the field of business and development. Using the extractive industries as the empirical setting, development agency policy documents and corporate reports are analysed in order to identify convergence and divergence of discourses and changing institutional logics. The business-development organisational field became structured around a new variant of development managerialism in the early 2000s. Business became recognised as a core partner in devising and implementing market-driven development solutions. Thus, the *logic of partnership for economic growth* dominated this time period. In the late 2000s a divergence in the business and development organisational field is identified. Attempts by UNDP and other international organisations to temper market-driven development have given rise to the *logic of good governance* whereas the *logic of partnership for development* continues to drive that of the extractive industries. It will be interesting to explore in the future how these organisational fields compete or self-reinforce over time. The field of business and development, dominated by development managerialism, could become more fragmented or could move towards convergence and restructuration.

Introduction

The discourse of businesses' contribution to development in the global South has changed significantly over the last four decades. In the 1970s and 1980s multinational companies (MNCs) were often considered to be in opposition to the development goals of developing countries (Griffin, 1977; Hilson, 2012; Richter, 2001). For example, the UN Code of Conduct for Transnational Corporations (UNCTC, 1976) and the OECD Guidelines for Multinational Enterprises (OECD, 1976) were initiated in early 1970s. Both documents assume the inherent conflict between MNC business objectives and host country development objectives. It is important to recognise the political context of the era in order to situate this oppositional discourse – the post-colonial independence of some countries and the socialist economic planning doctrines of others provided the backdrop in the decades following WWII for the distrust of Western multinational companies (MNCs) operating in non-OECD countries (Jenkins, 1991; Okada, 1985). However, within the late 1980s and 1990s there was a discursive shift from a conflictual to a more conciliatory tone (Brown et al., 1993).

Coinciding with the fall of communism, the rise of neoliberal ideology and the acceleration of global capitalism, the vision of sustainable development rose to public prominence in the late 1980s with the publication of the landmark *Our Common Future* report by the Brundtland Commission (WCED, 1987). Public discourse then embraced the long-term compatibility of the environment, social and economic development, replacing the presumption of conflict and incompatibility (Brown et al., 1993). The role of business within this high-level debate also evolved. For example at the Earth Summit in 1992, Chapter 30 of Agenda 21 highlighted the role of business in achieving sustainable development. MNCs began to be considered part of the solution in so-called third world development as opposed to the problem (Fox, 2004).

The reframing of this MNC-host country relationship occurred within the context of growing recognition of developing country capacity limitations. For example, in some cases the pace of

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industrialisation has outpaced the ability of host countries to regulate the environmental impacts of MNCs. In addition, governance and institutional structures remain underdeveloped. Some developing countries lack adequate financial resources, data and technical expertise, public participation in decision-making, and the means of seeking redress (Cash, 2012; WRI, 2003). However, lines of responsibility and accountability between public and private actors have been blurred as a result of the increasing transfer of state-like functions to the private sector (Campbell, 2012). This is particularly acute at the local level where mining companies may deliver basic social services to affected communities.

It is largely undisputed that large MNCs would have the *potential* to effectively address some of the most pressing development challenges. Among others, it has been argued that they can provide financial and personnel resources, infrastructure, innovation, and technology, and promote good governance (Barkemeyer, 2009; Hilson and Murck, 2000; Hopkins, 2006). Conceptually, this argument has been developed as far as the extended model of corporate citizenship, i.e. the company becoming a political actor and 'administering citizenship rights for individuals' (Matten and Crane, 2005: 173; cf. Campbell, 2012). To a certain extent, contributing to development goals should also be in the self-interest of MNCs operating in developing country contexts, as they would also benefit from a stable economy, a functioning local private sector and functioning governance regimes (cf. Jenkins, 2005; Kolk and van Tulder, 2006). Other arguments that have been brought forward are the opportunities linked to tapping into new markets in low income countries (Prahalad, 2005), as well as the general debate revolving around business responsibility and their need to secure a 'social licence to operate' (Carroll, 1999; Idemudia, 2009; Newell, 2008). This win/win rhetoric spans multiple scales from the international, regional, home and host country, and host community levels of analysis.

Along these lines, partnerships have become a defining trait of the current business and society discourse (Perks, 2012), promoting a diverse range of approaches ranging from large-scale multi-stakeholder initiatives such as the UN Global Compact (cf. Gouldson and Bebbington, 2007; Ruggie, 2002; Vormedal, 2005) to smaller, sector and issue-specific initiatives such as the Extractive Industries Transparency Initiative (EITI) (Ackah-Baidoo, 2012; Haufler, 2010). The perceived benefits of partnerships between companies and a range of private and public actors have also been highlighted in the context of international development: UN Millennium Development Goal 8 explicitly refers to the need for global partnerships to advance human development (cf. UN Millennium Project and Sachs, 2005). Especially in the context of business and development, a range of scholars have advocated the complementary relationship of NGOs and companies in order to further development-related objectives (e.g. Oetzel and Doh, 2009; Prahalad and Hart, 2002).

However, there are counter currents to these conciliatory overtures. Civil society opposition has emerged at multiple scales that feels there cannot be corporate responsibility without accountability (Cash, 2012; Clapp, 2005; Newell, 2001; Van Alstine, 2009). Many have been critical of how business seeks to accommodate stakeholder concern in order to legitimise their positions of power in society (Hamann and Acutt, 2003; Levy and Newell, 2002; O'Laughlin, 2008). The extractive industries have emerged as one of the focal points of the business and development discourse (Cowell et al., 1999). Due to the sheer scale of their operations, their resource intensity, the extent to which leading mining and oil and gas companies operate in developing countries, and the macro-level implications of their operations, the extractive industries epitomise the controversial debate on the potentially positive and negative impacts of business on development.

It follows that this business-development discourse sits squarely within the discourse of development managerialism, where economic growth and goal-oriented development are seen to be the engine of modernisation processes and pro-poor development (Edwards and Tallontire, 2009; Gulrajani, 2010; Pieterse, 1991, 1998). This reformist agenda is often critiqued through a more critical or radical lens, such as through post-development or critical management studies, where the power, politics and inequality inherent within development managerialism is highlighted (Gulrajani, 2010; Pieterse, 2000). In essence, the discourse on the role of business in development today is more complex than three decades ago, comprising a range of ideological positions. Following recent calls to unpack and critically confront private sector roles in development (Knorringa and Helmsing, 2008), this paper seeks to shed further light on how the contributions to this discourse on business and development have changed over time.

Whilst Knorringa and Helmsing (2008: 1054) in their call to move beyond 'hostile simplifications' largely refer to the positive roles of newly emerging private sector actors such as entrepreneurial philanthropists or the rise of 'venture philanthropy', we intend to extend this debate towards large MNCs as the focal points of both advocacy and fierce criticism in the business and development discourse. Taking the extractive industries as empirical setting, we will use concepts from institutional and organisational theory to identify changes in the way in which the policy level discourse as well as business contributions to this discourse have changed over time, and relate to each other. By identifying discursive change over time we can then assess the implications for development managerialism and our understanding of corporations' relationships to development. The overarching research question addressed in this paper is as follows:

> *RQ: How has the organisational field related to business and development changed over time?*

The paper begins with an overview of the literature related to the extractive industries and development, and then introduces the concepts of organisational fields and institutional logics. After that, we discuss the methods used to explore these changing dynamics over time, and present and discuss our research findings. We conclude with observations of the process of institutional and organisational change in addressing key development issues in the global South and opportunities for further research.

The extractive industries and development

Multiple and often conflicting discourses characterise the impacts of natural resource extraction on host communities and countries. The concept of resource-led development, i.e. how the extractive industries can contribute to poverty alleviation in the developing world, is poorly understood, contentious and highly politicised (Bebbington et al., 2008; Horowitz, 2011; Pegg, 2006). Much of the work on resource extraction in developing countries examines the economic and political aspects of the 'resource curse', the complex and somewhat paradoxical situation whereby countries with significant levels of non-renewable natural resources and therefore potential wealth often perform worse in terms of economic, environmental and human development performance than their peers (Auty, 1993; Collier, 2007; Sachs and Warner, 1995, 2001). However, the proponents of resource-led development (e.g. host country governments, international finance institutions (IFIs) and donor governments) highlight the importance of resource extraction as a source of foreign direct investment and foreign exchange, raw materials and energy, infrastructure development, revenues (e.g. taxation) and poverty alleviation.

A critical feature of success is 'good governance' (DfID, 2006; Kaufmann et al., 2009). Given the potential for host country and

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