



## Editorial

# Geographies of corporate practice in development: Contested capitalism and encounters



## Introduction

The role of corporations in the Global South remains largely understudied in Development Geography, and yet in the last decade, corporate actors increasingly integrate social, environment and development challenges in their business strategies, coupled with claims that such approaches minimize ecological impacts, improve lives and livelihoods and/or eradicate poverty (Prahalad and Hammond, 2002; Hart, 2005; Kandachar and Halme, 2008). While corporate entanglements with and influence over the development process have been documented by social scientists (Bond, 2008; Ferguson, 2005; Harvey, 2006; Hibou, 2004; O’Laughlin, 2008), a gap remains in scholarly work critically interrogating the meaning, practices and outcomes of corporate activities that couple growth and profit-led commercial goals with claims to improving lives of vulnerable communities. The geographical perspective adds an understanding of the places and narratives of corporate practice, both in the micro-politics of everyday engagements and in associated macro level changes across different scales of engagement. This approach allows for more nuanced interpretations of how various actors engage, contest or provide alternatives to corporate interventions in the development process. This is particularly important in a wider public policy context, which has been increasingly characterized by a turn to market-based approaches, replacing the so-called dirigiste and state-interventionist approaches more prevalent in the twentieth century. This themed issue seeks to contribute to an emergent critical geographical literature examining corporations’ language of “social responsibility” and “sustainability”, and their associated practices purporting to meet commercial, development and environmental aims – the so-called “triple bottom line”.

As a starting point, we wish to reflect on how development is shaped by a range of actors in relation to corporate practices and market-based interventions. There is critical scholarship detailing corporations as generators of uneven development and how corporate activities truncate democratic life and accountability in their pursuit of profit, power and “supercapitalist” ends (Bakan, 2005; Ferguson, 1994, 2005, 2006; Reich, 2007). Since the early 2000s, more celebratory accounts depict companies as sources of new development opportunities through sustainable enterprise seeking new business value for environmental and social ends (Laszlo, 2003; Porritt, 2007), as business language prefixes humane and deliberately apolitical qualifiers to capitalism (Lovins and Lovins, 2001; Hart, 2005). For the last decade, corporations have been called to care and act on behalf of people and the planet, particularly in contexts of vulnerability, (UNEP, 2005; UNDP, 2008), but

crucially, the motivations for these corporate entities to behave responsibly towards nature and communities remain tightly coupled with their core objective to increase profits (or, generate shareholder value). Today, corporations are represented in often contradictory ways “both as an engine of growth capable of eliminating international economic inequality and as a major obstacle to development”; as “a force capable of revolutionizing the productive forces in the economically backward areas of the world and as a major cause of underdevelopment through a massive drain of surplus to the advanced capitalist countries” (Jenkins, 2013: 1). Although the capitalist enterprise itself has long been debated in economic and development geography, its associated social, development and environmental costs and consequences have become the subject of renewed contestation, debate and critique in the last decade, and particularly following the 2008 financial crisis.

The set of articles in this themed issue capture development experiences reflecting the grey space between these seemingly irreconcilable opposites—sustained commercial growth and profit versus human well-being—recognising that the corporate interests at stake are multifarious and situated across both corporate and non-corporate domains of influence and actions. As corporate interventions are increasingly coupled with community–corporate service provision or Non-Government Organisation (NGO) and civil society involvement, a range of actors influence the shape and outcomes of corporate ‘development’ work, including activist communities and micro-entrepreneurs, United Nations bodies and representatives (UNICEF and UN Special Rapporteurs), and different arms of the state. The involvement of these diverse actors has gradually altered the geographies and politics of corporate engagement in the Global South, and consequently muddled the very roles, responsibilities and discourses of corporations (Welker et al., 2011). For this reason, we speak in this themed issue of corporations and the *effects* of their development projects by emphasizing the *encounters* between the assemblage of actors involved in implementing, contesting and morphing these projects across scales of intervention, from boardroom ideas to grassroots iterations with political, social, environmental and economic implications.

## Beyond the catch-phrase of “social responsibility”

To set the stage for this themed issue, we start by briefly highlighting the diversity of discursive strands lying at the nexus of corporations and development that attest to a strategic logic of sustainability and responsibility. Since Milton Friedman’s iconic *New York Times Magazine* article (1970) on the “Social Responsibility

ity of Business”, the language and idea of “corporate social responsibility” (CSR) are common catch-phrases amongst business practitioners working on sustainable business models. The actual meaning of CSR has become diluted and in many instances remains inconsistent with legal interpretations of corporate obligations to maximize shareholder value. CSR has too easily become the umbrella acronym for everything ranging from corporate philanthropy, affiliations with civil society groups and corporate ‘sustainability’ strategies targeting positive environmental and social impact. Furthermore, despite the legal status of the corporation as a “legal person,”<sup>1</sup> both intellectual adversaries and proponents of corporations alike have argued that ascribing ethical obligations onto an entity void of a “moral conscience” is problematic (Chomsky, 1999; Friedman, 1970; Nace, 2003; Paine, 2004; Korten, 1995).

The 21st century business case for marrying socio-environmental considerations with the economic bottom line has increasingly been expressed as a matter of “potential competitive advantage” and economic survival. Since the original concept of CSR emerged in the early 1970s, other idioms associated with expanded responsibilities of corporations since the early 2000s have included “Base of the Pyramid” approaches, “social business” and “Markets for the Poor”. The “Base of the Pyramid” (BoP) refers to the largest and poorest bottom of the socio-economic pyramid, living under \$2/day PPP (Hart and Prahalad, 2002). This demographic description has become used amongst business practitioners who are interested in developing new business opportunities that offer new and more appropriate goods and services to this demographic. BoP approaches are nevertheless anchored in capitalist, profit-seeking models. The term “social business” was originally coined by Muhammad Yunus (Yunus, 2007). In contrast to BoP approaches, social businesses are in principle primarily designed to address a social problem, and their financial sustainability is based on no-loss and no-dividends, but not on seeking to maximize profit, as profits are either re-invested in the business itself or used as seed capital to invest in new social businesses. For this reason, most social businesses are either not corporate-led, or separate from the corporation’s core business. “Markets for the Poor” is an approach to poverty alleviation adopted by large development donor agencies, recognising the dependence of poor communities on market systems for their livelihoods, and seeking to improve these market systems in terms of their efficiency and sustainability (DFID, 2008). Although this approach does not differ ideologically from BoP and social business, the focus has often been on small and medium enterprises as opposed to larger corporate entities.

Although each of these expressions have slightly different connotations, funding arrangements and roles ascribed to specific corporate and non-corporate actors engaged with low-income markets, each approach sees market-based economic engagement with low-income communities as a positive and critical component to achieving a more sustainable future. Across these idioms the scope of stakeholders expands, pushing the responsibility of business pursuits beyond mere commercial profit, with new considerations of the “other” emerging across corporate-led development. As Gupta writes,

*The ‘other’ now begins to figure in the way one individuates oneself. This has become a structural condition of modern societies and it has nothing to do with altruism or generosity[...] This is why it is imperative now to think in terms of business ethics where*

*considerations of the ‘other’ are crucial for any entrepreneurial venture that hopes to last the distance over the long haul.*

[Gupta, 2005, p. 25]

Consequently, as corporations increasingly re-appropriate particular “ethical regimes”, new research areas materialise for examining the micro-politics of corporate engagements (Dolan and Rajak, 2011). These include critiques of legitimising discourses amongst corporate actors (Welker, 2009), calling for further ethnographic studies scrutinising social business practices that seek to confront and even reverse the patterns of “business as usual”. In each instance, we recognise that corporate interventions do not merely impose or transplant particular commercial practices in a given setting, but also interface with existing commercial enterprise, potentially displacing (Meagher, 2012) or partnering with (Thieme, 2010) a diversity of informal sector workers that have also shaped their own particular market relations and economic rationalities. In all cases, these interventions affect existing political, social, environmental and economic landscapes, and have diverse everyday impacts on both those who embrace and those who contest corporate presence.

A range of non-state actors facilitate or contest the corporatization of services and resources in particular geographies. While these trends are not new, the escalated scale and pace of these processes amplifies the need for more sophisticated responses, beyond previous channels of resistance. The agency of these actors to shape particular claims or engage in corporate activities influences and responds to these changing landscapes. The transnational nature of some corporate interventions generates a proliferation of responses, across scales and forms, and goes beyond mere commercial spheres. Shareholder activism and human rights demands from UN Special Rapporteurs reflect the emergence of new actors demanding corporate change in a range of geographies. These interlocutors alter spaces for corporate practice, but also demonstrate new forms of activism and transnational solidarity, which can mirror corporate approaches and actions themselves. Human Rights activists demanding change from the corporate boardrooms of London represent a distinct form of financial pressure to companies, while working within the established channels of business practice. Statements from UN Rapporteurs or other similar experts challenge corporate practice by attesting to fundamental, universal rights, while calling into question the morphing corporate language that has increasingly evoked universal social and environmental values on the one hand, whilst retaining for-profit agendas on the other.

### Six readings of corporate–community relations

The six papers in this collection go beyond binaries between power and victimhood, formal and informal, global and local, business and social, state and market, private and public in order to explore the messy complexity of development and contested capitalism – and indeed the various interpretations of capitalist relations in particular geographies. They offer grounded reflections on corporate interventions in diverse locations of the Global South spanning Bangladesh, Ecuador, India, Kenya, the Philippines, and Zimbabwe. Reflecting different geographies and micro-politics, each paper problematizes the agency of Transnational Corporations (TNCs) beyond simplistic ideas of globalization (Kearns, 2008), while also teasing apart the constellation of relationships and actors involved in these particular corporate–community encounters (Cross and Street, 2009). The papers each draw theoretical and empirical insights into the nodes of engagement between corporate actors, positioned as contemporary agents of development, and local communities assuming heterogeneous shifting roles and agencies. These roles range from beneficiaries of CSR projects on the one hand, to artisanal miners competing with

<sup>1</sup> In 1886, in *Santa Clara County v. Southern Pacific Railroad*, the U.S. Supreme Court ruled that private corporations were “natural persons” under the U.S. Constitution. Strikingly, however, the U.S. Constitution does not mention the corporation anywhere, although the corporation is accorded constitutional protection by virtue of its status as a “person” (Korten, 1995, p. 59).

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