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**Article (Accepted version)
(Unrefereed)**

Original citation:

Freeman, Dena (2011) *On corporate social responsibility: hidden hands in the market edited by De Neve, Luetchford, Pratt and Wood and economics and morality: anthropological approaches edited by Browne and Milgram [book review]*. [Anthropology of this century](#), 2 . ISSN 2047-6345

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Available in LSE Research Online: October 2011

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On Corporate Social Responsibility

Dena Freeman

- *Hidden Hands in the Market* Edited by De Neve, Luetchford, Pratt and Wood
- *Economics and Morality: Anthropological Approaches* Edited by Browne and Milgram

Since the 1980s a significant change has been taking place in global economic practices and structures. These changes, often referred to as neoliberal capitalism, have led to an increasingly globalised economy and new sets of relationships between producers and consumers, states and markets, national and global economies. Whilst much has been written on 'neoliberalism' by anthropologists and others, one facet of the new neoliberal reality has until recently been largely ignored by anthropologists. This is the new social-moral-economic phenomenon known as Corporate Social Responsibility, or CSR.

In one sense CSR is not new. Concerns about the effects of business on society and the environment go back to the very beginnings of trade and business itself. Commercial logging operations for example, together with laws to protect forests, can both be traced back almost 5,000 years. In Ancient Mesopotamia around 1700 BC, King Hammurabi introduced a code in which builders, innkeepers or farmers were put to death if their negligence caused the deaths of others or major inconvenience to local citizens.^[1] However, as business and society have changed over time, so too have the concerns about business, the ways that these concerns have been conceptualised and expressed, and the ways that businesses have been regulated by society. A precursor to what we might call 'neoliberal CSR' can be seen in the discussions about the social responsibility of firms in the 1940s, 50s and 60s^[2], which emerged after the anti-trust movement and waves of increased government regulation following the consolidation of large corporations at the end of the nineteenth century.^[3] The theme of business calling for voluntary 'responsibility' instead of government regulation continues into the contemporary neoliberal CSR era, which largely took off in the 1990s as a response to neoliberal policies and the globalisation of production. The growth of global value chains, in which large corporations in Western countries control a web of suppliers in poorer countries, and in doing so often transcend particular national regulations, led to calls for a new kind of responsibility. And the increased significance of brands and corporate reputation in our increasingly consumption-oriented world made companies more vulnerable to bad publicity and more keen to develop their reputation as 'responsible'.

Thus most large corporations in the early twenty first century now have dedicated CSR managers, who design and implement CSR policies and programs across the business. And many international NGOs specialise in putting pressure on these companies to improve their CSR performance, bringing details of poor labour conditions to the public eye. This latest form of neoliberal CSR thus differs in many ways from its precursors, with a new cadre of specialised professionals, the involvement of NGOs, and perhaps most significantly, the activism of consumers expressed through their purchasing power and the focus on overseas

operations. It thus represents a major shift in the moral and economic ordering of our world, and warrants in-depth consideration and investigation by anthropologists.

These two edited collections bring together some of the first anthropological analyses of CSR, and thus demand serious interest. *Hidden Hands* focuses entirely on CSR, with a particular emphasis on ethical trade, and its twelve ethnographic chapters present a wide variety of studies, including ecotourism in Jamaica (Carrier), Fairtrade in Costa Rica, Ghana and Kenya (Luetchford, Berlan, Dolan, respectively), ethical consumption in Hungary (Dombos), garment factories in South India and Trinidad (De Neve, Prentice, respectively) and the corporate social investment program of a mining company operating in South Africa (Rajak). *Economics and Morality* looks more broadly at moral economy issues within capitalist societies, with five of its ten ethnographic chapters focussing explicitly on CSR, including the ethical dilemmas of a dairy company in Norway (Garsten & Hernes), ethical finance as exemplified by 'socially responsible investment' in the United States and Islamic finance in Malaysia (Pitluck) and again Dolan on Fairtrade flowers from Kenya, Rajak on CSR in a mining company in South Africa and Prentice on a garment factory in Trinidad. There are many common themes and common conclusions, and indeed common authors, across the two books.

Most of the chapters focus either on producers or consumers in the global economy, with relatively little attention being given to corporations, governments or other systemic factors. The central issue that both books begin to identify and explore is the desire of many people in Western countries to create a new kind of moral self in an increasingly anonymous and exploitative global capitalist economy, and concomitantly, the ability of CSR practices and programs to bring this about through market transactions. In short, can CSR make neoliberal capitalism moral? Both books are thus fundamentally looking at issues of morality and economy and the new forms of moral economy that are emerging as part of, and in response to, neoliberal capitalism.

Why all the moral duress? And why now? The rapid expansion of globalised production in the second half of the last century has led to the situation where the vast majority of the products consumed in the richer industrialised countries are now produced far away in poorer countries, in unknown conditions, and in different cultural settings. And as we all know, the recent expansion of communication technologies has suddenly brought these 'unknown conditions' to our newspapers and TV screens, with appalling images of sweatshops, dangerous workplaces and child labour. This awareness has created a situation where any product is potentially a tainted good, produced in exploitative conditions. The moral angst is both about the disembeddedness of contemporary exchange relations and about the injustices that such anonymous relations afford.

Thus, at least, argue many of the chapter authors. However there is as yet very little ethnography of ethical consumption and moral concern in practice and we know relatively little about how people make their purchasing decisions in the flow of their day to day life. Dolan's chapters are the only ones that give us any picture of ethical consumers in the West (UK), but they are based on interviews rather than ethnography, and one wonders about the local social reasons that may influence people's consumption practices, as well as their global concerns (as Danny Miller has argued extensively in other contexts). Dombos' chapter

on ethical consumption in Hungary, for example, argues strongly that ethical consumption is always practiced in local contexts, coloured by particular struggles, histories and trajectories. In Hungary, in the context of post-socialist transition, he argues that buying and selling organic and Fairtrade products mainly demonstrates a 'longing for the West', rather than a direct concern for the poor producers of the world. He shows that in Hungary organic and Fairtrade products are strongly associated with 'Western-ness', both because they are usually imported from Western countries and because many of the early Fairtrade and organic pioneers in Hungary were indeed from the West, coming to Hungary like missionaries to promote ethical practices. Through this association with the West, ethical products have become associated with material well-being and affluence. Thus the classic moral opposition in the West, whereby the push for material gain must be limited and reined in by ethical and environmental considerations, becomes inverted in Hungary where ethical products are instead associated with material gain.

Most of the chapters in both of the books focus on the second half of the equation – looking at CSR practices as they are manifested in a variety of producer contexts and considering if they do indeed re-embed commodity exchanges in social and affective relations and by doing so resolve the injustices in global trade and business. Unsurprisingly, all of the authors are rather critical of CSR policies and programmes, and across the board they argue that they deliver an *image* of morality and social responsibility, but in reality act in various ways to maintain the existing power structures in trade relations or to even give more power to global corporations as they use ethical codes as ways of extending new modes of 'governmentality' over producers in poorer countries.

De Neve's analysis of changing labour relations in the garment industry in Tiruppur, South India, explores how workers' ability to demand their rights has been eroded by the decline in the local trade union movement and not at all protected by the new international labour-focused NGOs or the CSR policies of their corporate customers. Tiruppur is one of the largest garment manufacturing and exporting clusters in South Asia. Textile production started in Tiruppur in the 1940s and large scale export started to take off in the 1970s. In the period between 1940 and 1970, most textile workers were paid wages, not piece-rates, and were employed on a permanent basis. The vast majority belonged to one union and successfully negotiated for wage increases and bonuses. As production became more export-oriented in the 1970s and 1980s a new sub-contracting system developed whereby larger units outsourced work to smaller units that sprung up all over the town. At the same time payment shifted from wages to piece-rates. One of the combined effects of this restructuring was a rapid decrease in union membership as workers were dispersed across many small units and could not easily unite. By the turn of the century union membership was low and their power had been mostly eroded. At the same time many Western textile buyers had implemented CSR policies and ethical codes of conduct supposed to improve workers' conditions and those codes had supposedly been implemented in several Tiruppur factories. These codes typically cover issues such as wages, working hours and freedom of association, amongst other issues, and in theory protect workers from violation of their rights. In essence, they do what local unions have traditionally done, but with a standardised set of issues drawn up in London or New York. What happens, though, in practice? Through the analysis of a major labour dispute in 2004, in which workers stopped work in protest about wages and were subsequently dismissed, De Neve shows that despite

the presence of ethical codes and the direct involvement of one 'ethical' buyer, one local NGO and two international NGOs, the matter was still unresolved over a year later. The interventions of all the NGOs proved ineffective and in the end it was the local court that demanded that the factory reinstate the dismissed workers. De Neve argues that ethical codes are an attempt to provide a 'technical fix' to issues that are not technical, but political.

Rajak's chapters explore the corporate social investment (CSI) program of a transnational mining company operating in South Africa's platinum belt. She shows how the company has moved away from a discourse of philanthropy to one of partnerships and empowerment. Their CSI program focuses on education (schools and scholarships) and enterprise (business training to help community members become entrepreneurs). It is indeed interesting that the key focus of the CSI program is to bring about a 'conversion to market virtues and values' in the local community, but Rajak's main point is to show how this program is in fact paternalistic and breeds a form of clientism whereby corporate 'gifts' effectively buy loyalty and acquiescence from the local community. In this way, she argues, the gift economy of CSI simply serves to allow the market economy to function smoothly.

Shifting the focus now to Fairtrade, several of the chapters argue that ethical marketing, particularly Fairtrade labelling, creates a new fetish while attempting to eliminate the commodity fetish, by presenting a standard image of the 'poor farmer' which in many cases is far from reality. In his chapter on Fairtrade coffee from Costa Rica, Luetchford criticises the standard image of the smallholder farmer that is used in Fairtrade marketing and shows how it misrepresents the conditions of production for Costa Rican coffee, where most farmers in fact rely on hired labour from landless neighbours and Nicaraguan migrant workers. These workers come and go quickly, on a seasonal basis, and are not covered by Fairtrade codes. By using the image of the smallholder farmer, Fairtrade marketing, he argues, diverts attention from the real power structures in Costa Rican coffee production and simply provides an 'appealing and idealised motif' of family farms that bears little relation to reality. In a similar fashion, Berlan criticises the Fairtrade representation of third world producers as needy and helpless, living in poverty and forever grateful for their 'salvation' by Fairtrade. Cocoa producers in Ghana, she argues, are determined, ingenious and strategic, and certainly do not feel that they owe gratitude to the consumers of their products. She also shows how the Fairtrade system is much more complicated than is usually presented to consumers, and that Ghanaian cocoa farmers, who produce for both Fairtrade and regular channels, often cannot tell the difference between the two.

Berlan also raises an important point that several of the other authors touch on, and this is the notion of the supposed relation between Fairtrade producers and consumers. One of the main themes of both books is that CSR, and in particular ethical trade and Fairtrade, seek to re-embed commodity exchanges in social and affective relations. However the nature of these new relations is highly problematic, falling somewhere between gift/commodity, aid/trade, altruistic/self-interested. The irony is that the nature of the new relationship created looks very different from the perspective of the producer and the consumer. Ethical consumers may feel more of an imagined connection with third world producers through the evocation of a sense of 'global kinship' by marketers and retailers, but third world producers are simply producing for the market. They have little or no idea

where their products end up and no sense of any relationship with the consumer. So although the situation of neoliberal capitalism combined with global communications may be endowing certain commodities with 'spirit', through the sweat of their producers, as De Neve, Leutchford and Pratt argue in their interesting introduction to *Helping Hands*, the 'spirit of the commodity' is rather different to the spirit of the gift in that it is peculiarly one-sided.

The chapters in these two books present a fascinating range of ethnographic studies of various aspects of CSR in diverse industries in different parts of the world. Only a few have been highlighted in this review. These books break important new ethnographic ground. The theoretical analysis of CSR needs to develop further and the linkages between CSR, global neoliberal capitalism and changing patterns of business-society relations require more careful drawing out in the future. To do this requires rather complex long-term, multi-sited ethnography that can accomplish sufficient detail and nuance in different locations and at different scales. These two books offer an excellent introduction to the subject and will hopefully inspire more ethnographic investigations of this new set of global moral economic practices.

1. ^[1] Peattie, Ken (n.d.), *History of Corporate Social Responsibility and Sustainability*. The Centre for Business Relationships, Accountability Sustainability and Society (BRASS).
2. ^[2] Carroll, Archie (1999), "Corporate Social Responsibility: Evolution of a Definitional Construct". *Business & Society*, 38,3: 268-295.
3. ^[3] Jenkins, Rhys (2005), "Globalisation, Corporate Social Responsibility and Poverty". *International Affairs*, 81,3: 525-540.