Corporate accountability to the poor? Assessing the effectiveness of community-based strategies

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This paper investigates how, why, and when community-based strategies are effective in promoting corporate accountability (CA) to the poor. It argues that mainstream approaches to corporate social responsibility (CSR) underestimate the importance of power in the relationship between corporations and the communities in which they invest, which limits their applicability to many developing-country contexts in particular. In addressing this neglect, the article draws on literature on power, accountability, and citizen participation in order to analyse cases where communities have attempted to hold corporations to account for their social and environmental responsibilities. The paper argues that more attention should be paid to a number of state-, corporation-, and community-related factors, which are found to be key to the effectiveness of strategies aimed at enhancing CA to the poor.

Introduction

This paper seeks to identify the conditions under which community-based strategies for corporate accountability (CA) appear to be effective in engendering a greater element of accountability on the part of corporations to communities in which they invest regarding the social and environmental impacts of their investments. In this context, effectiveness will be taken to mean whether the mechanisms of accountability are successful in (a) improving the *responsiveness* of corporations to community demands, gauged in terms of a change in practice as opposed to rhetorical shifts; and (b) increasing the *representation* of previously marginalised groups through increasing their *accessibility* to or *inclusion* in decisions affecting their lives. The paper contributes to debates about the role of the private sector in development and more generally to contemporary concerns with corporate social—and environmental—responsibility (CSR). We argue, however, that the mainstream CSR discourse pays insufficient attention to the politics of corporate accountability and the influence of power on how mechanisms of accountability and spaces for citizen participation in CSR initiatives work in practice.

Our study focuses on the ways in which people resist corporate misconduct as opposed to the many cases of 'best practice' that are well covered in the literature on CSR and highlighted in policy initiatives such as Business Partners for Development (Long and Arnold 1995; Schmidheiny 1992; BPD 2001). It also draws on many examples that pre-date the contemporary Western-oriented framing of the CSR debate. What may be labelled CSR issues today are often

a product of many decades of conflict over resources that constitute ongoing historical struggles for corporate and state accountability and should be understood in this context. The paper analyses cases in which communities have attempted to hold corporations accountable for the ways in which their actions impinge upon livelihood issues such as land rights, access to resources, and occupational health and environmental concerns across a range of sectors, including mining, forestry, oil extraction, and waste dumping. It therefore goes beyond the popular, but narrower, framing of CSR as responsible management of environmental outputs and respect for basic labour standards at the workplace. The paper draws on evidence from 46 case studies, but the broader argument draws upon trends observed in over 80 cases. These are predominantly from Southern settings, but also include examples from poor communities in the North, given that many of the problems faced by communities in holding corporations to account result from poverty and inequality rather than geographical location. Combining lessons from the conceptual framework with analysis of the cases, we argue that a number of 'state-related', 'company-related', and 'community-related' factors are key to understanding the effectiveness of community-based strategies for corporate accountability.

Though the relationship between multinational companies and poorer communities in the developing world clearly has a long history, the changing relationship between states, corporations, and communities over the last decade has meant that transnational companies (TNCs) and the poor encounter one another with increasing frequency and intensity. TNCs have increased in size and reach such that approximately 60,000 TNCs and 500,000 foreign affiliates invest more than US$600 billion abroad annually and control two thirds of international trade, making them 'central organizers of the emerging global economy' (Hansen 2002:159). During the 1990s foreign direct investment (FDI) became increasingly important relative to official aid flows to developing countries (see the article by Andrew Sumner in this issue). As part of this trend, it is the transnationalisation of resource extraction in particular that brings TNCs into contact with communities. As Lund-Thomsen (2003:2) notes:

> *Encouraged by market- and foreign investment-led philosophies, developing countries have liberalised mining and investment laws as well as rewritten their tax codes to facilitate the participation of TNCs in their mineral economies. Combined with technological advances and favourable metal prices, new regions have been opened for mineral exploration by TNCs. This development has inevitably brought TNCs into conflict with local communities.*

Parallel to this, there has been a general shift away from the 'command-and-control' regulatory role of the state that characterised approaches to social and environmental regulation of TNCs throughout the 1970s and 1980s, towards more informal, voluntary, and corporate self-regulation. Supportive of this move, mainstream multilateral and bilateral donors, as well as a growing number of business associations and NGOs, have increasingly sought to portray TNCs as important partners in delivering 'sustainable development'. DFID, for example, refers to the 'key role' corporations play 'in making globalization work better for poor people' (DFID 2000:59). Corporate voluntarism and strategies of partnership, which are at the heart of mainstream CSR approaches, are regarded as 'win-win', whereby the social and environmental performance of the firm is increased and corporations benefit from increased efficiency, productivity, and enhanced reputation.

In contrast to this *laissez-faire* approach to business regulation, critics have regarded the growing power of TNCs as a threat to democratic governance in situations where the global mobility and rights that companies have acquired are not matched by systems of regulation to govern their activities. While trade and investment agreements increase the

entry and exit rights of TNC investors, critics argue that, in contrast, the social and environmental responsibilities of TNCs are underdeveloped. The mobility that allows companies in some sectors to relocate more easily, playing governments and workers off against one another in an effort to secure the best terms, is particularly undermining of the ability of poorer communities to make accountability demands of such companies. This is in addition, of course, to broader substantive differences in power assets and capabilities between corporations and communities. While corporations secure access to decision making and privilege through their tax contribution to state resources, and to economic development more generally by providing employment, the communities in which many TNCs invest are often far removed from the centres of political power as well as being economically marginalised. Given the growing emphasis among official donors on the positive role of corporations in delivering sustainable development, it is important to understand the nature of accountability relations between companies and communities in settings which are more familiar to the majority of the world's people than are the situations of partnership and engagement that are emphasised in mainstream CSR literatures.

From responsibility to accountability

Various terms have emerged to express the rights and obligations of corporations. *Corporate governance* refers to policies and practices used to regulate internal relationships and fulfil responsibilities to investors and other stakeholders. *Corporate accountability* often refers, in a managerial sense, to issues of disclosure, auditing, and monitoring of business practices. *Corporate social responsibility* implies a more discretionary act on the part of companies as they consider their role and impact across a wide range of corporate activities. Lastly, *corporate citizenship* positions corporations as 'citizens' with claims to the entitlements that flow from citizenship (Newell 2002). Unlike understandings of CA as management practice, we are more concerned here with the political content of accountability relationships. This more political interpretation of accountability chimes with traditional preoccupations about 'how to keep power under control, . . . how to prevent its abuse, how to subject it to certain procedures and rules of conduct' (Schedler 1999:13). Central to this definition of accountability are the concepts of 'answerability', an obligation to provide an account of one's actions and inactions; and 'enforceability', namely mechanisms for realising that obligation and sanctioning its non-fulfilment where necessary (Schedler 1999).

Understanding accountability in these terms, it becomes possible to see that while there has been an increase in answerability as increasing numbers of firms feel obliged to validate their actions to wide circles of stakeholders and those affected by their activities, mechanisms of meaningful answerability are often weak and underdeveloped (Newell 2003). From this perspective, mainstream CSR approaches have a number of limitations. First, many of the debates on CSR focus on initiatives such as voluntary codes of conduct and standards, and public–private partnerships (PPPs). Relatively little attention is focused on the strategies that communities themselves undertake to demand CA. The focus is on voluntarism from above rather than rights from below.

Second, while the existing literature helps to identify some of the pressures driving companies' answerability to communities, there is insufficient emphasis on how the importance of these factors may vary according to sectoral, political, and cultural contexts. For example, the vulnerability of different companies to these pressures varies according to which markets companies are producing for and, in turn, whether concerned customers in those markets have sufficient purchasing power to bring about a change in company behaviour.

A third problem is that the emphasis on partnership and negotiation is apolitical, and thereby lacks a theory of power. For example, the World Bank describes how 'communities take their place at the negotiating table along with regulators and factory managers' (World Bank 2000:3), without any discussion of the range of challenges that communities may face in securing access for their place and being able to realise the advantages it confers. Power dynamics continue to be important even once a supposedly equal place at the table has been negotiated. A focus on negotiation, joint agenda setting, and partnership suggests that all agendas can be accommodated, something which assumes a position of leverage on behalf of the community with the capacity and confidence to participate effectively. It also overlooks the strategies that can be employed by the powerful to control the agenda and frame the issues in ways that deny spaces for opposition. As Peter Utting acknowledges, CSR 'is not simply a technical issue of know-how, resource availability, "win-win" situations or even greater environmental awareness on the part of key decision makers', but rather it is a political process 'involving power struggles between different actors and stakeholders' (Utting 2002a:277).

Our analysis starts from the assumption that struggles for CA are essentially contests of power between actors with competing agendas and very different capabilities, and seeks to understand the conditions under which community-based strategies are effective. To assess this, we consider the extent to which different strategies promote corporate *responsiveness* 'from above', and the extent to which changes 'from below' facilitate greater *representation* of previously excluded citizens through increasing access and inclusion in decisions affecting their lives. It is therefore not just change in company behaviour to accommodate citizens' demands that is significant, but changes in structures of representation that may allow for the expression of future accountability demands. We locate our analysis of the relationship between companies and communities within a broader 'web' of accountability relationships, which also involve states, NGOs, and international institutions, often pulling in competing directions. CA to the poor may therefore be influenced by the degree to which community interests conflate or conflict with the interests of other actors within these accountability 'webs'. The following section analyses community-based strategies for CA drawn from 46 case studies in order to demonstrate how factors relating to governments, companies, and communities influence the effectiveness of those strategies.

State-related factors

A number of state-related factors are key to the effectiveness of community-based strategies for CA. Government policies and legal frameworks protect and promote the relative rights and responsibilities of companies and communities. A government's willingness and ability to implement sanctions influence the extent to which these are realised in practice. While it is acknowledged that citizen strategies aimed at changing a corporation's behaviour are often a response to the ineffectiveness of the state in ensuring implementation of regulations regarding corporate activity (World Bank 2000), states also directly influence the effectiveness of community-based strategies.

Their control over resources means that states often determine the access of a corporation or community to the resources over which accountability struggles are commonly fought. Their regulatory role affords governments influence over the levels of 'downward' accountability required of companies. In a basic sense, states can both provide incentives and disincentives to CSR actions by establishing legal requirements and investment conditions for companies that operate in their jurisdiction. Company laws can require disclosure of information on social and environmental performance to investors as well as

determine levels of protection for workers and also set acceptable standards of environmental pollution.

Drawing on factors that have emerged from analysis of the case studies, we would argue that five state-related factors are key to understanding the effectiveness of community-based strategies for CA. These are:

- the nature of the state–corporation relationship;
- the nature of the state–community relationship;
- state vulnerability to pressures from international groups;
- the availability of information and transparency; and
- the legal framework—its enforcement and accessibility.

These factors affect strategies in different ways, and are essential in understanding why some strategies may be adopted by certain communities and not others, and why they may be successful in some contexts and not in others.

The relationship between states and corporations takes on different forms in different parts of the world and is subject to change in a context of globalisation. On the one hand, states have the formal power to regulate corporate activities and to implement sanctions against non-compliance. Pratt and Fintel (2002) also found that government fiscal and financial policies influenced CSR in practice in Costa Rica and El Salvador. They argue that in these contexts government policies undermined CSR through subsidising and endorsing the unsustainable use of natural resources, just as a lack of human and financial resources may also undermine the capacities of governments actively to enforce laws regarding corporate disclosure, for example (Utting 2002a:268). Conversely, Hanks (2002) found that in South Africa the threat of punitive state actions, the political independence of relevant state authorities, and the provision of high-quality information flows promoted greater CSR. Often, however, these conditions are lacking. In order to attract FDI, governments frequently offer a range of concessions to business. These may run counter to citizens' demands for 'responsible' investment. The economic crisis in Kenya, for example, led the government to side with Tiomin Inc., a Canadian mining company seeking to acquire surface rights in order to establish strip mining for titanium in Kwale in the south of the country. In order to attract investment, the Kenyan government offered substantial incentives to business, which limited the potential benefits accruing to the community (Ojiambo 2002:8). In this way the government helped to generate opposition to the investment, as the campaign focused not on opposing the mine as such but to 'ensure responsible investment that does not lead to environmental degradation and that upholds community rights' (Ojiambo 2002:14).

In some cases, state support to corporations depends less on this attempt to balance national 'development' goals with local interests, but rather stems from the direct financial benefit accruing to government officials. The huge rents that Nigerian military governments have received over a number of decades from Shell's operations in the Niger Delta, for example, served to strengthen government resolve to silence local activists campaigning against the environmental and social impacts of oil extraction (Okonta and Douglas 2001). In Indonesia, the links between local officials and logging companies led to the granting of many illegal logging permits for companies to undertake commercial logging in the protected Biosphere reserve of Siberut Island, despite the opposition of local Mentawai communities (DTE 2001).

Once concessions have been granted, governments are often reluctant to countenance claims of negligence raised by communities in which a company invests. Particularly when dependent upon a particular industry, there are added incentives not to jeopardise investment and the wider ramifications that doing so may have in terms of discouraging other potential investors. Ecuador's dependence on oil revenues for approximately 40–50 per cent of export income led the

government to oppose legal action by communities against the oil company Texaco in 1993. The government presented a diplomatic protest to the US government in an attempt to stop the legal case against Texaco being held there, fearing that it would discourage future foreign investment in Ecuador, even after the company had left (Kimmerling 1996).

Moreover, even where states are willing to use sanctions, they may be unable to implement them against more powerful TNCs. In January 1999, the US-based Delta & Pine Land Company ignored a Paraguayan court order to remove 660 tons of cottonseed that it had dumped in the rural community of Rincóni in November 1998. The seeds had been treated with toxic compounds, and adequate precautions had not been taken by the company in the handling of the materials, in the protection of the subsoil, or in the protection of community inhabitants. Medical testing found a number of cases of acute pesticide poisoning among residents. The state was unable to enforce a legal ruling against the company (Greenpeace International 2002:60). But in July 2004, the courts ruled in favour of the Rincóni farmers and against a senior agricultural engineer held directly responsible for the dumping (Amorín and Iglesias 2004).

Relations between a state and community are key to determining the level of state protection a community can expect. Communities are more likely to be the victims of industrial pollution, for example, where they are weakly organised and discriminated against in industrial policy. Such discrimination can manifest itself in racialised planning decisions regarding the location of hazardous production sites such as toxic-waste facilities and nuclear power plants (McDonald 2002). There is a large body of literature describing this trend as 'environmental racism' (Cole and Foster 2002). In the Californian towns of Kettleman City and Buttonwillow, for instance, decisions favoured the siting of incinerators and toxic-waste facilities in predominantly Latino areas, rather than in other predominantly white towns in Kings County and Kern County (Cole and Foster 2002). Local communities felt ill-informed about proposed developments, and believed they had been deliberately targeted for industrial development that other, wealthier, communities refused to accept. In such instances, local authorities decide upon sites where residents are least likely to oppose such developments, which a 1984 report for the California Waste Management Board suggested would be 'rural communities, poor communities, communities whose residents have low educational levels . . . and whose residents were employed in resource-extractive jobs' (Cole and Foster 2002:3).

A poor relationship between a community and a government may also manifest itself in the state's refusal to recognise a community's rights. In the case of Timika, West Papua, Indonesia, the state protected the rights of corporations over the local Amungme and Kamoro communities. The mining enterprise Freeport McMoran (major holder Rio Tinto) was granted the de facto role of government as a result of the contract it signed with the Indonesian government in 1966. The contract gave Freeport broad powers over local communities and resources, including the right to take, on a tax-free basis, land, timber, water, and other natural resources, and to resettle indigenous inhabitants with compensation required only for dwellings and permanent improvements. Compensation was not required for the loss of hunting and fishing grounds, water supplies, or damage to livelihoods (Abrash 2001). Having undermined indigenous rights vis-à-vis Freeport, the state also intervened to prevent the communities' attempts to seek justice by, for example, using force to prevent a lawyer meeting with local clients in 1996, preventing an indigenous activist from travelling to London to raise awareness at Rio Tinto's AGM, and in the violent repression of demonstrations (Abrash 2001).

Sometimes scrutiny by an international institution of a state's conduct in the areas of human rights and environment, for example, can generate pressure to recognise a community's grievances. Equally, however, state dependence upon loans from institutions such as the World Bank or the IMF, whose loan conditionalities require export-led industrialisation, often provides incentives to promote industrial expansion at the expense of social and environmental

safeguards. Hence, while international pressure achieved some progress in gaining government recognition of traditional land rights of the U'wa people in their decade-long struggle against Occidental Petroleum Corporation (Oxy) in Colombia, these gains are potentially undermined by IMF pressure on the Colombian government to speed up oil production (Izquierdo 2001). Similarly, in Sri Lanka, IMF loan conditionalities that mandate changes in workers' rights, including the replacement of tripartite wage boards with productivity councils and the introduction of a 14-day notice of strike action, threaten to further undermine the campaign by free-trade zone (FTZ) workers to gain government and business recognition of their rights to collective bargaining (Marcus and Dent 2001).

Nevertheless, states have a range of instruments they can use to demand greater transparency and answerability from corporations, including rules regarding disclosure of information and citizens' corresponding rights to information, should they choose to do so. The level of state commitment to making such data available and the access of poorer groups to the necessary mechanisms may be limited, however, with its concomitant implications for their effectiveness as an accountability tool. Without mechanisms making the provision of information, such as industrial chemical use, compulsory and routine, people may unknowingly 'work, live, and play', to coin a phrase from the environmental justice movement, in hazardous conditions. Without such information, people may not realise that their rights have been violated until harm has already been done. For example, the US government was actively complicit with uranium mining companies in keeping information regarding the significant health risks posed by uranium mining hidden from mine workers in Utah and Arizona from the 1940s to the 1960s. The deliberate suppression of this information prevented the workers from seeking environmental justice from the mining companies that were not implementing safe ventilation procedures. Limited compensation for damages was granted only in the 1990s, after decades of campaigning by Navajo community groups (Brugge et al. 2001).

Again, mechanisms of enforceability are central to ensuring that demands for information are met. According to Greenpeace, many workers and villagers were exposed to mercury as a result of toxic vapour and effluent emissions from the Unilever subsidiary Hindustan Lever Ltd (HLL) mercury thermometer production plant at Kodaikanal in Tamil Nadu over an 18-year period. HLL disputed the claims. In October 2001, it closed down the Kodaikanal factory and transferred its operations to Gujarat. The company had previously refused to give ex-workers their health records and opposed the undertaking of an independent health or environmental survey. Such information is necessary in order for the community to consider whether it can obtain remedy for the health and environmental damage caused by mercury pollution in the area (Greenpeace International 2002:49–50).[1] A lack of transparency about the decision-making process, and who is responsible for what, can further undermine attempts by communities to influence decisions. In Siberut, Indonesia, the Tiop community was not given answers to its question regarding which authorities were responsible for monitoring company activities and withdrawing permits, and why logging permits had been issued at all on the UNESCO-designated 'Man and Biosphere' reserve. This lack of transparency facilitated the granting of illegal permits to outside companies posing as small-scale local Mentawaian cooperatives on the island of Siberut (DTE 2001).

In this regard, legal frameworks can provide a vital political mechanism for defining rights and allocating responsibilities that are key to the practice of accountability. They can create an enabling environment for accountability where laws governing access to key resources, determining economic entitlements, and shaping the rules of participation in public life are clarified and institutionalised. However, legal frameworks do not provide a 'neutral' space and may favour some to the exclusion of others. Legal frameworks can determine the level of requirements regarding corporate disclosure, the level of consultation in which corporations

must engage citizens regarding proposed developments, and the level of recognition accorded to the entitlements of different groups—for example concerning communal land rights. What remains crucial, however, is how usable and accessible such frameworks and the accompanying procedures are for poorer and marginalised groups.

Native American communities in the US state of Wisconsin successfully used legal treaties and their sovereign status in 1997 to oppose Exxon and Rio Algom's proposed development of a zinc and copper mine near their reserves. They benefited from federal government support for the development of a tribal water regulatory authority, giving them the power to regulate proposed developments affecting their environment. The existence of sovereign rights for tribal peoples provided an essential legal framework for ensuring CA in this instance. Conversely, states have been able to use colonial legislation to override more progressive legal provisions that benefit communities. The Mining Act in Kenya, for example, facilitated the compulsory appropriation of indigenous lands by the government without adequate protection of customary land ownership. The law was successfully invoked despite the existence of newer, more progressive legislation such as the Environmental Management and Co-ordination Act 1999 (EMCA), due to the government's lack of commitment to its full implementation (Ojiambo 2002:17).

Litigation can provide a state-based channel for redress by communities afflicted by irresponsible investment. In the case of Kettleman City, despite local government support for granting the permit to the company, the fact that legal requirements had not been met allowed citizens to use litigation to prevent this going ahead, on the basis of procedural failures. However, the effectiveness of such strategies varies, and issues of cost, high legal literacy requirements, and intimidation often conspire to exclude poorer citizens from access to legal redress. In addition, the outcomes that are possible through litigation are often narrow and ill placed, in and of themselves, to uphold the rights of communities. Compensation that is reduced to a financial payout does not address livelihood alternatives that have been diminished by an industry's activities. This was the case with the Ok Tedi mining project in Papua New Guinea, for example, where it is claimed that compensation packages failed to take account of the loss of traditional livelihood options such as fishing that had been damaged by the activities of the BHP mining company (Kirsch 1996).

Company-related factors

There are a number of company-related factors that influence the effectiveness of community-based strategies for CA. With regard to corporate–community relations, some of the traditional mechanisms of accountability and participation associated with the state are not applicable, since corporations clearly do not have the same 'democratic duty' or means of dealing with conflicting rights-based claims (Newell 2002). Here, we focus on three company-related factors that are important in determining the effectiveness of community-based strategies for CA: (a) the multiple levels at which corporate power operates; (b) the vulnerability of different types of corporation to particular strategies; and (c) a corporation's approach to citizen participation.

First, the financial power of companies can be used to counter a number of sanctions that communities may take against them. Companies can invest considerable sums of money in PR campaigns to defend themselves against negative publicity; fund scientific studies countering claims made against them; and ensure that the company has 'the best' legal advice when faced with litigation. Retaliatory legal action also serves to deter potential plaintiffs from bringing cases in the first place. In the Californian town of Buttonwillow, Kern County, the company Laidlaw and county-level authorities sued the Buttonwillow residents for legal expenses after the community had already lost a legal challenge against the expansion of the Laidlaw toxic-waste dump situated near their town (Cole and Foster 2002). Companies have also made use of SLAPPs

(Strategic Lawsuits Against Public Participation) to muzzle criticism of their operations. A Filipino doctor who stated in a conference that the possible carcinogenicity of a Hoechst pesticide could not be categorically ruled out was 'SLAPPed' with a legal suit accusing him of 'wilfully and falsely stating that Thiodan causes cancer' (Rowell 1996:280). (The court dismissed the suit.)

The threat of relocation is also used as a bargaining resource by companies who pit communities' employment needs against their demands for improved levels of social and environmental protection. When campaigners in Kenya sought to engage Tiomin in a dialogue on issues including adequate compensation for people with customary land titles, and environmental protection measures, the company responded with threats to pull out of the area altogether (Ojiambo 2002:33). Capital mobility and the possibility of relocation provides many companies with significant leverage over less mobile labour, contributing to the silencing of accountability demands in the first place or citing political mobilisation as an excuse for a company to relocate its operations. For example, Mitsubishi was able to evade international demands for more 'responsible' behaviour in its Malaysian plant by shutting this plant down and reopening in China (Karliner 1997). The US-based Allied Signal Seat Belt Company used mobility to its advantage as it transferred its operations between communities in the southern US states and Mexico. According to Gaventa, the company used the threat and reality of plant closings and layoffs 'as a tool for "economic blackmail" and bargaining for labour concessions' (Gaventa 1990).

The use of expert knowledge to deny accountability claims is another tool companies use to resist communities' demands. Resort to official scientific practices often works in favour of status quo power relations, disempowering poorer groups with lower levels of education, less access to information, and reduced ability to engage with elite terms of debate. This makes it difficult for communities to make a 'scientific' case against a corporation to support claims of negligence, especially where the burden of proof rests with an under-resourced and politically marginalised community. In broader contests over the benefits and disadvantages of proposed projects, strategically useful discursive devices are also used to describe the forms of knowledge employed by oppositional groups and the livelihoods upon which they rely as 'backward', 'undeveloped', and 'unproductive'. The incentives given to large livestock-raising and timber companies in the Brazilian Amazon, for instance, were justified on the basis that latex extraction and nut harvesting by traditional populations were 'backward' economic activities, and failed to use the area sufficiently (Diegus 1998:58). As harbingers of 'modernisation' and 'development', corporations construct their activities as intrinsically beneficial to local communities, the economy, and society as a whole, while the negative aspects of such developments are seen as unfortunate but necessary trade-offs. Such an attitude was expressed, for example, in the refusal by Golden Star Resources, the holder of 30 per cent of the Omai Gold Mine in Guyana, to compensate local residents for the effects of a major cyanide spill on drinking water, livestock, and wildlife. The company claimed that such accidents 'are one of the many risks of doing business' (Greenpeace International 2002:92).

In terms of contesting these claims, it is clear that some companies are more vulnerable to citizen action than others. Whether a company is transnational or nationally based, public or private, and what sector it is based in, all appear to have a bearing on its responsiveness. For example, because of their vulnerability to international scrutiny, TNCs may be more likely than national corporations to respond to community-based strategies. National companies may be protected from sanctions to some degree if they have close ties to the national government. The government of India's commitment to the flagship company NTPC (National Thermal Power Corporation), for example, helps to explain its lack of intervention in conflicts with local communities over claims of livelihood destruction and environmental contamination (Newell 2003). The extent to which a company is an exporter and its overall position within the

supply chain also determine its vulnerability to buyer-driven standards of social and environmental protection and, of course, to consumer pressure. Pratt and Fintel (2002) found that leading firms in Costa Rica that were producing for the export market were more likely to have improved some aspect of their environmental policy than those producing for the domestic market. This effect is related to pressures on firms lower down the commodity chains to adopt higher standards in order to export to international markets (Utting 2002b). This is consistent with Vogel's argument that exporters' desire to reach key markets in Europe and North America, for example, serves to drive standards up as these regions require higher levels of social and environmental performance (Vogel 1997).

Where their shareholder base is more diversified and their operations are based in countries that are home to influential NGOs active on environment and development issues, companies are more likely to find their global operations subject to scrutiny. The extent to which firms are based in countries with strong traditions of corporate governance can also be important. Zadek (2001:30) notes that '[t]he emerging, dominant forms of global corporate citizenship are ... deeply influenced by Anglo-American (US or UK) practice'. Greenpeace claims that Shell Brazil SA responded to demands for it to buy ranches from local people whose land had been contaminated by the company, not as a result of pressure from the local authorities and community but due to its vulnerability to negative international publicity, including the sending of a critical report about the company to the 'FTSE4good' ethical investment index (Greenpeace International 2002:41). Shareholders and financial backers may exert greater leverage over corporations than do communities themselves, something which explains why campaigners, for example, buy shares and attend AGMs, or lobby shareholders in AGMs (Marinetto 1998). Campaigns likely to be most successful are those targeted against areas of negligible value to the overall operations of the company, playing on the 'hassle factor', so that the potential for reduced profits and damaged reputation in other, more important, markets makes the targeted operation a liability (Rodman 1998). Clearly, TNCs are not always vulnerable to these forms of international and consumer pressure. For instance, while Tiomin Resources Inc. was considered a 'giant' in Kenya, with potential to bring in much needed FDI, the Canadian government's Mines and Geology department told campaigners against the mine that 'Tiomin and titanium does not exist on our radar' (Ojiambo 2002:26).

The distinct histories and cultures of firms also shape their perceptions of their responsibilities to the communities in which they invest; their view of the importance of community relations for long-term profitability; and their attitude towards community participation. The stance of corporations on these issues ranges from a position of non-engagement to reactive responses to demanded spaces through to more explicit commitments to formal 'invited' spaces for community participation. In many of the case studies companies showed little or no willingness to negotiate with the community affected by their investments. For example, PT Inco in Indonesia has shown an indifferent attitude to citizen participation. In 1994, when Inco announced the construction of two new hydro plants at Soroako, there was no public review process, no published environmental or social impact assessment, and no consultation between the company and local people. PT Inco also demonstrated that community relations were not a priority when it cancelled a meeting with residents of Soroako who were campaigning for the company to honour agreements it had made regarding compensation for lands taken in 1973 (Moody 1999).

In other cases, companies have taken a more proactive approach to engaging communities in negotiations from the outset of a project, often a response to previous negative publicity regarding their activities. In the development of a proposed mine in Evatra, Madagascar, the UK-based mining company Rio Tinto engaged in a multi-pronged approach to improve its damaged reputation, conducting a thorough environmental impact assessment (EIA) and social report (involving a public consultation), setting up a biodiversity research station, and

making much of the research material available in the public domain (Mulligan 1999:53). How corporations respond to community demands is also, of course, a function of how well mobilised a community is. For instance the Innu and Innuit opponents of proposed mining at Voisey's Bay in Canada were well organised, had previous experience of campaigning against low-level flying, and were also in negotiations with the government regarding the legalisation of indigenous land rights. Strategies included successfully negotiating with the company that discovered the mineral resources, Diamond Field Resources (DFR), whose president met with Innu representatives (Innes 2001).

Community-related factors

While a lack of financial resources, political marginalisation from decision-making processes, and dependence upon industries clearly inhibit communities' ability to hold corporations to account, communities may be able to exercise other forms of power. Beyond micro strategies of resistance, or 'weapons of the weak' (Scott 1985), other work draws attention to the importance of a vocal and well-organised civil society to broader strategies of CA. It is argued here that (a) community 'powerlessness' on a number of levels; (b) the diversity of community livelihood options; (c) intra-community dynamics; and (d) the nature of the relationship between communities and 'external' actors who claim to represent them, affect both the responsiveness of companies to community strategies and the representation of communities in spaces for citizen participation and in campaigns themselves.

Politically marginalised communities often lack the support of governments, which instead pander to more powerful coalitions and constituencies that may well have an interest in protecting a corporation. In addition, the repeated experience of being left out of decision making, and a lack of skills, confidence, and resources with which to negotiate effectively, often prevent poorer communities from being able to take advantage of spaces for negotiation that do exist. Where corporations have created spaces for participation, weaker sections of the community may be excluded or under-represented. Barrientos and Orton (1999) show how negotiations between unions and companies over labour codes often fail to involve some of the poorest sections of the workforce that are not adequately represented by the union, such as seasonal and women workers. Similarly, according to Mulligan, Rio Tinto's programme to engage with the local community in Madagascar did not include people who had no legal title to land (Mulligan 1999), thus excluding the most marginalised groups in the communities affected by the proposed titanium mine. Even where communities secure recognition of their rights, they often lack the power to enforce agreements made with the company. For example, in the case of PT Inco in Soroako, Indonesia, the company failed to honour agreements reached with the community in 1979 (Moody 1999). While strategies of negotiation may provide effective mechanisms of answerability, a community's lack of power often undermines its ability to secure effective mechanisms of enforceability.

We noted above how a lack of literacy and technical skills can reduce the ability of communities both to engage in meaningful dialogue with corporations and to challenge them about the impact of their activities. Strategies of 'worker' or 'barefoot' epidemiology have been used to counter this exclusion (Merrifield 1993). Residents of Yellow Creek in the US state of Kentucky suspected that Middlesboro Tanning Company was polluting a local river, thereby affecting their health. The residents carried out their own health survey, which served to draw public attention to the issue. The survey also provided the community with information it had not had before, providing a potential platform for future campaigning.

Communities often also seek to amplify their power through building alliances with other actors and movements that may be in a better position to exert leverage over a corporation.

For example, in their opposition to the Ok Tedi Mine in Papua New Guinea, the Yonggom activists' role in building a network of international allies was pivotal in generating negative international publicity for Broken Hill Proprietary Company Ltd (BHP), which eventually agreed to a substantial out-of-court settlement (Kirsch 1996). It is important, however, not to overlook the extent to which community-based strategies can be effective in challenging corporate power in their own right. For example, the success of the María Elena Cuadra Women's Movement in Nicaragua in helping to secure the passage of a locally developed code of conduct as national law in 1998 was a result of local and national campaigning (Green 1998).

Communities have also sought to reduce their dependency on a corporation by constructing alternative livelihoods. In Forest County, Wisconsin, an alliance among Native American groups from three local reservations managed to generate alternative employment by becoming 'one of the biggest employers' in the area. This helped to reduce demand for mining jobs from the wider community, who had originally been potential supporters of the mining development (Grossman and Gedicks 2001). Often, however, generating alternatives is not a realistic option. In Bangladesh, the lack of alternative employment for tannery workers and the competition even for such hazardous jobs, meant that the workers had no bargaining position. For this reason, workers in the *Nur Bhai* tannery were initially opposed to attempts by an NGO to initiate dialogue with the company on safety and environmental issues, fearing that the company might close the operation in response to their demands (Asia Foundation, n.d.). Examples given above of companies relocating under pressure to commit resources to higher social and environmental standards suggest that these fears are often justified. To counter this, groups have developed strategies that seek to prevent companies playing workers off each other. One strategy, aimed at forging solidarity between workers in Mexico and in the Appalachian south, has been the organisation of study tours so that 'women who had lost their jobs in the Appalachian region could visit their counterparts who had gained similar jobs in . . . the *maquiladora* region of Mexico' (Gaventa 1999:33). Similarly, US and Mexican participants learned about the enormous job losses in Canada that resulted from corporations moving south to the USA to avoid unions and generous social benefits. They noted that 'Dialogues among US workers around NAFTA abounded with stories of how, in bargaining sessions, management would often use the threat of moving production to Mexico or elsewhere to bargain down wages and working conditions in the United States' (Cavanagh et al. 2001:153).

The heterogeneity of communities as non-bounded groups with differing interests and imbued with relations of power has a number of implications for the effectiveness of community-based strategies. Problems relating to industrial pollution, for example, may be experienced differently by different groups within a community. The Lote-Parshuram industrial development in the Indian state of Maharashtra arguably had most impact upon Dalits and women (Anand n.d.:17). Lower-caste (Dalit) landless agricultural workers received no compensation for loss of livelihood, whereas landowners did. While men lost fishing and agricultural livelihood options to pollution, unlike many women they had the opportunity to work in the new industries. Conflicting attitudes within a community towards the benefits of industrial development allow corporations to focus on those people willing to cooperate, and to dismiss or ignore more confrontational views. For example, a legal case brought against Tiomin Resources Inc. in Kenya on the grounds of inadequate compensation for lands acquired by the company divided the affected community. Tiomin capitalised on this and began to work with those who were dissatisfied with the legal approach (Ojiambo 2002:20). Who is willing, and who is able, to take advantage of 'invited' spaces for participation in corporate decision making is also dependent upon relations of power within communities. For example, Village Electrical Committees (VECs) set up by the electricity company WESCO in Kerala, India, to engage stakeholders were dominated by men and members of the scheduled castes (Barney et al. 2001).

NGOs and unions can also perform representational functions in these settings, though questions about their own accountability immediately arise. In a number of cases, the involvement of NGOs has served to reduce the responsiveness of corporations to community campaigns. For example, the Western Mining Corporation (WMC) was able to use the fact that a number of 'external' environmental groups, including the Conservation Council and Friends of the Earth, were closely involved with aboriginal opponents of the development of the Olympic Dam mine in South Australia to question the legitimacy of the campaign. The company objected to negotiating with groups on the basis that they were 'cronies' of the environmental NGOs, even though the majority of the community representatives favoured the NGOs' stance on the mine (Ali 2000:88). There are also issues of how inclusive NGOs are of different elements of a local population on whose behalf they are bargaining. In Wavecrest, South Africa, opposition to a proposed heavy mineral mine came both from within the affected Xhosa tribes within the area and also from the Wildlife and Environment Society, a national NGO (Hamann 2001). While the community position on the mine was divided, in its campaign against the proposed development—to which community opposition gave credibility and legitimacy—Hamman claims that the NGO presented a misleading image of a community united against the mine (Hamann 2001). Thus, there is a balance to strike between the benefits and risks of NGO involvement in community campaigns.

Conclusion

This paper has demonstrated how a number of interrelated contexts influence the effectiveness of community-based strategies for CA to the poor. These demonstrate both the numerous challenges communities face in holding to account institutions that affect their lives, and the range of innovative strategies that have been employed to confront these challenges. It has been argued that accountability—in terms of answerability and enforceability—is influenced by a number of interrelated factors concerning the state, the company, and the community in question. These factors do not have a hierarchy of relevance, but rather work in conjunction with one another. For example, where there is a lack of state support for community rights, or where the rights of corporations are protected at the expense of their responsibilities, the relationship between the community and the company takes on more importance.

These findings help to support an emerging critical agenda about the prospects and limitations of CSR in the South (Newell 2003; Lund-Thomsen 2003). They also confirm many of the lessons from the accountability literature about the importance of law, horizontal and vertical mechanisms of accountability, and combinations of formal and informal strategies for securing answerability and enforceability (Newell and Bellour 2002). Given the multi-directionality of the webs of accountability we have described in this paper, the success of community-based strategies for CA is conditional upon the right combination of contexts and strategies being adopted by other state, civil society, and corporate actors. The factors that influence the effectiveness of CA to the poor are multiple, complex, and tightly interconnected. Community-based strategies are therefore necessarily diverse, multi-pronged, and contingent upon the particular, context-specific balance between political, economic, and social factors.

This paper does not, therefore, set out a neat checklist of factors of effectiveness partnered with strategies. Rather, it identifies a series of state-based, company-based, and community-based factors that help to account for the extent to which and the ways in which community-based strategies for CA appear to be effective. This brings to debates on CSR, therefore, a clearer sense of the everyday contexts in which people in a majority of settings worldwide are fighting to secure accountability from investors, with whom they are engaging on an

increasing basis. The findings of this paper, based on the 'factor framework' we have developed, are merely a starting point for what we hope will be an important and timely research agenda centred on how the poor may seek to develop their own strategies and mechanisms of accountability from the corporations with and for whom they work.

Acknowledgements

Note

1 In October 2004, invoking the 'polluter pays' principle, India's Supreme Court Monitoring Committee on Hazardous Waste instructed the Tamil Nadu Pollution Control Board to collect a Rs50-crore (over €8.5 million) fine from HLL as a revolving bank guarantee to undertake clean-up operations in Kodaikanal. HLL was also asked to set up health clinics to assist local residents affected by mercury poisoning (Vackayil 2004).

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