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Can Extractive Industry Help Alleviate Poverty and Generate Development Through Corporate Social Responsibility Projects in Latin America?

Abstract

Many countries have financed their development through resource extraction. However, there are well-known risks and pitfalls related to bonanzas from commodities: it has long been a challenge to create growth and development from resource wealth. Once largely the domain of public policy and developmental economics, more and more extractive industry Multinationals (MNCs) are embarking in Corporate Social Responsibility (CSR) initiatives that address education, health, and low-income community issues in the developing world. Here, MNCs fill the void in the absence of local governance. Political CSR (Scherer and Palazzo 2011) specifically highlights how firms are increasingly involved in providing public goods, and shaping local and global business laws and regulations—thereby adapting beyond an instrumental role of CSR by becoming political actors themselves. So, can a CSR approach to the governance of extractive industries help alleviate poverty and encourage education, development, and social inclusion? Can strengthening legal frameworks to negotiate and enforce contracts, by providing more transparency and accountability ensure that exploration and extraction operations are more environmentally and socially sustainable? Case studies of the Swiss cement giant Holcim in Brazil and Ecuador, as well as mining in Colombia help to illuminate answers to these questions.

Rocío Robinson

Rocío is a PhD student at the University of St.Gallen in Switzerland. Her area of specialization is Swiss Multinationals in Latin America. She completed a BA in Political Science at Smith College in Massachusetts, and earned an MSc in Comparative Politics at the London School of Economics with a thesis on managing volatile commodities in Chile and Venezuela. Additionally, Rocío has worked in New York City in different industries tied to Latin America and the Emerging Markets before working for UBS Wealth Management International in Zürich, Switzerland.

Pilar Ramirez-Gröbli

Pilar Ramirez-Gröbli recently completed her PhD at the University of St.Gallen in Switzerland. Originally from Colombia, she has based much of her writing on that country. Pilar developed an interdisciplinary research focus which aimed at interpreting environmental conflict management by grasping theoretical approaches from political science—respectively conflict research—and from cultural studies. The title of her PhD thesis is “Agrofuel Production in Latin America. Conflicts and Displacement in the case of Colombia: Socio-environmental and Artistic Impacts”. Currently, she has embarked on a Post-Doctorate program at the University of Bern in Switzerland.