

THE ILLUSION OF CORPORATE SOCIAL RESPONSIBILITY: COCA-COLA AND CORPORATE CITIZENSHIP

By Jackie Hayes

Under contemporary globalization, corporations have achieved a size and scope unparalleled to any other time in history (May 24). In response to growing corporate power, there have been contestations from unions, environmentalists, and anti-corporate activists stressing corporate reform. One result of social pressure has been the incorporation of Corporate Social Responsibility (CSR) campaigns into corporate branding strategies (May 201). On the surface, these campaigns appear to address and integrate social concerns into regular business practices. Yet, I argue that CSR campaigns are one component of a broader strategy to improve the management of market crises by incorporating criticisms into corporate managed social responsibility initiatives and can be understood using Foucault's concept of governmentality. Instead of addressing critiques in a substantive manner, CSR initiatives "break off the sharp points of contention" to bolster legitimacy for free market policies (Hobsbawm).¹ To further understand this process, I focus on the Coca-Cola Company's CSR campaigns on two scales; the international and the national in Chile.

The International Stage: Crisis Management and Coca-Cola's CSR Campaigns

Since the 1990s, CSR activities have become more popular. The growing number of CSR initiatives appears to coincide with "societal discontent with corporate behavior and with

¹ Hobsbawm, in his lecture recorded in April 1987, used this phrase to discuss the Gramscian concept "passive revolution." He was referring to a state's ability to weather crises and ward off social revolution through reforms which create a "more viable base of operating." Part of this process included defusing revolutions by incorporating some of their demands, but with the underlying intention of disarming opposition. Although Hobsbawm and Gramsci were referring to tactics employed by nation-states or political parties, the concept is currently useful in understanding how corporate strategies, like CSR initiatives, work to disarm unions and grassroots organizations.

neoliberalism itself” (May 7; 227-228). In 2000, the United Nations launched the *Global Compact*, to align the objectives of the international community with the business world and to develop “a market economy with a human face in response to some of the problems associated with globalisation” (United Nations; Williams 755). The compact is a voluntary association in which corporate members, including the Coca-Cola Company, commit to ten principles. The principles touch on human rights, labor, the environment and corruption (United Nations). The compact stresses the importance of the private sector in managing challenges brought about by contemporary globalization.

In one U.N. press release, Bunmi Akinremi argues that CSR initiatives are, “essential to easing the tension between social justice and entrepreneurial drive, and failure to achieve that balancing act could put market capitalism at risk” (United Nations 2007). Kofi Annan, secretary-general of the U.N., argued at the Davos World Economic Forum in 1999 that “shared values provide a stable environment for a world market that without these explicit values business could expect backlashes from protectionism, populism, fanaticism and terrorism” (Williams 755). Both Akinremi and Annan’s statements situate CSR campaigns within a broader initiative to buffer some of the adverse effects of contemporary capitalism including grave disparities in wealth, environmental devastation and unequal access to resources.

In March 2009, Chairman of the Coca-Cola Board, Neville Isdell delivered a speech entitled “Connected Capitalism: Growing Sustainability for the 21st Century.” During the speech, Isdell warned of the dangers of embracing protectionist policies during the growing global economic crisis. Instead, he urged for the continued advancement of free market economics, but with adjustments to *how* capitalism is practiced. His proposed solution was embodied in what he termed “Connected Capitalism” which is “a new model of how businesses must engage with

society across four platforms – communities, institutions, social challenges and values” (Isdell 2009).² These connections include working with communities, civil society, and governments. One of the means to forge such connections is through partnerships with NGOs and governments around CSR initiatives.

“Connected Capitalism” and the partnerships created over CSR initiatives signal a shift in the role of the private sector in social responsibility discourse and initiatives. Haufler explains that many countries are “moving toward a more market friendly system of regulation, in which governments often delegate numerous responsibilities to the private sector” (1). Many CSR initiatives include projects that were previously conceptualized as public sector responsibilities. They bring together the private sector, state institutions and NGOs in a way that is altering society-state-market relationships and creating new areas of corporate governance. Claire Cutler points out that “there are clear links between the CSR movement, alongside the increasing multiplicity of sources of and mechanisms for corporate governance, and political economic changes brought about by the neoliberal discipline of global capitalism” (May 214).

Foucault traces the development of governmentality, or the art of government, from the 16th to the 18th century noting shifts in the aim and function of state apparatuses. In the 18th century, he points to a number of developments which added complexity to the nature of governing. Tagg describes this ensemble of forces as a:

constellation of institutions – including the hospital, the asylum, the school, the prison, the police force – whose disciplinary methods and techniques of regulated examination produced, trained and positioned a hierarchy of docile social subjects in the form required by the capitalist division of labour. (Evans 245).

² Neville Isdell delivered this speech to the Council on Foreign Relations (CFR), Fifth Annual Corporate Conference in New York, NY in 2009. The Council on Foreign Relations describes itself as “an independent, nonpartisan membership organization, think tank, and publisher” <<http://www.cfr.org/>>. CFR has also been described as one of the most influential think tanks in the U.S. <<http://ipsnews.net/news.asp?idnews=29966>>.

CSR initiatives allow states and corporations to combine institutional resources and knowledge to create new campaigns aimed at social control. New information technologies coupled with relatively flexible corporate capital enables CSR campaigns to appear highly coordinated and responsive to public impulses. These initiatives may potentially address some of the state's needs, but simultaneously create complex spaces of corporate governance. For example, if the private sector takes on some of the functions previously carried out by the state, private institutions are not held to the same standards of accountability, transparency, or monitoring as a state institution. Thus the private sector can take on public projects, but with more freedom from public oversight and with the added value of potentially improving reputability. These new techniques can be understood using Foucault's notion of governmentality, yet in the context of contemporary capitalism, corporations can be added to the 'constellation of institutions' initially conceptualized by Foucault as coordinating efforts to ensure the "orderly conduct of social and economic life" (Evans 245). CSR initiatives are one example of new governing strategies with distinct characteristics which raise questions about the transparency, accountability, monitoring, and the ultimate intentions of these projects.

Coca-Cola's CSR Campaigns in Chile: Implementing 'Connected Capitalism'

Understanding the evolution of the term "corporate citizenship" is particularly important when focusing on the national example of Coca-Cola's CSR campaigns in Chile because the term and the practice re-conceptualize the role of the corporation in relation to the state and society. Matten et. al. argue that the state is the pivotal actor within the liberal conception of citizenship (115). They explain "citizenship is inseparably linked to a certain (national) territory,

which is governed by a sovereign state as ultimate guarantor of citizenship and the rights it embodies” (115).

Under contemporary globalization the state has retreated from many of the functions it previously carried out, as Foster explains one trend characteristic of globalization is the “shrinking of the welfare state” (151-152). Instead of the state being the ultimate guarantor of citizenship rights, public-private partnerships are increasingly filling the roles formerly held by state institutions, therefore “citizenship again means here that corporations take over those functions which are clearly governmental functions in the framework of liberal citizenship” (Matten 116). Corporations are thus being re-conceptualized as partial guarantors of citizenship, taking on some of the roles and responsibilities attributed to the state. However, unlike the state, corporations are not beholden to the same mechanisms of accountability.

Coca-Cola’s CSR initiatives in Chile have primarily centered on education. In order to examine the relationship between CSR campaigns, corporate citizenship and access to education in Chile, it is important to trace some major shifts in Chile’s public education system. The Chilean government began providing free public education in the 1920s, which was expanded in the mid-1960s with a mandate “to guarantee universal access to primary and secondary schooling, regardless of social background” (Torche 321). Therefore, Chilean citizenship included free access to primary and secondary schooling. By 1970, enrollment in education reached more than 93% (Torche 321). In 1973, when Pinochet took power and implemented sweeping neoliberal reforms, the state educational system also underwent a drastic transformation. In 1981, as part of reforming the state educational system, a universal educational voucher system was introduced where “a subsidy was paid to public and private

schools on the basis of students' enrollment" effectively creating competition amongst schools for student enrollment (Torche 321).

One effect of the reworking of the state education system was decreased public spending on education which, coupled with an economic depression in the 1980s, impacted enrollment of the poorest members of the populations, particularly in secondary education. Torche explains, "the increasing cost of noncompulsory education for the least-advantaged families... may have pushed children out of the educational system and into the labor market" (335). These changes in Chile's state education system were underwritten by a set of guiding principles that altered citizen rights and marked an ideological shift from a state educational system based on principles of universal access to one based on market logic. The result was a drop in enrollment for the poorest, most vulnerable sectors of the population.

Torres and Schugurensky draw attention to the transformation of higher education in Latin America under neoliberal policies. They point out an important shift in the ideological foundations of the state higher education system stating, "the notion that higher education is primarily a citizen's right and a social investment ... is being seriously challenged by a neoliberal agenda that places extreme faith in the market" (429). The marketization of higher education resulted in a reconstitution of citizenship rights, whereby the rules dictating access to public education was not tied to or defined by the citizen or their rights, but tied to the logic of the private market.

Following the Pinochet dictatorship, both President Aylwin and Lagos attempted to address issues of education quality and access in Chile (Matear 106). Education initiatives acknowledged a fragmentation within the system resulting in varied, unequal access to education yet, they also tied "international economic competitiveness" to national educational goals.

Matear argues that this creates a tension within educational policy between ideals of equal access and pressure from market forces. This tension is revealed “in the socioeconomic stratification of the educational system which distributes access to quality education neither equally nor equitably, but contingent on the purchasing power of the family” (Matear 112). In an attempt to balance these tensions and re-articulate state-market-society relations, non-governmental and corporate entities have been mobilized to address social projects like education.

President Aylwin and Lagos have attempted to balance the tension between the rights of citizens and the pressures of the global market through partnerships with non-governmental organizations. In 1992, the Coca-Cola Chile Foundation was born out of a meeting between Weldon Johnson, President of Coca-Cola Latin America, Fernando Léniz, former Economic Minister, and Ricardo Lagos, then Minister of Education³ (Herrera 3). Chile had legal incentives to promote spending on education whereby companies could deduct up to 50% of educational donations from profits (Herrera 4). This partnership symbolized a marriage between major economic and political actors within Chile and an alignment of business and state interests. Chile could potentially increase access to education (albeit unevenly) and Coca-Cola was doubly rewarded through financial incentives and the opportunity to improve its corporate image.

The Coca-Cola Chile Foundation carries out its mission through the following three programs; Tecnología Avanzada en Educación Científica (TAVEC) labs, Coca-Cola Chile Foundation Scholarships, and Junior Achievement Awards (Herrera 4-7). All three initiatives focus on education and incorporate market values into the implementation of the projects. Awarding of the Coca-Cola Chile Foundation Scholarships and TAVEC labs is based on a competitive process in which the school or individual has to appeal to the Coca-Cola Company

³ Ricardo Lagos later served as the Chilean President from 2000-06.

for support. TAVEC labs comprise the largest portion of the Coca-Cola Chile Foundation's social responsibility initiatives.

Herrera describes the TAVEC labs as "interactive scientific laboratories for classes of physics, chemistry and biology" (6). By 2005, fifty TAVEC labs were installed in schools in close to 30 cities throughout Chile (Herrera 7; ORT 27). The labs are developed and set up primarily by the non-profit Educational Corporation ORT (Herrera 6). ORT's funding comes from a combination of state funds, corporate contributions, private donations, and tuition and fees collected from some educational programs (ORT 46). Although ORT carries out the majority of the implementation, the Coca-Cola Company serves two key functions; the bottling company identifies the cities where there is a commercial interest for establishing a lab and makes the final selection of the award recipient (Herrera 16). In order to receive the award, the school must identify teachers willing to volunteer three hours a week for a minimum of three years (Herrera 16). Therefore, Coca-Cola's donation is further strengthened by ORT's institutional resources (which include access to state funds) and donated hours from teachers at the public schools receiving the labs. Coca-Cola is granted power to determine which schools receive labs and is able to further capitalize by publicizing the contribution to the wider public through an inauguration ceremony. The application and selection process for schools is complex and multifaceted. Unlike the state, which might target schools for state funding based on indicators like socioeconomic status; schools are targeted by Coca-Cola for TAVEC labs based on commercial interest.

Global economic forces, including pressure from transnational capital played a role in the privatization and dismantling of state welfare programs, like public access to quality education. In the wake of growing social inequities, the Chilean government attempted to address disparities

by teaming up with private and non-governmental actors, like the Coca-Cola Company. Although Coca-Cola was able to provide some economic and managerial support to Chile's state education system, it also has a hand in defining citizenship. Instead of education being considered a right guaranteed by citizenship, citizens have to access their rights through intermediaries like Coca-Cola and in turn, have to appeal to market forces. Furthermore, disparities cannot be adequately addressed because corporate donations are generally carried out unevenly, with limited or no transparency. When corporations step in to fill the position of the state, the rights "guaranteed" by citizenship are not based on ideals of entitled citizenship rights. Instead, the governing logic is profitability, which casts citizens in the role of either being a facilitator or an impediment to increasing profits. Consequently, the corporation can exploit its new position by selectively doling out citizenship rights where it is seen to be most profitable. The way Coca-Cola carries out its CSR initiatives further highlights the need for accountability and a clear understanding of the power relations at play, especially when corporations, like Coca-Cola are increasingly invited to fill roles previously held by state institutions.

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