

A Concentric CSR Roadmap Model for Host Community Relations in the Global South

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Abstract

The purpose of this article is to find new Corporate Social Responsibility (CSR) approaches for corporate-community relationships in the global South and hence to achieve some distance from the Northern ethos. The article is based on a case study from the Brazilian pulp and paper sector. Veracel Celulose, a multinational corporation, is a joint venture between the Brazilian Fibria Celulose (formerly Aracruz Celulose) and the Swedish-Finnish Stora Enso. First, Veracel's production impacts on the Indigenous community, the Pataxó Indians, are examined. Second, Veracel's CSR policy and its subsequent impact are brought under closer scrutiny by juxtaposing corporate words with corporate actions. The findings demonstrate the many problematic dimensions of corporate philanthropy in the global South contexts: philanthropy runs a considerable risk of engaging in corporate social irresponsibility (CSI) actions in the global South. Third, the local community's own CSR expectations are presented: What constitutes responsible business practice, and what does a good relationship entail according to the Pataxó? Fourth, it would be necessary to build bridges between business ethics and development studies. In the same vein, experiences from international development can offer useful tools for community-corporate relationship analyses. The qualitative research material of the study consists of ethnographic fieldwork data and the supporting extant literature. By combining

a case study with the Grounded Theory approach, a new CSR model was created for local community stakeholder relations. This Concentric CSR Roadmap Model outlines 22 principles, and 49 sub-principles, organized in three hierarchic CSR levels: binding, ethical, and philanthropic responsibilities. Hence this article opens up a new agenda for work on CSR with Southern societies and their local communities.

Keywords:

Brazil, corporate social responsibility model, development studies, local communities, multinational corporation, pulp, stakeholder relations, Stora Enso, Fibria, Veracel

Introduction

Existing research gaps and suggestions for new paths

The new global economy has accelerated a development in which Indigenous Peoples' communities and their native territories in emerging and developing economies encounter diverse pressures from external forces. Natural resources located in Indigenous lands have become 'national and transnational resources' (Hyndman, 1988, p. 281). Multinational corporations (MNCs) conceive Indigenous territories as open business spaces with potentially cheap or free land and infrastructure, ideal climatic conditions, low taxes, and weak environmental and labor standards. The underlying problem is that the Indigenous communities often lack legal titles to their traditional lands, because national governments' registration of Indigenous 'reserves' is a slow process, or the governments force the heavy industrialization of these lands in the name of national progress. As a result, global corporations have had access even to most remote areas. Local needs have then been overshadowed by national governments' primary goal, that of attracting international investments by offering

substantial incentives. Land conflicts and land grabbing reflect the sharp socio-economic inequalities prevailing in Southern societies. The Indigenous Peoples and other rural communities are living on the margins of society; they are experiencing poverty, severe human rights violations, and clashes with other local actors due to unclear land ownership and overuse of natural resources. To maintain their lands, communities must generate collective responses, and concurrently, people's struggles for their territories have gained increasing global attention due to rapidly spreading social media campaigns and the subsequent public scrutiny and pressure on corporations to address social and environmental concerns. So as Kapelus (2002) remarks, when firms increasingly shift production to the global South, they also find they are not the only ones who are going global. But in spite of greater risks of harming corporate brand reputation, and substantial financial compensations to communities for economic and environmental impacts, multinationals are continuing to explore new terrains, from the Antarctic to the Arctic.

Corporate Social Responsibility (CSR) has become a powerful development agent. CSR discourses have not only entered the global South but also brought up the need to find approaches more suitable than the Northern ethos. The term 'global South' encompasses countries with rapid economic growth. These include the 'emerging economies' – the BRICSAM (Brazil, Russia, India, China, South Africa, Mexico), the ASEAN-4 (Indonesia, Malaysia, Philippines, Thailand), and the 'less developed countries'. According to Reuveny and Thompson (2007), the North-South division represents one of the main 'structural fixations' of the twenty-first century, and this division involves questions of morality and justice between the two: "what responsibilities do the well-off have toward the less well-off?" (ibid.) Hence the North-South division as a wider political and economic context is closely connected to the CSR topic of this article. In addition, the notions of 'progress', 'development' and 'modernization' have led to a conception of a hierarchy of States delineated as the "Three Worlds", and Fourth World

theory is addressing the position of the Indigenous Peoples (Seton, 1999). Concerning primary and secondary industries, there is a growing public expectation for improved ethical performance, and companies are increasingly required to interact with Indigenous and other local communities as 'stakeholders' (Crawley and Sinclair, 2003; Lertzman and Vredenburg, 2005). Here I would like to detail six interrelated research gaps concerning local community-corporate relationships and present the contribution of my study:

1) In the last decade, the community-corporate relationship issue has attracted more interest in the field of business ethics (e.g., Rajak, 2011; Lertzman and Vredenburg, 2005; Kapelus, 2002; Crawley and Sinclair, 2003). To achieve a better understanding, this relationship can be examined by using approaches from development studies, and focusing on the needs and ethical valuations of the society, that is, the community. The community is not often considered a stakeholder group by researchers in business economics (cf. Walton, 2007). Despite emerging new, Southern contexts in CSR discourses, little research has been done to connect business ethics with development studies – and its subdiscipline, development ethics – from a stakeholder perspective. Furthermore, I argue that besides building bridges with development studies, experiences from international development (particularly in the fields of community development and project/program evaluation processes) can offer useful tools for community-corporate relationship analyses.

2) Connected closely to the previous observation, the vast majority of business ethics studies rely on secondary research and corporate reports. In-depth, primary data on the viewpoints of the corporate stakeholders at a grassroots level is rarely collected. Hence, in regard to business ethics literature, as well as researchers' training, there is a methodological lack of fieldwork practice in the global South. How can we otherwise obtain relevant knowledge in order to assess the extent to which corporate words match corporate actions at the local level? Firsthand empirical research material is also vital to better comprehend the societal circumstances and local expectations. Development studies and experiences from international development work can offer valuable theoretical insights and methodological tools (e.g., Clark, 2002; Crocker, 1998, 2008; Escobar, 1995; community participatory approach by Chambers, 1997) when assessing CSR in Southern societies. Empirical evidence is needed for theorizing and for developing practical guidelines and policy recommendations. An even bigger gap in the literature lies in the grassroots, bottom-up approaches that are based on locally defined CSR conceptualizations. Usually research seeks input only from corporate managers, NGOs, and (male) community leaders. Yet it would be essential to interview other community members of different backgrounds, such as women and youth. The question is basically who can speak for the community, since the presence of an MNC may be perceived in diverse ways among the – inherently heterogeneous – communities. Likewise, it is time to revise the position of a community as a corporate 'stakeholder', and develop new approaches and concepts that also derive from the communities' self-identification and self-determination.

3) Philanthropy is discussed rather unproblematically in the extant literature (see e.g., Vintró and Comajuncosa, 2010; Yakovleva and Vazquez-Brust, 2012). Even when researchers and firms recognize the role of CSR as a development agent, the focus is still usually on what companies do (e.g., philanthropic actions *per se*, or their outcomes), instead of how they approach development goals and means – in other words, *how the companies handle development ethics*. Additionally, the related CSR

mantras, including 'partnership', 'dialogue' and 'community engagement' are often taken for granted. (See critical views, e.g. by Rajak, 2011; Jenkins and Obara, 2008; Yaacob and Wong, 2007; Hamann and Kapelus, 2004.) Again, development studies and experiences from international development work can provide valuable viewpoints here. My study found that not only business production but also CSR practices are inclined to bring about wide-ranging and unseen, problematic societal impacts, which could be avoided by adopting more accurate and binding codes of conduct.

4) CSR reports are not always a reliable source by which to assess corporate performance, since they tend to present situations in the branch countries in a rosy light. Hence the sustainability and responsibility reports deserve closer scrutiny, so it is necessary to compare corporate words with business actions. Moreover, corporate reporting needs further development.

5) A large part of the global South -related research focuses on resource-extracting industries (REIs), but the agribusiness industry and its pulpwood plantations are a much less studied subject (see Sawyer and Gomez, 2008; Kröger and Nylund, 2011). Nevertheless, MNCs' community impacts and the related business ethics questions in these sectors are similar: both depend on access to natural resources (particularly land and water) and have massive impacts on local communities' cultures, livelihoods, landscapes, and ecological systems. In addition, little has been written on Finnish companies' activities abroad.

6) The theoretical modeling of CSR lacks more accurate and diversified criteria in the global South contexts. My empirical research findings from the Brazilian case study demonstrate that more specified, practical, and legally binding CSR standards are needed for MNCs, as well as for the protection of local communities. I thereby introduce a *Concentric CSR Roadmap Model* that outlines 22 principles, and 49 sub-principles, organized in three hierarchic levels: binding, ethical, and philanthropic responsibilities. This local stakeholder-relations model is based on lessons from the case of Veracel Celulose and the Pataxó Indians in northeastern Brazil. The purpose of my model is to further deconstruct the ambiguous CSR concept, and to contribute to the disciplinary bridge-building both theoretically and methodologically between business ethics and development studies, by offering the values of ordinary people. The model is also targeted for other primary and secondary industries dealing with natural resources and local stakeholder relations.

Revising the position of a 'stakeholder' – bridging the disciplines

In business ethics Indigenous-corporate interfaces are discussed as corporations and 'fringe stakeholders' or 'external stakeholders', implying their marginal position in business decision-making and performance hierarchy. In Freeman's (1984) traditional stakeholderism, local communities are hardly discussed. As societal pressures have compelled corporations to take communities into account, they have become the most recent addition to a corporate conception of stakeholders – there is no denying that stakeholder theory has evolved (Yaacob and Wong, 2007). This new discourse also indicates that it is no longer socially acceptable to consider only shareholders when making decisions, since others also have 'stakes' in business decisions (*ibid.*).

Kapelus (2002) reminds us that identifying a community is a complex and contested task, and any definition of a community is always a construct (see also Walton, 2007). History, territory, kinship, religion, and culture are important determinants of Indigenous Peoples' communities – who actually define themselves. The International Labor Organization (ILO) Convention No. 169 states that self-identification is crucial for Indig-

enous Peoples, who stress the need to recognize their *collective rights*. According to the United Nations' Declaration on the Rights of Indigenous Peoples (2008, and concerning its status in international law, see the United Nations General Assembly report, 2012, paragraphs 57-80):

Indigenous Peoples have the right to self-determination. By virtue of that right they freely determine their political status and freely pursue their economic, social, and cultural development ... Indigenous peoples have the right to maintain and strengthen their distinct political, legal, economic, social and cultural institutions, while retaining their right to participate fully, if they so choose, in the political, economic, social and cultural life of the State. (Articles 3 and 5 of the Declaration.)

Hence, CSR initiatives by firms – if desired at all – should also be selected by the communities themselves rather than imposed by business, national governments, or NGOs (Murphy & Arenas, 2010). Recognizing the need to define or identify a 'community' (and some other social-science terms used in business ethics), stakeholder theory could also have benefited from the findings and debates of development studies and anthropology in particular – there is no need to reinvent the wheel. In general, 'community' has a very ambiguous position as stakeholder group in business ethics literature. Dunham, et al. (2006) discuss the stakeholder identity and 'the Problem of Community':

In other words, while we may agree that 'community' represents a legitimate and, perhaps, high priority stakeholder group, we are left with no real guidance as to the specific ethical stance the corporation should take toward any particular community constituency.

In my study, this 'ethical stance' is constructed from below, from the views of the citizens – despite the fact that many Indigenous Peoples are still excluded from society and deprived of their rights as equal citizens of a state (see International Work Group for Indigenous Affairs). On the other hand, traditional leaders have lost much of their decision-making power, while their moral legitimacy is also increasingly under attack (Kapekus, 2002).

Stakeholder management literature invariably advocates or describes processes of 'stakeholder mapping' and 'inclusion in dialogue', which represent a managerialist approach toward stakeholders (Wheeler et al., 2002). Local communities are considered merely recipient and stagnant actors. Hence this approach casts Indigenous communities as passive objects, whose lives and realities are perceived as subaltern to a global corporation's actions and who only become visible through corporate identification. Yaacob and Wong (2007) state that despite communities' legitimate role and stake in the processes concerning their lives and livelihoods, companies often fail to be proactive and responsible, particularly in involving them in the most important business processes, namely decision-making, and recognizing their cultural ties to the land. By marginalizing and neglecting their inputs and claims, corporations render a significant and legitimate stakeholder powerless and compromised. (Ibid.) Banerjee (2008) also observes that discourses of CSR and sustainable development are often defined by narrow business interests and serve to curtail those of external stakeholders. According to him, the traditional stakeholder theory basically represents a form of 'stakeholder colonialism', which merely serves to regulate stakeholders' behavior. Moreover, the traditional stakeholder theory does not significantly problema-

tize who actually defines, and who qualifies as, a stakeholder. It recognizes neither the self-declaring stakeholders nor the multiplicity, complexity, ambiguity, and dynamics within the stakeholder group (see Wheeler et al., 2002). Overall, the concept of a stakeholder has been accepted uncritically in the CSR literature (Banerjee, 2008).

The position of a 'stakeholder' – the local (Indigenous) community – in the context of the global South is also reflected at the disciplinary level. While business ethics focuses on the corporate viewpoint or performance, development studies and development ethics approach the phenomenon from a different angle, by emphasizing the position of local, often marginalized communities: How do external forces – global corporations – affect the local level development processes, in regard to basic needs, human rights and social justice? What kind of interfaces take place between intended development interventions and actual development processes? What are people's collective responses and claims to the firm? What are the obligations, if any, of rich societies (and their citizens) to poor societies? How can moral guidelines influence decisions of those who hold power? It can be argued that since in development studies emphasis is directed on the agency and power dynamics – namely the power distance between actors, also within a community itself as community dynamics – the 'stakeholder' concept inherently raises critical notions. Furthermore, development studies is also interested in constructions of reality, people's control over their destiny, and diverse knowledge systems. (See e.g., Crocker, 1998, 2008; Escobar, 1995; Chambers, 1997; Goulet, 1996, 1997; Astroulakis, 2013). To sum up, the stakeholder – the community – has a very different locus in business ethics and in development studies. Building more bridges between these disciplinary fields allows us to better understand the realities and claims of diverse actors and thus to see complex situations more holistically in the Indigenous-corporate interfaces. Nevertheless, it is nearly impossible to find studies in the business ethics field where authors have explicitly acknowledged the connections between business ethics and development studies or international development practices. Very few studies in business ethics have focused on the community level and personal fieldwork (cf. Bruijn and Whiteman, 2010; Reed, 2002; Lertzman and Vredenburg, 2005).

Bruijn and Whiteman (2010) found that the stakeholder position is affected by Indigenous self-identity processes, as Indigenous identity can be both threatened and strengthened in response to the corporation's actions. They also regard this as having broader implications for management ethics, and they discuss how Indigenous self-identity processes create a significant challenge for the stakeholder theory. Acting as counterweights to the company-centric stakeholder definitions, social movements can challenge a firm when they self-declare as its stakeholders (Wheeler, et al., 2002). However, few Indigenous groups actually regard themselves as 'stakeholders'; instead they discuss 'relatives of the land', 'keepers of the land', or 'rights-holders' (Bruijn and Whiteman, 2010; Whiteman, 2009).

Indigenous communities differ from other communities in terms of culture, and have particularly marginalized relationships with the state. Indigenous Peoples position natural resource management as part of an interconnected web of life that focuses on harmony and reciprocity ... Disputes over natural resources are thus embedded within concrete local ecologies and complex relations across people, flora and fauna, and the spiritual world. This ecologically embedded relational approach (Whiteman and Cooper, 2000) differs from the typical firmcen-

tric view of stakeholder theory. (Whiteman, 2009.)

Bruijn and Whiteman found in their mining case study – representing a typical situation of inequitable power relations – that communities did not self-identify with this system but instead sought to resist an externally driven identification process. Imbun (2007) points out that mainly in anthropological discourse, the host Indigenous communities appear to have become the ‘significant other’ in the profitable operation of mining projects.

A growing body of research has documented hostile interactions between Indigenous Peoples and MNCs. In development studies in particular, research has focused on collective action, namely analyzing new social movements staking their claims. Indigenous Peoples use multiple tactics, such as contesting the state’s or the company’s hegemonic discourse, building road blockades, bringing infractions against their lands to court, collaborating with non-governmental organizations, and negotiating with the companies (Yaacob and Wong, 2007). In some instances, local civil society groups have managed to shut down business operations or prevent them from starting. In addition, historical sites and events can be seen as a definer or identifier, mobilizing Indigenous Peoples’ political and community responses. (Ibid.; Reed, 2002.) In recent years new social movements supporting Indigenous groups have not only been a new factor in the greening of companies, but they have also affected the power balances in Indigenous-corporate relations. At first glance, local communities may be perceived as powerless stakeholders compared to large corporations. However, the Internet and related social media have exposed conflicts in even the most geographically remote areas under worldwide online scrutiny. Hence globalization has enabled the Indigenous Peoples and their supporting groups to present themselves as legitimate and prominent stakeholders (Yaacob and Wong, 2007).

If the company fails to publicly acknowledge a social movement as a legitimate stakeholder, it can easily spark conflicts and brand reputation problems (Wheeler et al., 2002). The famous case of Shell and the Ogoni people in Nigeria provides an example of a typical company-centric stakeholder definition process, where Shell preferred certain groups even though they did not represent the majority of the Ogoni (ibid.). The inconvenient citizens’ groups were ignored in the hope that they would eventually lose their influence. In case of the latter ones, recognition also required third-party legitimation through internationalization of the Ogoni issue with the assistance of Amnesty International, among other influential actors. Thus the Movement for the Survival of the Ogoni People (MOSOP) was not a single stakeholder but represented a diverse set of overlapping interests. This posed a significant challenge for Shell in managing complexity, particularly when MOSOP split and new divisions emerged. Employing divisive rhetoric, the company still attempted to define legitimate stakeholders by denying legitimacy to those Ogoni groups that could claim status as separate stakeholders. In conclusion, the company wanted MOSOP to speak as one voice for the entire Ogoni people. (Ibid.) Furthermore, Wheeler et al. (2002) conclude that “a truly stakeholder-responsive approach demands the acceptance of multiple stakeholders and requires the company to develop a tolerance for ambiguity together with the sensitivities and capabilities needed to inspire trust with diverse and sometimes competing interests”. On the other hand, the authors point out that an MNC is not a homogeneous entity either: there may be great differences among its branch firms, as well as between managers. The authors rightly ask: since the corporation can exhibit contradictions and incon-

sistencies in its behavior and rhetoric, how can a stakeholder group relate effectively to it? (Ibid.). Thus heterogeneity within both actors creates complex situations, and identifying the other actor requires careful assessments.

Development or dependency? Problematizing philanthropy

A corporate social initiative can be defined as a program, practice, or policy undertaken by a business firm to benefit society. These not only include the traditional practice of corporate philanthropy but can also encompass a variety of forms and points of focus, ranging from corporate support for training and educating adults and youth in local communities, to nationwide programs helping welfare recipients get jobs, to globally focused efforts providing aid to developing countries. (Hess, et al, 2002; Brønn and Vidaver-Cohen, 2009.) Local investments by MNCs have traditionally included either donations to charities, which then assumes responsibility for delivering social outcomes, or direct management of social investment in-house (Reed, 2002). When comparing various MNC industries – e.g., pulp and paper, REIs, mining, and oil – and their community relations, the impacts, corporate responsibility questions, and responses are very similar. Positive effects may include community health initiatives, infrastructure improvements, local business support, income from export revenues and royalties, technology transfer, skilled employment, and training for local populations (see Jenkins and Obara, 2008). Many MNCs have also committed themselves to more open reporting, and multi-stakeholder committees have been established to involve civil society actors. REIs in particular have actively sought more responsible business practices, although they also have a mixed record. Companies have been forced to take into account the wealth of local communities and their environments, and thus large corporations have spent millions of dollars to fund diverse sociocultural activities. (See Reed, 2002; Kapelus, 2002; Vintró and Comajuncosa, 2010.)

Companies have responded to social demands, such as stakeholder activism, and sought to widen the traditional stakeholder approach by introducing ‘community engagement’ in their businesses. Firms have thus realized that they need to deal with local communities as part of the wider agenda of CSR and sustainable development in order to win societal legitimacy. Some businesses aim to partner straightforwardly with Indigenous populations, via established CSR programs in terms of the stakeholder management, or by funding infrastructure and economic development projects. Firms often attempt to gain Indigenous consent by providing social works and services, such as schools and medical clinics. (Murphy and Arenas, 2011.) REIs are increasingly willing to consult with local communities, take their concerns into consideration, and possibly modify their plans (Reed, 2002). In addition to the more positive effects of employment generation and spin-off activities, which firms tend to highlight, there are also a range of potential negative economic impacts associated with these industries, such as dispossession of local inhabitants from their land and the degradation of lands and related resources that reduce their productive capacity (Reed, 2002). The critics argue that rather than providing ‘compelling examples of collaboration’, these efforts often serve primarily to neutralize and depoliticize Indigenous resistance, while ensuring that firms maintain licenses to operate in Indigenous territories (Hamann and Kapelus, 2004; see also Sawyer and Gomez, 2008; Seton, 1999).

It could be stated that since corporate impacts are felt most deeply at the local level, focusing on the community initiatives is also relevant (Jenkins and Obara, 2008). However, with a few

exceptions, philanthropy in the global South cases is discussed rather unproblematically in business ethics research, i.e., it is taken for granted as a 'doing good' CSR approach. The presence of industries in the global South merits further examination, particularly those (like REIs) that possess a relatively long history of such involvement: Have the industries' CSR approaches effectively addressed the development concerns of local communities, and how have the firms contributed to local sustainable development (Kapelus, 2002; Reed, 2002; Jenkins and Obara, 2008)? Sagebien and Whellams (2010) have examined the role of CSR in the development agenda, whether CSR is 'good or bad development', and what its role is in sustainable development debates. A causal relationship has been found between CSR and 'corporate social irresponsibility' (CSI): when companies do more 'harm' they also do more 'good' (Kotchen and Moon, 2011). Mounting evidence indicates a gap between the companies' stated intentions and their actual behavior and impact in the real world (Frynas, 2005). The proposed bi-polar, dualistic model by Jones, Bowd and Tench (2009) is aimed at analyzing CSR business practice in terms of a sliding scale of 'doing good' (CSR) as well as 'doing bad' (CSI). The authors charge that CSR is often wrongly equated with irresponsible corporate actions. Also corporate communication varies accordingly, e.g. "from minimal community consultation and involvement" (CSI) vs. "maximize opportunities for community consultation and involvement" (CSR). (Ibid.) Although community initiatives may represent welcome development contributors, they have little impact on the root causes of socioeconomic problems deriving from the colonial and apartheid histories of Southern countries. Furthermore, these historical legacies usually pose obstacles to socioeconomic change. Often industries generate informal settlements, squatter camps in their neighborhoods, creating deteriorating social conditions, such as unemployment and crime. In fact, the topics of employment and housing have generally been ignored in companies' sustainability reports. (Hamann and Kapelus, 2004.) A number of authors conclude that businesses have engaged with Indigenous communities primarily as a means to their own ends, and implementation of community projects has created even deeper poverty (see Murphy and Arenas, 2010).

Kapelus (2002) notes that the CSR literature is permeated with references to how corporations can portray themselves as being 'part of the community'. Guidelines provide practical instructions for managers on how to establish good relations with the communities. He reminds us that not only do corporations themselves "provide the community a place of prominence in the CSR agenda", but international financial organizations also highlight the importance of creating relationships with local communities. Corporations' increasing knowledge about the local population through philanthropy poses an even larger threat to the population. (Ibid.) In this sense, 'community engagement' is a double-edged sword. Yaacob and Wong (2007) state that in regard to the logging and plantation industries in the Indonesian Sarawak case, government and local companies seldom include the local communities in the decision-making process, even when their social-cultural mores and practices are adversely affected. Due to the lack of consultation, enforcement at the local level, or proper monitoring, these industries cause many problems for both the natural environment and Indigenous Peoples. (Ibid.) Environmental damage caused by agribusiness often results in the loss of land for livelihood, which leads to greater dependency on the industry (see e.g. Velame, 2010).

Through a multi-sited ethnography Rajak (2011) tracks

trans-local dimensions by studying a transnational mining corporation in South Africa. She uses an anthropological approach to transnational processes of corporate capitalism. Rajak presents a critical example of how CSR enables a corporation to accumulate and exercise power over poor communities, resulting in a dependency situation. She illuminates "how old regimes of corporate paternalism are reinvented within a modern morality of social responsibility" (ibid., pp. 10-13). Furthermore, she argues that "the moral economy of CSR represents, not an opposition to the contemporary world of corporate capitalism, nor a limit to it, but the very mechanism through which corporate power is replenished, extended and fortified" (ibid., p. 239).

Frynas (2005) identifies a dependency mentality whereby communities expect a company to provide them with resources as a compensation for social and environmental damages. Jenkins and Obara (2008), studying multinational mining companies in Ghana, have examined how corporate community initiatives may actually create community dependency at the national, regional, and local level. They point out that, intentionally or unintentionally, this can have serious consequences for the dependent community, particularly after the industry closes. Moreover, corporate 'consultation' is often considered the key to ensuring an equitable distribution of benefits. However, many communities lack the capacity to negotiate in the consultation process, because they are not organized enough and are even weaker negotiating smaller units. Furthermore, MNCs have more access to information and the relevant skills both to bargain for their benefits and to decide what benefits may be distributed to the communities. Some companies then exploit the situation, which results in a raw deal. (Ibid.) According to Jenkins and Obara, there are other capacity limitations that exacerbate problems in the consultation process, such as inadequate or nonexistent objective baseline data that can serve as benchmarks in enforcing standards. The absence and the enforcement of a legal framework providing adequate rights for communities is also a limitation. The authors conclude that there is a fine line between dependency and development by CSR. (Ibid.) Banerjee (2008) acknowledges that although stakeholder empowerment is a noble goal, the situation in which stakeholders and the firm have opposing agendas is problematic in regard to the firm's economic performance and its 'empowering' role towards local communities. The theoretical principles of CSR can be seamlessly integrated into corporate policy statements, and glossy corporate social reports often hide grim realities (ibid.). The 'local consultation process' with MNCs can be seen as representing a top-down corporate practice, occurring in unbalanced power conditions, primarily serving the corporate interest, and offering no zero option for local people i.e. the company withdraws from the investment.

On CSR criteria in local stakeholder context

Pressured by financial institutions, multilateral bodies, and civil society groups, industries have attempted to establish and adopt a number CSR indicators, 'best practices', 'independent' standards or codes of conduct, most of which attempt to guide firms in environmental issues. The OECD Guidelines for Multinational Enterprises are recommendations and voluntary principles addressed by governments to multinational enterprises, in areas such as human rights, environment and employment. Concerning corporate stakeholder relations, the ISO (International Organization for Standardization) 26000 provides guidance on how businesses and organizations can operate in a socially responsible way. A network-based non-gov-

ernmental organization, the Global Reporting Initiative (GRI), aims to drive sustainability, and it produces the world's most widely used sustainability-reporting framework. Environmental, Social, and Corporate Governance (ESG) has three central factors in measuring the sustainability and ethical impact of an investment in a company or business. ESG encompasses the criteria used in socially responsible investing. There are also guidelines in order to relate the Social Responsibility (SR) guidance in ISO 26000 to reporting guidance provided by GRI. The United Nations Global Compact is "is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption" (United Nations Global Compact). Given the recent international case studies, and the voluntary nature of CSR, it is obvious that various guidelines and standardization systems have remained toothless concerning the corporate-community stakeholder issue.

The theoretical modeling of CSR also lacks more accurate and diversified criteria in the global South contexts. There is also a great demand for more practical-level, specified standards. In the field of research, Lertzman and Vredenburg (2005) want to expand the discussion of relations between Indigenous Peoples and resource extraction companies by referring to concepts of sustainable development, traditional ecological knowledge, and cross-cultural bridging or dialogue. Crawley and Sinclair (2003) argue that only initiatives that aim at power sharing with Indigenous groups, and strategies for broadening the organizational interface with them, will contribute to more ethical practices. The authors suggest an ethical model for human resource practices between Indigenous Peoples and mining sector. They emphasize the importance of Indigenous cultures, the need for power-sharing and two-way learning between the actors, and relationship-building as the basis for long-term engagement. They offer four ethical criteria for Indigenous-corporate relations and a model for locating company practices. The authors also consider the reasons as to "what causes one company to be resistant and minimalist in its approach, while another pursues a more innovative and visionary path". Furthermore, they argue that the chief executive officers' stance and level of commitment is probably the most important influence on a company's relations with Indigenous Peoples. (Ibid.) In the same vein, Bruijn and Whiteman (2010) state that without effective institutional power-sharing, firms may not be able to adequately balance ethical concerns with their vested interests. The authors suggest that firms can develop an ethical relationship through extended intercultural dialogue and shared institution-building. The authors are also aware of the distinct power imbalances as a hindrance to more ethical relationships, since many Indigenous Peoples lack land rights. Thus institutionalization of the collaboration, high-quality and frequent communication, and high levels of trust are essential elements in collaboration (ibid.).

Murphy and Arenas (2010) propose a theoretical framework of six principles for cross-cultural partnership creation between businesses and fringe stakeholders; a Cross-Sector Collaboration Matrix. It presents a wide range of possibilities to move from "collaborations focused on conflict resolution to those based on integrative relationships requiring the capabilities of organizations across sectors [e.g., civil society organizations] and cultures to achieve innovative solutions to social problems". Xu and Yang (2009) identify China's indigenous conceptual dimensions of CSR and seek to address the knowledge and comprehension of CSR in a specific context. They note that CSR got off to a late start in China and has yet to establish

a good conceptual system. Since the existing conceptual scope and research of CSR are all based on Western research and findings, they see it as urgent to build a CSR conceptual framework tailored to China's unique circumstances. Based on inductive analysis, they derive nine dimensions of China's CSR and define the meaning and key elements of China's CSR. Vintró and Comajuncosa (2010; see also Carneiro, 2008) introduce a rough set of criteria, a 'CSR performance chart' for mining industry, in terms of sustainability, ethics, and human capital. The ethics section contains the "promotion of local community economy and social work". In addition, environmental safety and human rights are included. From local communities' viewpoint, the problem with the CSR chart may be that it focuses only on those actions and results that can be assessed primarily in monetary terms. Yakovleva and Vazquez-Brust (2012) use the concept of 'Corporate Social Responsibility Orientation' to contrast the perceptions of major stakeholders and examine adaptation of mining companies' CSR orientation to local context in Argentina. It is useful to monitor CSR within a wider array of actors in order to gain a more integrated perception of the situation. However, their field research data included only the upper strata of civil society, namely the academics and NGOs, and very few grassroots movement representatives.

Lertzman and Vredenburg (2005) state that unless mutual benefits and common ground can be identified, there can be no ethical basis for stakeholder relations. Kapelus (2002) suggests that the relationship between the firm and the community has to be businesslike rather than philanthropic. Bruijn and Whiteman (2010) remind us of the nature of local communities, which are usually more or less heterogeneous actors, hence a greater nuance in looking at them is needed. To cite an example, individuals may simultaneously accept temporary employment and yet at the community level strongly resist business and its impact. In regard to Indigenous Peoples in particular, community engagement can be rather problematic. (Ibid.) Thus issues such as human rights and activism should be included in stakeholder discourses (Yaacob and Wong, 2007). Jenkins and Obara (2008) argue that currently there is no assessment of the success or failure of community initiatives: independent benchmarks for what constitutes a successful program are lacking. At this point, I see that community development questions in the contexts of international development work and development studies can offer guidance in assessing community initiatives. But the key question remains: given their negative impacts, can corporations be accepted as proper actors to intervene in communities' quality of life in other spheres as well? Does philanthropy function, then, as a immoral way to buy off communities? According to Yaacob and Wong (2007):

...(e)ven if organizations are indeed engaging people, this may be a producer of the trend towards managerial control enabling organizations to exert more power over community members through developing an ever greater understanding of their lives.

More critical perspectives by Hamann and Kapelus (2004) note that CSR is primarily about greenwash, or "the projection of a caring image without significant change to socially or environmentally harmful business practices". The authors urge more sincere forms of CSR, based on accountability and fairness. Lertzman and Vredenburg (2005) argue that it is unethical to sacrifice the viability of Indigenous cultures for industrial resource extraction. Murphy and Arenas (2010) state that any industry depending on access to natural resources needs a license to operate from local communities, in addition to national

governments, which regulate the use of these resources. ‘Social license’ refers to a local community’s acceptance or approval of a company’s project or ongoing presence in an area.

It has been argued that CSR should incorporate more awareness of the historical and institutional dynamics of local communities. In other words, there is a need for a deeper and richer understanding of the community engagement experiences, and of the historical and social processes that have defined them (Yaacob and Wong, 2007). This, in turn, influences the type and range of responsibilities the firm can be expected to carry out. It also reveals the limitations of any universal codes of conduct (cf. Husted and Allen, 2006). At the same time, it requires the firm to go beyond the ‘best practices’, which can be seen as a product of managerialist thinking. (Ibid.) There is also a need for ‘non-intimidating communication’ with local constituencies, meaning that a firm must temper its power and influence by recognizing and responding to local concerns in the pursuit of its own objectives. New questions should be asked, for instance: “Who is doing the representing?” “What is represented?” and “Why is it represented as such?”. (Ibid.)

Banerjee (2008) divides CSR research on two major groups holding divergent views: from the CSR-suspicious, corporate-centered ‘Friedman camp’ to a widely inclusive stakeholder framework. As some scholars have emphasized the need for a more restrictive stakeholder concept, the focus is placed on those stakeholders who can influence the firm’s financial and competitive position. This approach makes CSR a kind of a service strategy to sustain the firm’s competitive advantage. According to Hamann and Kapelus (2004), in any assessment of CSR policies and practices, the key criteria should be based on helping the most vulnerable. Reed (2002) reminds us of the political context of Southern nations; frequently neither markets nor the institutions of political democracy function in “ways that even nearly approximate the ideal”. When firms seek to maximize shareholder values in these societal circumstances, it does not contribute to a common good. As seen in the Indigenous territories’ question, as long as the institutions and practices of political democracy are deficient, governments cannot develop and enforce legislation encouraging more responsible business practices, which effectively protects citizens’ rights or otherwise meets people’s pressing needs. In addition, Reed poses an important normative question as to whether and to what extent deficiencies in markets and the institutions of political democracy impose greater responsibilities upon them to assist the needy and to develop their own standards of conduct:

The question whether firms should operate in non-democratic environments has been largely determined by firms themselves (rather than on the basis of public discourse and democratic decision-making)... is normatively... a controversial question, as is the ‘realist’ understanding of legitimacy upon which it is based (Reed, 2002).

The voluntary character of CSR is a fundamentally problematic question. Firms may operate under a low level of government regulation, often not maintaining even adequate minimum standards and enforcement. This critical notion of existing standards will obviously pave the way for more stringent regulation of MNCs – as a response to societal messages that such corporate responses are no longer optional (Kapelus, 2002): “TNCs [transnational corporations] might be encouraged to apply their home standards abroad, when they move to locations with lower labor costs and less stringent environmental regulations” (ibid.). Hence the CSR debates have emphasized

the strengthening of corporate regulation at the national and universal level, by developing legally binding criteria (cf. Husted and Allen, 2006; Yaacob and Wong, 2007; Banerjee, 2008), and moving from softer laws to harder laws. However, laws and other regulations are not enforced in many occasions:

... This leads to a paradox: despite the burgeoning number of international charters, state constitutions and national laws across the world that assert and protect the rights of indigenous peoples, the majority find themselves increasingly subjected to discrimination, exploitation, dispossession and racism. ... The study argues that public-private partnerships studied here eventually led to institutional capture, undermining the neutrality of the state and its capacity to protect indigenous communities. It stresses the need for governments and international agencies to create inclusive consultative platforms so that indigenous groups could have a say in decisions that affect them. (Sawyer and Gomez, 2008, p. iii.)

The case study: What role do the Finnish companies play in Brazilian society?

The Bahia region and its Indigenous history

Brazil was ‘discovered’ 500 years ago when the Portuguese fleet arrived at the Discovery Coast, at what is now the south of the State of Bahia. The region was covered by Atlantic rainforest, and its high point, Monte Pascoal – now a national park – was the first sight seen by the Portuguese, who claimed the territory for their crown. The coast was inhabited by native tribes, whose remaining descendents are the Pataxó and the Tupinambá Indians living in *aldeias*. Some of these villages have been officially recognized as Indian ‘reserves’, while others await official status.

The juridical position of the Brazilian Indigenous Peoples is very complex and delayed. ILO Convention No. 169 is the most important operative international law that is meant to guarantee the rights of Indigenous nations. The convention is a legally binding international instrument, which deals specifically with the rights of Indigenous and tribal peoples, and Brazil ratified the Convention in 2004. The 1988 Brazilian Constitution recognizes the inalienable right and ownership of Indigenous Peoples to lands they have traditionally occupied: the Indians are the first and rightful owners of Brazilian lands. ‘Indigenous Lands’ is a juridical concept established by the constitution, and it is also defined in specific legislation: the Statute of the Brazilian Indian (Law 6001/73), which has been under revision by the National Congress. This law regulates the rights of Brazil’s Indigenous Peoples (Pires, 2011; Povos Indígenas no Brasil). The most recent version, the New Indigenous Statute (Bill 2057/91), has been awaiting a vote in Brazil’s House of Representatives, because the legislation’s parameters have been debated. This bill was introduced in 1991, delayed in 1994, and put back on the agenda in 2009. The legislation deals with issues such as laws mandating punishment for crimes against the Indigenous Peoples, the defining of land borders, the use of forest resources, and environmental protection. Since the new statute became outdated, it needed to be rewritten – an observation based on discussions between the Indigenous groups and the government. The role of Indigenous Peoples in the national debates is mandated by ILO Convention No. 169, which calls for the participation of interested parties whenever legislative or administrative measures are discussed that could affect the Indigenous Peoples. The Ministry of Justice presented a new statute text in 2009, based on ILO Convention No. 169 and the

1988 Federal Constitution. However, the Indigenous movement and the National Commission of Indigenous Policies have been pushing for a substitute bill, because they claim that Bill 2057/91 has gaps. For instance, the shift in the regional composition of Indigenous villages needs to be taken into account: more than 40 percent of Brazil's Indigenous Peoples now live in large urban centers. According to the 2010 census, Brazil's Indigenous population numbers 800,000, including 300,000 living in cities. Meanwhile, Law 6001/73 remains in effect. (Pires, 2011.)

For a territory to gain full protection, a multi-level process towards official registration of the Indigenous territories is carried out by the National Indian Foundation (FUNAI), which is a government body. Resolving territorial disputes has been one of FUNAI's priorities since 2011 (Pires, 2011). However, many native territories linger in a long-term ambiguous status as a result of FUNAI's delay in identifying and registering them. This has led to complex local disputes. For instance, many Indigenous lands are occupied by companies, mega-projects, ranches, and hotels, all which have led to human rights abuses against the Indians and protracted legal battles. Even after the legal title is secured, outsiders frequently encroach on the Indigenous territories. This is also the case with the Pataxó Indigenous community focused on in this article.

Before the arrival of the pulp mills and eucalyptus plantations, Bahia was already heavily deforested to make way for sugar and tobacco plantations. The remains of the Atlantic primary rainforest consist of an archipelago of strictly protected forest islands. Apart from forestry, the main livelihood activities of the Pataxó include low-yield livestock production, traditional fishing in the coastal zone, and tourism. The Pataxó villages are in diverse locations in relation to Veracel's eucalyptus plantations; while some are surrounded by them, some have less direct contact. The number of Pataxó villages has been increasing due to the spread of the population. In 2011 there were 14 Pataxó villages, consisting of 11,436 people.

Veracel Celulose S.A.

In 2005 Veracel's pulp mill started operations in the city of Eunápolis. Veracel Celulose S.A. is a joint venture formed by Fibria Celulose S.A. – previously Aracruz Celulose S.A. – and the Swedish-Finnish Stora Enso, in which both own a 50 percent stake. Concerning Veracel's background, in 2009 Aracruz merged with its Brazilian rival, Votorantim Celulose e Papel, and Fibria is a result of the acquisition of Aracruz by Votorantim; from now on I will refer to Fibria/Aracruz. Furthermore, Veracel led to a series of lucrative contracts for European and Nordic companies¹. Veracel's annual production capacity is 1,2 million tons of cellulose, and about 90 percent of the pulp is produced for export. Veracel's total land area of 211,380 ha is distributed in ten municipalities in the south of the State of Bahia. Plantations occupy 94,866 ha. (Veracel Celulose, 2013, p. 4, 11.) The rest is destined for environmental recovery and preservation, and a small percentage for infrastructure. According to the company, expansion of production capacity will also impact Veracel's forest base, which “must be increased by a further 107,000 hectares, involving another six municipalities”. Furthermore, they have licenses to continue with the company's expansion project, as decided by the shareholders; implementation of the program will enable the company to expand the factory's present capacity of 1,2 million to 2,7 million tons of cellulose a year (Veracel Celulose, 2013, p. 4) – that is, to double the production capacity, which illustrates the continuous growth logic of agribusiness.

Many scientists and civil society organizations have severely criticized Veracel for being involved in the global land grab and destroying the region's economic base by buying or renting small or medium-sized rural properties. The planting of eucalyptus, called the ‘green desert’, has caused numerous severe disputes with and between various local actors. (See e.g., Velame, 2010.) In the agribusiness debates, the Indigenous Peoples' situation has remained marginal compared to that of the landless rural workers movement (see Kröger and Nylund, 2011).

Methods and materials

The CSR discourses and definitions usually take place in a top-down manner, led by company managers, scientists, civic organizations, and various international institutions. In addition, the vast majority of local stakeholder studies tend to limit themselves to the statements offered by company management and NGOs, and do not include voices from the community. Furthermore, NGOs are not always the best representatives of the communities, due to their own stakes and mutual power struggles. It is ultimately a question of those people in whose backyard the multinational is located, and their viewpoints are barely presented in the business ethics studies in the global South contexts. Hence, instead of mainly relying on the CSR literature and corporate-based materials, the subject is examined here from ‘below’, at the grassroots level. The firsthand empirical material provides the basis for the generation of conceptual CSR model, in order to present accurate criteria for the local stakeholder-corporate relations in the global South.

Adapting the approaches from the Grounded Theory (GT) has several assets. First, it is ideal for “exploring integral social relationships and the behavior of groups where there has been little exploration of the contextual factors that affect individual's lives” (Crooks, 2001.) Second, as a constructivist methodology, GT arises from interaction between the researcher and participants, the researcher's perspective being part of the process. The researcher's task is to try to understand what the participants see as being significant and important. Third, GT allows the inductive construction of abstract categories developed from data, and not from pre-existing conceptualizations. GT enables theoretical sensitivity and gives space to a relevant, new theoretical framework or model, rather than verifying or falsifying any existing theory from the beginning. Fourth, the literature review takes a secondary role: it offers a point of reference, rather than predetermined ideas, so the researcher can be as sensitive to the data as possible. Hence the bulk of the literature review is conducted after the emergence of a new theoretical framework. The extant literature is integrated into the study as data. In addition, certain benefits can be found in combining the GT method with the case study method. It is an appropriate way to research a previously little-studied area. The research can also generate theories and models from practice. (See Fernández, 2004; Urquhart and Fernández, 2006; Strauss and Corbin, 1990, pp. 49-50.)

My aim was to generate a theoretical conceptualization – a CSR model – grounded in case study data, by adapting some GT elements, namely the data-based inductive method and conceptual categories, and by using the extant literature in later stages of the research process to support the empirical data. The initial research task was to understand the corporate impact and the CSR expectations from the Indigenous perspective in the case of the Pataxó Indians and Veracel Celulose. The data was collected by using ethnographic methods, which included open-ended face-to-face interviews, leaving space for free discussions and the interviewees' own narratives. Interviews were

done among the Pataxó community members from 6 aldeias or villages, representing various ages and genders, and by individual and group discussions. These discussions were carefully recorded by taking written notes. Personal observations were also made during the visits to the villages. The field trips were made in two phases. The preliminary study was carried out in December 2006, when a few NGOs and villages were visited. In May 2011 the research began with discussions with the Brazilian anthropologists, who also helped in gaining access to the aldeias, most of which were closed to outsiders. Before starting the interviews, I had to receive permission from each of the village chiefs, the caciques. I chose villages to visit that were in a wide range of locations in relation to Veracel's plantations, as well as being accessible. Heavy rains and roads in bad repair hindered access to some of the villages.

This case study is part of my longitudinal research project on the Indigenous-corporate relationship in northeastern Brazil. In my previous field trips in 2004 and 2006, I examined another case study from the neighboring State of Espírito Santo, involving the same company: the Indigenous-corporate relations between Fibria/Aracruz and the allied Tupinikim and the Guarani Indians (Myllylä, 2010; Myllylä and Takala, 2011). This reference case has been used as a part of the GT data. In addition to interviews and discussions with the Indigenous groups and with Brazilian scholars, I spoke with Stora Enso Sustainability Communications group in Finland. Extant literature, including corporate reports and press coverage, provided the rest of the data.

Structure of the article

After having introduced the research framework of my case study and the supporting extant literature, in the following I will present the empirical findings from the Brazilian case study. In the second and the third chapter Veracel's impact on the local communities is analyzed in terms of i) pulp production on the Pataxó Indians' livelihoods, ii) assessment of corporate social responsibility initiatives, and iii) grassroots CSR definitions. In the fourth chapter field research results are juxtaposed with corporate performance and reporting. In addition, I compare research findings to a reference case from another Brazilian state. Next I suggest a hierarchic, concentric CSR Roadmap model. Finally, I summarize the main conclusions of the article.

Veracel's pulp production impacts

Intensified land disputes and racism

In the initial phases of Veracel's establishment, the company announced that the area did not have Indians when it arrived. The Pataxó aldeias were approached differently; meetings took place with only certain villages and their chiefs. Concerning the company's land acquisition, the indirect role of the local planters or fazendeiros (cattlemen) in preparing lands for sales to Veracel has been critical. Specifically, a village that has had prolonged conflicts with these land subcontractors was not negotiated with. The fazendeiros have occupied and cultivated areas that have generally been known as Pataxó Indigenous Territory, in which they have used violence against the Indians and set up electric fences around the areas taken.

Veracel has also planted eucalyptus in the Indigenous territory. According to the company, this land area is 'only' 6 percent (approximately 3,120 ha) of the Pataxó Indigenous Territory (52,000 ha). For instance, the Guaxuma village has had an ongoing dispute concerning 70 hectares of land that the company had purchased from the fazendeiros. In addition, it was claimed

that the company has not obeyed the 12-kilometer buffer zone rule concerning the protected forest area.

The major problem underlying the land disputes has been the fact that FUNAI should have demarcated the Pataxó Indigenous Territory a long time ago. This would have secured the land tenure of the Pataxó and spared them from various forms of discrimination as well as from having to seek redress in court. FUNAI's researchers have identified the Indigenous territory on an official map, which also has been published in Bahia State and in the capital, Brasília. Two caciques pointed out:

The fazendeiros are constantly against the Indians in the court, or in conflict, and the land demarcation is too slow.

FUNAI is dependent on the actors in Brasília – they should come here but they “keep the paper at the bottom of the drawer”. The fazendeiros are the obstacle, because they claim ownership of the land. The government should buy them out from the disputed land areas.

According to the villagers, the fazendeiros constitute a powerful counterforce to FUNAI, which is afraid of them, and this situation has actually slowed down the official registration of the Pataxó Indigenous Territory. As a result, some villages live under a constant state of insecurity due to threats of eviction by police. People often link the problematic situation to Veracel's presence:

Veracel is preventing the formalization of the Indigenous territory.

Veracel has misused the land.

The company brings more bad than good in any form – as a whole I do not accept it.

My big concern is that eucalyptus is important only for the company, but not for the people.

The continuous spread of eucalyptus plantations and diminishing land resources has also increased disputes between other actors: the Indians and the landless rural peasants. Hence another, albeit indirect, impact of Veracel's presence concerns the mutual relations of local actors. The official registration of the Indigenous territory will affect many local actors – not only the Monte Pascoal National Park, but also Veracel, since its plantations are situated within this area. Thus the company must soon withdraw and restore this land, all of which has financial implications for the company.

When defending their traditional land rights, the Pataxó pointed out that they are forced to encounter racism in various forms, which is again linked to the chain of impacts due to a spreading plantation economy:

We have faced racism – claims that we are not ‘genuine Indians’ – from the government's side. In the health centers we also experience it, since we are put last in line for treatment: some of the doctors are descendants of the fazendeiros. The reason for discrimination is that we are persistent about our land rights.

We are very tired and depressed because of this situation.

Since the Indigenous territory is not demarcated, others besides the fazendeiros also attempt to claim these traditional lands by asserting that the Pataxó are ‘false Indians’. The same ar-

gument has also appeared in another land dispute case in the southern State of Espírito Santo, where Fibria's/Aracruz's one tactic was to claim that the Tupinikim do not represent 'authentic' Indian culture, based on the report prepared by the anthropologists of Aracruz (Myllylä, 2010; Myllylä and Takala, 2011).

Reduced livelihood opportunities and social problems

Before Veracel's establishment the Pataxó had subsistence from the remaining segments of the Atlantic forest. As if the reduction in Pataxó living opportunities over the last 500 years were not enough, the emerging new pulp investments have further reduced people's traditional means of subsistence. Massive monoculture plantations and their crude land-management practices have driven wildlife away, which has considerably affected the livelihood strategies of the Pataxó. They could hunt and fish without restrictions before Veracel's arrival. In addition, due to stricter environmental legislation, Bahia's remaining natural resources have come under tighter scrutiny by IBAMA (the Brazilian Institute for the Environment and Renewable Natural Resources). Thus road signs prohibiting hunting or fishing are common, and Veracel has even placed its own road signs on the borders of plantations to forbid hunting and fishing. These signs also warn against committing environmental crimes and request nature protection. Perversely, a pulp corporation has turned itself into a nature-protection authority in the region.

When plantations were founded, Veracel's armed security men prevented some Pataxó from fishing and evicted them, although this incident occurred in the Indigenous village territory. After the Pataxó contacted a lawyer, the company was not allowed to create any restrictions or place such road signs in that specific area.

Now we do not hunt or fish within our territory or a protected nature reserve, but we fish in the sea. Yet hunting is important for our living. After several years our grandchildren cannot see nature anymore. That is why some protected areas exist here. Before the new environmental law we hunted pacas and armadillos, for instance. These new laws are difficult for us – we cannot fully understand them, because since birth we have been used to hunting freely. The eucalyptus is a tree that birds do not enjoy staying in. In plantations you cannot find any pacas and armadillos, because they cannot survive well there. It is possible to walk a long way without finding any wild animals.

The above situation is very similar to the case of Espírito Santo State: Fibria's/Aracruz's eucalyptus plantations have been harmful to entire ecosystems, and scarce natural forests have prompted environmental officials to relentlessly scrutinize the Indians' livelihood practices (Myllylä, 2010; Myllylä and Takala, 2011). Declining natural resources have also pushed the Pataxó to overuse endangered hardwood species for tourism handicrafts. People have different approaches to the remaining forests: some prefer conservation, while others want logging for commercial purposes. Some villages have their own forest reserves, and tree-logging is regulated by IBAMA's permissions. The villagers have to reforest the logged sites. However, the divided situation has caused tensions among the Pataxó, particularly when the co-management of Monte Pascoal National Park by IBAMA and the Indians was temporarily introduced: it assigned some of the community members to supervise others.

Hence many of the livelihood-related problems in Bahia are quite similar to Espírito Santo, which Pataxó chiefs had earlier

visited, and observed ecological problems in the Tupinikim-Guaraní Indigenous Territory. In Bahia, many chiefs shared a common view, but there were also different opinions:

Eucalyptus is bad because it dries up the rivers.

There are no benefits from plantations, which are harmful to health and nature. Veracel's plantations within the Pataxó territory dry the soil and destroy land – there is no benefit for us.

No negative impacts to this village due to long distance.

Plantations are located too close to the national park, which is illegal. The worst thing is that agrotoxins are used.

One of the chiefs gave a unique opinion, which raises a question whose rhetoric it was about after all:

Veracel is a company that protects forests in a larger scale.

Elder members in particular, who had subsistence from the forests, emphasized nature conservation values. In one of the villages, environmental education included awareness-raising on the negative impacts of plantations, and the youth were encouraged not to seek jobs at Veracel. It was also stated that the young generation does not yet understand the full extent of problems the company has caused. Additionally, a number of young schoolteachers in other villages were greatly concerned about nature conservation issues. However, other young adults living in urban areas were more interested in connecting themselves to the plantation economy and becoming employed by Veracel. For the company, in turn, the less-educated Indians have not played any important role in terms of labor. According to one urbanized young Pataxó man, 'progress' was manifested in Veracel's presence, as he pointed out about clearcut plantations:

If the Portuguese had not come here, we would stay wild. We could not have been able to develop this land by ourselves; it would be just all forest. Veracel has brought development, but destruction too. However, the situation today is better [than it would have been without external influences].

This type of 'subaltern rhetoric' may partly originate from the long-term ostracized position of the Indians. At some point, the Pataxó no longer considered themselves Indians, since they were so marginalized by the rest of society. They have had to struggle for ethnic recognition from the state (see Carvalho, 2009). The above citation also reveals some generational division within the community in regard to Veracel.

On the other hand, many young adults in the villages were concerned over the company's harmful impact on the Pataxó community, its subsistence and culture. It was pointed out that the standard of living was generally better before Veracel. For instance, the schools were full of pupils; people's movement was free; and more sources of livelihood were available.

Our way of movement is changed. Transpassing is prohibited, traditional trails to other villages have vanished, and roads have been built.

After Veracel's arrival many residents had to move away to seek employment. The level of poverty has risen, and children's nutrition in particular was a concern, since not all necessary

meals could be offered. Youth who stayed in their villages had few livelihood prospects, but they wished to find education and a livelihood. When people's means of traditional subsistence have essentially diminished, some alternative livelihood methods have been generated. However, this has been limited, particularly because of poverty and the low level of education. The local Pataxó culture was thoroughly transformed by a commercial process, namely ethnic tourism. In the urban areas a number of market sites sold more or less traditional handicrafts and offered cultural spectacles. The Indigenous Pataxó reserve of Jaqueira has become an ultimate showcase, visited by 7,000 tourists annually. They expected to encounter 'Indians in the wilderness', a young schoolteacher stated. The reserve featured traditional architecture (*kijeme*); round buildings with straw roofs, comprising of living and cultural spaces, and a school.

Velame (2010) has criticized making the Indians into 'market fetishes' and the Indigenous Pataxó reserve into a Discovery Coast 'simulation' or time travel to 16th-century Brazil. Porto Seguro municipality has, in fact, used ethnic tourism as an instrument in the national and global economic competition between cities. Local travel agencies have constructed a brand for the city as a 'Terrestrial Eden' and an image of 'pure Indians'. Considering the effect of the aforementioned pulp-related incidents on the identities of the three Indian tribes, this type of public policy is questionable and may even lead to new incidents of racism. Furthermore, urbanization and tourism – less acknowledged side effects of Veracel – have led to drug abuse and prostitution among the youth.

In the congested [and urbanized] *aldeia* of Coroa Vermelha the situation is becoming difficult. There is a continuous in-migration because of deforestation. Veracel and other big companies distress us. They occupy lands that we could settle and use. The future prospects for youth here do not look good. Because of disagreements and drug abuse, people become afraid of their own family members, and the families break up.

The Pataxó had a few projects among the youth, in order to improve and monitor their situation, as well as maintain cultural traditions, such as language, costumes, festivals, and dances. Some schoolteachers expressed their concern over external threats, such as tourism and big corporations, despite the social initiatives of the latter. The Pataxó had a number of rules on how to encounter tourists.

To sum up, the dual societal processes – the urban in-migration pushed by Veracel and the commercialization of Pataxó culture – are less recognized but intertwined phenomena. Like land disputes between various local actors and related racism towards the Indians, all these direct and indirect societal impacts should be better acknowledged when discussing Veracel's corporate social responsibility or irresponsibility.

What did Veracel's CSR actually entail, and what were the grassroots CSR definitions and expectations

In this chapter Veracel's social performance is scrutinized from the grassroots viewpoint: as to what corporate social initiatives and people's needs were brought up and discussed by the Pataxó themselves. What, then, constitutes responsible business practice, and what does a good relationship entail according to the Pataxó? Their responses indicated a number of expectations from the company and its CSR policy. In addition to the viewpoints of the community, I utilize my observations in the *aldeias* and also in personal and group discussions with the Brazilian

academics. I was also interested to know about the sustainability of the initiatives, that is, how successful or sustainable they have been in the long term. In the forthcoming chapter, I also scrutinize the way the Indigenous community and social initiatives have been presented in the corporate reporting, in order to conclude to what extent corporate words matched corporate actions.

Change in the corporate strategy

First of all, it is relevant to ask: why did the company suddenly change its policy towards the local Indigenous community, with whom it previously had land disputes? For instance, in 2004, during the critical time of the pulp factory's completion, 300 Pataxó blocked the BR-101 federal highway for 19 hours in order to make the authorities aware that Veracel had planted eucalyptus on the Guaxuma village's traditional lands. In my research one cacique brought up the issue:

The new strategy of social projects is a result of the fact that Veracel has to give back the lands to us.

Also according to the Brazilian anthropologist Sampaio, the introduction of the new corporate strategy, after 2004, was clearly related to the land question: instead of giving back the disputed lands to the Indians, the company allegedly bribed certain caciques by introducing so-called 'social programs' that included various gifts to their villages (Dr. J. Sampaio, personal communication, 2011). The Guaxuma village became involved in Veracel's social initiatives much later than other villages. While in 2006 the chief of the poor village criticized the company's actions and claims of partnership with all the Pataxó, in 2011 he said that some collaboration, albeit at a low level, had started.

Indigenous land rights and economic compensation

First of all, despite diverse opinions and needs within the villages, the most common and most insistent demand was the legal recognition of the Pataxó Indigenous Territory by Veracel and its subcontractors, and consequently, their withdrawal from the native lands. Hence it is not sufficient that the company representative(s) merely visit the villages and introduce social projects; first, the Indigenous land areas ought to be given back to the community.

The entire territory will be demarcated, and the result will show that certain parts of the plantations are located within the Indian territory. The most important thing for us is that demarcation is accomplished.

The Pataxó had not yet decided on their claims concerning the native lands occupied by Veracel, but some 'terms of responsibility' (conditions) were mentioned. It was expected that Veracel would invite all chiefs to a meeting, where the scale of economic compensation, including land restoration, would be decided. The compensation was to be shared among the villages. Moreover, as long as the Indian territory awaits registration, the chiefs hoped that international pressure to Veracel also would assist in this target. However, a smooth procedure with the company may not be that obvious when comparing it to a similar case in Espírito Santo State – an issue to be discussed later in this article.

Educational, cultural and livelihood support

The most widespread Veracel's social initiative among the

Pataxó villages was education support. Veracel has donated 'school kits' (containing books, pens, and notebooks) to the Indigenous villages through the Municipal Education Support Program since 2008, and in 2012 the company distributed 3,050 school kits (Veracel Celulose Sustainability Report, 2012, p. 66). It was mentioned in a few villages that the company should also help in organizing school transportation. Education was generally seen as the most important issue, in addition to land rights and health; it was critical that all youth attend school.

The villagers needed support for various old and new livelihood strategies, because their living conditions and prospects were considerably weakened. Some suggested that Veracel could donate fishing equipment such as boats and nets. In one village they planned to propose fish ponds as a social project to the company, while in another village assistance in agriculture was considered more important. Support in project management skills was also mentioned.

Since many were concerned about the severe unemployment and inactivity among youth and their exodus to the urban centers, a number of interviewees suggested that Veracel should offer the youth work opportunities and also create other activities. As mentioned earlier, some youth wished to become employed by Veracel but considered their low-level education a drawback. However, in some *aldeias* the interviewees addressed the importance of environmental education and wished the youth would get their living elsewhere than from Veracel. As we see again in this case, the opinions among the Pataxó are not homogenous.

Veracel also offered livelihood support to a few villages, such as funding the purchase of native tree seedlings. For instance, the head village, *aldeia* Barra Velha, received relatively large funding for a tree nursery project (R\$ 26,000, or EUR 11,000). Veracel also gave eucalyptus for tourism craftwork in a number of villages. Furthermore, the Pataxó received financial support for annual cultural festivals, and the village chiefs got travel support for meetings held in Brasília.

Basic services, infrastructure and house construction support

Interviewees often mentioned that Veracel could help much more, especially in health and education, which were among people's most important concerns after land rights. Many *aldeias* did not have any health services. There was a severe lack of doctors and medicines, and equipment was outdated. Coroa Vermelha, the biggest village with 6,000 people, was served by only one doctor, who was available on weekdays and for three hours a day. The villages of Aguas Belas, Meio da Mata, and Boca da Mata faced the most difficult situation in regard to education and health care. Traditional medicines could cure ailments with a long history in the region, but not the new ones (such as HIV/AIDS, respiratory illnesses, alcoholism, and drug addiction), and in these situations people had to seek modern health care. The situation was similar to Fibria's other plant in Espírito Santo State, where the pulp factory and plantations had created new illnesses among the Indigenous groups, which could not cope with new health problems. Moreover, the state of people's health was generally weak.

Many of the villagers could not have afforded to build a basic house by themselves. In Guaxuma village the company offered to pay 5 percent of building costs. In addition, since Veracel's big trucks used local small roads to transport eucalyptus from plantations, the roads to the villages were often in poor shape. Concerning people's energy needs, one chief considered requesting Veracel's assistance in negotiating gas from Petrobras, which has a gas pump near the village. Other concerns included library and the Internet, and computers for village offices, which

handle people's concerns.

The scale, sustainability and institutionalization of social initiatives
Veracel has highlighted its one-year social program among the Indigenous communities (Veracel Celulose Sustainability Report, 2010, p. 56): 'The Total Protection Space' or 'Protection Territory' for which the company invested R\$ 240.000 (EUR 88.265), and it targeted the Pataxó and Tupinambá communities. For whatever reason, this program and its outcomes were never brought up by any of the Pataxós I met. Thereby I will analyze the program setting in the forthcoming chapter (see Box 1.). In all, the program's name, 'Protection Territory', can be regarded as misleading and even ironic, since the Pataxó struggle to reclaim their traditional territory, and the company is their most powerful opponent.

Based on my study, the scale of Veracel's support was minimal, particularly for an affluent multinational company. The result became even more striking during my fieldwork, when news emerged of Fibria's and Stora Enso's huge business profits. A Pataxó chief added:

During the last two years Veracel has mainly organized school kits, which is not much compared to the overall destruction it has caused. The municipalities have the biggest economic profit from Veracel's presence here – for us there remains only a package of books!

Equality question between the company and the community in terms of distribution of economic benefits or royalties was not mentioned by the interviewees. According to the chiefs, the social initiative practices were not actually institutionalized with Veracel. Nor did the villages and chiefs have direct contacts or discussions with the company management, but with an ombudsman.

The results of Veracel's social initiatives highlight the arbitrariness of the company's stakeholder relations. The aforementioned tree nursery case illustrates one of the core problems in funding community projects without supporting activities, namely the capacity-building to run a project. So Veracel donated EUR 11,000 for a tree nursery initiative in Barra Velha village. However, the project did not last:

The reason for the failure was within ourselves. Thirty people were involved, and we had mutual debts and quarrels, so the group broke up.

Here the chief took the blame and did not criticize the company in any way. He just hoped that Veracel could continue its support and give assistance in accounting and other project management skills for new initiatives in the future. In another village, Veracel had donated a school car, but people could not afford to maintain it; hence it was no longer used.

My overall personal observation in the villages was that the residents were initially quite wary of discussing their relationship to Veracel openly. For instance, this could be noticed between the lines, through nonverbal communication, so people's concerns were probably not always directly expressed. The powerful corporation's existence thus addressed the ostracized societal position of the Indigenous community in Brazil in general. The Pataxó were obviously afraid to lose even small benefits, as one community member revealed:

We are aware how small the company's support is – it could afford to do much more. But we are weak and do not have the

power to demand bigger amounts of assistance. Even a small bit makes us happy.

Approach to the community

When the company arrived, they did not come to talk to us. It has gradually started to open social programs, but we are not satisfied with the level of openness. They should really listen to us.

During the initial stages of a new investment, there was not enough communication with people. In some villages it was wished that Veracel's upper management would have a discussion with them and not merely visit the local governments. The main communication channel in the Pataxó-Veracel relationship seemed to be founded on the ombudsman system; a company representative received a 'wishlist' on a regular basis, particularly from certain villages. The chiefs with less communication with Veracel expressed a need for a honest, 'genuine dialogue', meaning better authenticity its stakeholder relations.

It also became apparent that Veracel's social initiatives were not equally targeted. There were arguments that the company had divided the Pataxó community, because some villages got more assistance than others. A few villages were visited by the company representative more frequently and consequently received more support. Some members regarded this as merely a malevolent company tactic in which the company attempted to intentionally divide the Pataxó.

I can't criticize the company in any way. What we need we get.

We have a good partnership [sic] because the company assists us.

We feel as if we are divided: some groups get more than others.

Dialogue is difficult because even though the company representatives arrived here, listened to our complaints and saw our problems, they did not act – even though we tried to present the issues as clearly as possible. Veracel should become more humble and listen to our needs.

It happens here that the villages that do not have a plantation within their territory start to stand up for the pulp companies. Even within families, problems and conflicts arise when family members live in different places.

Hence a rather common opinion was that Veracel should approach each village on an equal basis concerning discussions, decision-making, and social initiatives.

While the most of the *caciques* interviewed had defined various community needs, there were some exceptions. One chief had actually minimized his village's relations with Veracel because of its overall negative impact; recognition of the Indigenous territory was his only requirement. He also wanted to guarantee the continuation of cultural customs, as well as conservation of the remaining natural forests. In this case, a CSR definition addresses that a company should respect their position as Indigenous Peoples and refrain from any interference in their affairs.

Field research results juxtaposed with corporate performance and reporting

As demonstrated in the Brazilian case study, we can discern corporate impact in terms of pulp production and CSR performance. In this chapter I assess Veracel's social initiatives and local stakeholder relations, all of which are juxtaposed with my research findings. Since in Veracel's reports stakeholder management is discussed less than in those of the two partner companies, statements from Fibria/Aracruz and Stora Enso sustainability and responsibility reports are analyzed here. Viewpoints from Stora Enso's Sustainability Communications group in Finland are also included. In addition, the less-heard insights of the Brazilian academia and other experts are presented; namely the anthropologists from the Federal University of Bahia (UFBA), representing the Research Program on Indigenous Peoples of the Northeastern Brazil (PINEB). The anthropologists considered the continuous growth of massive eucalyptus plantations very problematic in Bahia and Espírito Santo (personal communication, Dr. J.A. Sampaio, Professor M.R. de Carvalho, and Researcher S. Miranda, 2011).

The reference case: massive impacts on local livelihoods

In Espírito Santo State, 40 year land dispute between the Indians and Fibria/Aracruz became to an end in 2007, when Brazil's minister of justice signed an administrative ruling to declare the disputed area (11,000ha) claimed by the Indians as an Indigenous territory. As a result, Fibria/Aracruz was ordered to withdraw from this land and pay the ethno-environmental study and compensation for the Indians. Since Fibria/Aracruz is also a co-owner in Veracel, the researchers listed many similarities in both cases – corporate history cannot be ignored. In its sustainability report, Fibria/Aracruz twisted the historical and other facts on what actually happened in Espírito Santo. During the prolonged land dispute, the company used violence multiple times against the unarmed Indians, as well as questioned and undermined their cultural identity. In the 1960s Aracruz destroyed Indigenous villages, evicted people from their homes, and logged primary rainforest from the region. Since then, the Indigenous protests have been suffocated by using force. In 2005-2006, the Tupinikim leaders were wounded by rubber bullets and illegal arrests by security forces. In addition, the company has used quasi-scientific reports by employing non-independent anthropologists to, for instance, undermine the identity of the Tupinikim. (Myllylä, 2010; Myllylä and Takala, 2011.) Yet the corporate reporting presents a very different historical narrative: ... "the company's previous occupation of the land had been in good faith" (Fibria, 2011, 80–81).

Moreover, during the heated land dispute incidents in Espírito Santo State, Fibria/Aracruz still enjoyed membership within the United Nations Global Compact Initiative, whose basic principles include respect for the Indigenous Peoples' rights. On the other hand, in 2010 Veracel was expelled from the Global Compact Initiative, because the company failed to communicate progress by the required deadline (United Nations Global Compact, 2011), unbeknownst to Stora Enso Sustainability Communications group (personal communication, 2011). But disturbingly, companies can join various global CSR or good governance regimes and institutions, and even receive international awards for good CSR, despite having severe problems with local populations. Information from the local stakeholder level does not reach these types of global CSR institutions.

Considering that traditional communities often live off the land, the term 'livelihood' intertwines economic, social, and environmental issues in the contexts of the global South. Experiences from the Espírito Santo reference case offer scientific information on the ultimate, long-term impacts of eucalyptus

plantations on local livelihoods. An extensive study was completed by a Brazilian multidisciplinary research group to assess corporate impacts, and the results were staggering (see Table 1). Fibria/Aracruz had to pay nearly R\$ 4 million (EUR 1.5 million) compensation to the Tupinikim/Guaraní. However, the sum is far from close to covering the damage the company has caused. The researchers estimated that the compensation should be at least 20 times more, thereby the actual cost is at least R\$ 80 million (EUR 30.6 million).

Fibria does not want to hear anything about the Tupinikim anymore (Sampaio, personal communication, 2011).

It is about capitalist logic: there are risks, but the profits are much bigger (Carvalho, personal communication, 2011).

The empirical findings of this study indicate that pulp production has also had a considerable social, economic, cultural, and environmental impact on the Indigenous community in Bahia State. What is noticeable is the fact that pulp production is a highly male-dominated and a mechanized sector; it requires trained employees, and does not recruit Indigenous Peoples, or rarely employs them. Veracel has not alleviated unemployment by hiring the Pataxó. In all, companies should support economic, social, cultural, and biological diversity among the host communities and their environments. In the current production model, massive monoculture development is dominating in the region.

The UFBA scholars addressed environmental degradation affecting people's nutrition: an external actor such as Veracel can damage the quality of food and potable water. As a result, people's health in the aldeias is generally weak (Sampaio, personal communication, 2011).

Veracel's biggest impact on the Pataxó is the fact that plantations are located too close to the Indigenous lands, and the soil is destroyed. Even if a new plantation has not yet been established, the land is still neglected. Veracel is like a wound that does not become cured but spreads: the problem is the continuous expansion of plantations, which not only affects the Indigenous groups but also the Afro-Brazilian Quilombos and small rural farmers (anonymous representative of Brazil's Federal Public Ministry, personal communication, 2011).

The 'terra nullius' and whitewashing strategies

At least some parts of Veracel's initial land acquisition approach in Bahia seem to rely on the ancient Roman law 'terra nullius', referring to 'nobody's land' or 'empty land' (cf. Australian Indigenous politics, in Crawley and Sinclair, 2003):

In a short time, the company occupied vast land areas in a legal way and claimed that they were not aware of the Indigenous Peoples' territories – the company actually pushed people away and created poor areas (Sampaio, personal communication, 2011).

Brazil has a slow and bureaucratic legal system, which lacks the capacity to assess the impacts of MNCs (Sampaio, personal communication, 2011). As discussed earlier, although the land rights of Indigenous Peoples are recognized in the Brazilian Constitution, in practice the situation is complicated, because the federal government and FUNAI have diverse opinions on Indigenous issues. As a result, the legal basis directing the role and impacts of MNCs is very ambiguous. The registration of the Pataxó Indigenous Territory has been arduous, and Veracel's withdrawal is not yet clear. It was feared that instead of payment to the Pataxó, Veracel will most probably claim com-

Table 1. The reference case: Ultimate impacts of eucalyptus plantations on the Tupinikim/Guaraní Indigenous territory in Espírito Santo State. This report was carried out by a Brazilian multidisciplinary research team, representing agronomy, biology, cartography, anthropology, and forestry.

<p>1. Environmental impacts</p> <ul style="list-style-type: none"> • Extensive soil impoverishment and erosion. • Pollution of water systems. • Destruction of original flora and fauna. • Of the remaining natural forests, 15 percent degraded (during the 1960s Atlantic Rainforest was extensively logged by Aracruz). • The sewer system in the entire area – of Aracruz and the Indians – was never taken care of and thus caused a widespread contamination. <p>2. Socio-cultural and livelihood impacts</p> <ul style="list-style-type: none"> • During the 40-year existence of Aracruz Celulose, the Indigenous populations have become isolated and abandoned. • The life of the Indigenous communities has been restrained in many ways, for instance, by using land use restrictions in the company's domain, and also by the Brazilian environmental institute's IBAMA's restrictions. The Indians have had to move out, and as a result, the population has concentrated and become congested in an urbanized living environment. Since living opportunities have become scarce, some have had to move to cities in search for employment. • During the existence of the neighboring company and its plantations, the livelihoods of the Indians have drastically changed, consequently due to decreased land production capacity. The youth were better educated than before, but the older generation sought to return to its previous way of life after the Indigenous territory's restoration, for instance, by using rotation crops. In principle, this would be feasible, but there were at least two obstacles. First, the soil was too poor to produce anything, and second, there was not much left of the Tupinikim culture, although some know-how on agricultural methods has survived. <p>Even though much of the area was clear-cut land, consisting of a huge field of eucalyptus stumps after the company withdrew, the Indigenous territory area was not totally destroyed. Some better sites remained, in which forests and agricultural lands were in rather good condition, while others needed help. Zoning was to identify areas of different condition and their needs. Eucalyptus was found to be a tricky plant, since after logging it started to grow again. All in all, the report shows that recuperation is possible, but it will be a complex process, requiring huge investments. According to the agreement between Fibria/Aracruz, the Tupinikim/Guaraní and FUNAI, Aracruz had to pay nearly R\$ 4 million (EUR 1.5 million) to the Indians. However, the sum is far from enough to cover the damage the company has caused. The researchers estimated that the compensation should be at least 20 times more than R\$ 4 million, meaning that the actual costs would be a minimum of R\$ 80 million (EUR 30.6 million).</p> <p>Source: Sampaio, personal communication, 2011; see Ferreira, et al., 2010.</p>

pensation to itself from the government – like Fibria/Aracruz did in Espírito Santo. There the company took “the role of a poor family that is being paid to move out” (ibid.). Veracel may also justify its compensation claims that it has increased the land value in the region. The company has not expressed any sign of voluntary withdrawal from the Indigenous territory. (Ibid.). In the interviews the Pataxó pointed out that FUNAI has hesitated to finalize the registration, because its staff is afraid of possible violence by the *fazendeiros*.

Legal CSR principles are mandatory, depending on the host country's legislation. Problematic situations emerge when the national and international, or/and partners of two nations' judicial systems and business practices differ much from each other. In the global South, the standards are often lower. Business decisions in ambiguous situations demand good ethical backbone, since the company management has to decide how to deal with them from the beginning. It should not simply carry out the minimum legally required corporate responsibilities; instead it should be a forerunner; ‘do more’, and take substantive voluntary steps. Stora Enso has apparently relied greatly on the leadership style of its Brazilian partner, whose occasional unethical actions towards local communities have caused ‘surprises’ for Stora Enso.

According to a Brazilian environmental lawyer working for the non-governmental organization SOS Mata Atlântica, firms that have a bad record or fail to provide an acceptable Environmental Impact Assessment (EIA) report often change their names and attempt to initiate business elsewhere in the country (Camargo, personal communication, 2004; on the complexities of the Brazilian EIA, see Kirchoff, 2006; Biller, 1998). The Brazilian researchers were not surprised that Aracruz changed its name to Fibria after its reputation was badly tarnished in Espírito Santo. The company is apparently striving for a more positive, greener, and people-friendly image in order to get rid of its negative track record. This is indicated in Fibria's Sustainability Report 2011 (p. 74):

A good relationship with the residents of communities located in the vicinity of Fibria's operations is critical to the company's performance. Since it was founded, in 2009 [sic], it has invested in engagement and socioenvironmental projects aimed at supporting social inclusion and improved quality of life in these communities.

Veracel's stakeholder mapping and ‘engagement’ with the Pataxó Starting from the corporate establishing phase, various stakeholder ‘consultations’ or public hearings are procedures often required by the host country, for instance, in the event of an Environmental Impact Assessment (EIA). But what generally emerges is a top-down, corporate-led action in which local communities are relegated to being mere listeners. In addition to mistrusting corporations with a negative track record, the Brazilians rely little on authorities, and therefore public hearings also may not attract participants. In some instances, companies have intentionally organized public hearings in such a way that locals have difficulty in participating. The Espírito Santo case exemplifies that host communities and their supporting civil society organizations may lose trust in the corporation, and reject any dialogue, if corporate actions do not match its words. Hence a lack of trust represents a serious power distance between the people and institutions in the Brazilian society (cf. Hofstede, et al., 2010).

As is typical of multinational companies, Veracel, Fibria/Aracruz, and Stora Enso have attempted to position themselves

outside of Brazil's socio-political issues, but this has become increasingly difficult for them. Similarly, they perceive and identify corporate impact very narrowly:

Fibria maintains good relations with most of the communities neighboring its operations. However, there are some unresolved conflicts with certain communities in the poorest regions of the north of Espírito Santo and the south of Bahia, stemming from problems that are often unrelated to the company and beyond the management's capacity to resolve, regardless of its good intentions ... Some communities merit special attention from the company, which has been developing specific projects for social inclusion, often with the participation of government bodies and independent socio-environmental entities. (Fibria Sustainability Report 2011, p. 80.)

In particular, indirect consequences, or ‘chain reactions’ of pulp production in Brazilian society are not recognized. But establishing intensive business in the poorest regions of Brazil automatically creates a variety of conflicts of interest with the local population, who struggle to keep their livelihoods and scarce resources. Idahosa (2002) points out that firms do not usually appear willing to consider the possibility that their operations – even if well intentioned – might be contributing to a deterioration in the situation at the community level, and that as a result, they should not be operating there on moral grounds.

However, by acknowledging and developing corporate social responsibilities, the companies also admit their roles and duties in the society, including the ‘specific communities’:

This refers to Indian and black communities, traditional fishing settlements and those of landless rural workers that are directly or indirectly related to the company's activities in the region. Several interviewees said that they had had problems in the past, particularly in regard to land ownership and eucalyptus cultivation in areas occupied by traditional communities, but that nowadays it is dialogue that prevails. (Fibria Sustainability Report, 2011, p. 90.)

Also Stora Enso uses a positive discourse and emphasizes Veracel's harmonious situation with all of the Indigenous groups:

In Brazil, our joint venture Veracel maintains good relations with the area's 17 Pataxó and Tupinambás communities, and supports programs designed to strengthen their cultural identity. (Stora Enso Global Responsibility Report, 2012, p. 29.)

But as my research findings illuminate, the actual situation is not that harmonious as the reports aim to offer to the public. In corporate stakeholder mapping, from establishing phase to execution of social initiatives, Veracel has used very divisive approach or tactics. Initially, Veracel allegedly bribed certain caciques by introducing social programs that included gifts to these villages; particularly those located further from the plantations and thus having less interest conflicts with the company. Thus Veracel has failed to approach the heterogeneity within the Pataxó in an equal manner by favoring certain groups and strengthening collaboration with them. In spite of the unequal and divisive approach, the companies have tended to maintain a public image that their joint venture has a partnership with the entire Pataxó community (e.g., Veracel Celulose Sustainability Report 2010, p. 67). The Brazilian research group stated that the positive discourse by the firms represents an interesting phenomenon, but it cannot continue forever as a business strat-

egy (personal communication, 2011).

In recent years, Fibria/Aracruz has attempted to develop corporate stakeholder relationship management, including participative programs, e-journals, radio, and 'EcoJournals' for schools to increase communication with the local communities throughout the country. These activities were not mentioned among the Pataxó in my study. Furthermore, the pulp companies have not only assumed the role of protectors of nature but also sought to present themselves as environmental educators for local communities (see e.g. Veracel Celulose Sustainability Report 2011, p. 89; Stora Enso Global Responsibility Report 2012, p. 89). Stora Enso Sustainability Communications group in Finland addressed that the company has an important regional role by protecting nature with Veracel's nature reserve², Atlantic Forest Program, and the communities' tree nurseries (personal communication, 2011). Considering the huge eucalyptus plantations and their massive impact on local ecologies, these new green corporate roles are questionable. In addition, Fibria/Aracruz has made a 'Relationship model' for communicating with neighboring communities (Fibria Sustainability Report 2011, pp. 71-77). In the model's 'Engagement' approach it is stated:

Fibria assumes the role of local development partner and seeks to understand the communities, while engaging them in the company's activities and decision-making processes. The Engagement model takes place in those communities most impacted by Fibria's operations.

It is not clear what is meant by 'decision-making processes' and at what level they would take place. The model's adaptation in regard to Indigenous groups such as the Pataxó was not mentioned in the corporate reports. Veracel has often left out the communities most impacted by its operations. Concerning the employment question, Fibria/Aracruz openly admits that the change in its policy from direct employment to outsourcing prompted one of the major criticisms made by the communities in Espírito Santo and Bahia (*ibid.*, p. 89).

Land rights of local communities are little discussed in the responsibility and sustainability reports. According to the Stora Enso Global Sustainability Report 2012, the company's eucalyptus plantation projects with intensive land use need to ensure that the rights of the Indigenous communities are fully respected. The company denied any problems:

We recognize the unique economic and cultural needs of indigenous peoples, their traditional uses of forests, and their legitimate rights to their traditional lands [sic]. We strive to ensure that our operations do not violate the rights of indigenous peoples who live near our operations. During 2012 we were not involved in any instances of violation of indigenous peoples' rights. (Stora Enso Global Sustainability Report 2012, p. 29.)

It is notable that in Veracel's sustainability reports there is no clear recognition of the Pataxó Indigenous Territory question. On the contrary, the company covers up land disputes and inequalities related to its presence:

All the areas legally recognized and indigenous communities are fully respected by the Company and are treated equally. Veracel does not have plantations, whether own, or in the Forest Producer Program, located in marked indigenous lands. (Veracel Celulose Sustainability Report 2011, p. 103).

However, in the company newsletter the situation is described differently:

Regardless of the legal status of the indigenous lands in the municipalities where Veracel operates, the company is aware, respects and contributes for indigenous causes (Veracel News, 2011).

What is notable is that Veracel has never taken any active stance on the land question but has left the situation unresolved. In this regard, Stora Enso's Global Responsibility Report 2012, for instance, is only partly accurate and leaves out some important facts in two areas. First, land disputes and stakeholders' criticism in China are discussed at length in the report, while the situation of the Pataxó Indigenous Territory in Brazil is not mentioned at all. This is also the case for Stora Enso's Global Responsibility Web site, which was given the European Excellence Award in 2010. Stora Enso's Sustainability Communications group stated that they were not at all aware of the Pataxó Indigenous Territory question (personal communication, 2011), which may explain the lacking information. Nor were they aware of the tarnished reputation of Stora Enso's partner. This, in turn, raises a question of institutional memory and its sustainability: in both Finland and Brazil the managers in the CSR field change relatively often. Second, although Stora Enso was not directly involved in violent encounters with the Indigenous groups, Veracel affects people's well-being and human rights in diverse ways. Stora Enso has recognized the need to adopt new approaches to its local stakeholders, although the results have not been convincing and sustainable so far. In 2012 Stora Enso appointed acclaimed human rights expert, who after just 5 months with the company resigned due to disagreeing views on sustainable development and human rights. In the interview with the Sustainability Communications group (2011), they mentioned the need to increase knowledge and openness in the corporate culture of Veracel. According to the Stora Enso Global Responsibility Report 2012 (p.5),

As Stora Enso has tree plantations in densely populated areas in growth markets, this is a fundamental issue for us. We are actively looking into innovative ways to use land, improve the efficiency of forest use, and share value with local communities. In many cases this means working with local communities to find new land use solutions, and create new local business opportunities. Most of all, this means maintaining constant dialogues with local stakeholders to find ways for everyone to benefit. At Stora Enso we must be truly open to new initiatives, and prepared to rethink our business.

The sustainability reports list a number of social initiatives that have taken place in recent years, but it is difficult to ascertain what the impact of activities has been, since the outcomes are often stated in a very shallow manner. Hence the results, or actions, are mainly listed in impressive numbers:

In 2011, several environmental responsibility programs and actions undertaken by Fibria, including healthcare, education and training, environmental issues, economic and socio-cultural development, reached approximately 150 thousand people (Fibria Sustainability Report 2011, p. 77).

Merely listing activities does not represent a sufficient criterion of good CSR performance. Participation and training, for instance, are not results but mere activities; what matters

is their impact. Certain evaluation questions can be asked; for instance, how did the training benefit the participants' livelihoods, and how relevant was it for the locals and their needs? (See Box 1 below)

Furthermore, a disturbing trend can be seen in corporate reporting, involving the use of local people as speakers or faces for the company. Content' Indigenous members are named and quoted (see e.g., Veracel Celulose Sustainability Report 2012, p. 71). Another is to publish pictures of the Indigenous and other traditional communities' members (e.g. Stora Enso, 2012, cover page). Using and publishing photos of the children and youth is particularly disturbing (see Veracel Celulose Sustainability Report 2010, p. 19, 56-57). This style, designed to appeal to the public, indicates a new strategy in reporting, which could have been influenced by some anthropologists working for the companies.

According to the 2010 sustainability report, Veracel donated native tree seedlings to two villages (p. 57). However, this social initiative and its results were not brought up by the villagers themselves during my interviews. The sustainability report also states that "in 2009, in partnership with FUNAI, Veracel also supported the construction of an indigenous school in the Jaqueira Reserve ... where 65 families live" (p. 57, author's emphasis). In 2012 the company "delivered the material for five buildings within the indigenous schools, including classrooms, cultural centers and a children's park" (Veracel Celulose Sustainability

Report 2012, p. 66). As I observed during my 2011 fieldwork, Veracel had merely donated cheap or basically free materials to the school located in the Jaqueira Reserve: eucalyptus trunks and *piçava* leaves for a traditional *kijeme* round building, and a small toilet. For this modest donation, the company got its name placed in the list of donors on the billboard beside the road to the *aldeia*. It was a common sight all around the region, and it represents one of the company's tactics to publicize its partnership with the communities. The company allegedly donated a police car to the municipality, which is ethically questionable and contradictory – in comparison to social projects in the villages – since the police are usually involved in evicting the Indians from their traditional lands, which have been overtaken by *fazendeiros*. In all, Fibria/Aracruz and Veracel have a tendency to exaggerate their philanthropy results by offering only positive, successful descriptions, instead of more objective and self-reflective analyses expressing organizational learning. This can be seen as a common problem for corporate reporting and public presentation in general, despite serving the interests of shareholders and international business circles.

Among the main results were also mentioned partnerships with universities and NGOs. This is a legitimate result, but it should be stated transparently whether the company funded these actors, whether it influenced the research topics in any way, what type of partnership it was, and who exactly was involved. It should not be forgotten that, in recent years, Aracruz

Box 1. "Communities are given a *Total Protection Space*".

Veracel has highlighted one social program among the Indigenous communities (Veracel Celulose Sustainability Report, 2010, p. 56): 'The Total Protection Space' for which the company invested R\$ 240.000 (EUR 88.265). This one-year (2010-2011) public-awareness campaign focused on the 'violence risks' ('personal and social at-risk situation', e.g., abuse and sexual exploitation) experienced by the Indigenous Peoples and targeted five Pataxó villages and one Tupinambá village. The government of Bahia State, FUNAI, and NGOs, among many other actors, participated in the program. The program, focusing on child and teenage protection, was run by an NGO, Instituto Tribos Jovens. The campaign did not happen at the village level; instead, a number of education seminars were organized around the municipalities. The project raises many questions from the viewpoints of development studies and international development concerning the agency, project goals, transparency, processes, and impact on the communities. It is striking that although the program focused on violence experienced by the Indigenous Peoples, it did not include those villages that had faced conflicts and racism from the actors related to Veracel's presence and land acquisition.

Since the area is highly urbanized and has a great influx of tourists, these populations are culturally under pressure and at a greater risk of suffering violence and sexual abuse. To counter this reality Veracel, in partnership with public offices and native community representatives, has sponsored and supported programs to rescue their traditional way of life and citizen rights, one of which is the 'Total Protection Space'. (Veracel Celulose Sustainability Report, 2010, p. 56.)

Hence *aldeias* that already had a better relationship with the company participated in the program. It seemingly bypassed perhaps the most critical sources of human insecurity – discrimination, violence, prostitution, and the use of drugs – that were all at least partly caused by Veracel's plantations and the related repressive actors. The concentration of the Indians in urban centers due to the loss of livelihoods did not emerge in the program setting. By disregarding Veracel's negative impact on the communities, the whole program jeopardizes its credibility and objectivity. In addition, the program outcomes were again stated only quantitatively: "150 persons trained in a month: a total of 2,875 beneficiaries; 1,981 attention and orientation sessions; and 894 leaders trained" – as if these impressive numbers explain the 'achieved results' and justify a huge amount of funding. No in-depth impacts of training were clearly assessed. Only a few results were explicitly mentioned, for instance, "10 percent increase in the number of reports regarding violence against children and adolescents"; while the rest were expressed ambiguously: "... strengthened social fabric and human capital; and differential in public policies of Bahia State and Brazil". What do these actually mean; how do they manifest in practice? Despite my request for more detailed information on the program results and impacts, and the use of funding among diverse actors, the NGO representative just referred me to the brochure summarizing the above results (Tribos Jovens, personal communication, 2012).

The program was based on educational and research activities such as "Integral Protection Space (i.e., mapping risky areas); Attention; Training Leadership; Campaign; Network Strengthening; Participative Management; Research – Situation of Violence; Multiethnic Team; Assessment and Monitoring System". This type of ambiguous program setting directs attention not only to the impact of these activities, but also to the allocation transparency of a very large amount of funds for a one-year *public-awareness* campaign program, in Brazil. So how much was actually spent for experts and consultants? What was done with the funds, which were very large compared to the results achieved and the community impact? In development project a common problem is that a disproportionate amount of funding is spent on experts and consultants, while only a small fraction actually benefits the target group. It raises further questions about community benefits, ownership, and transparency. In other words, could the EUR 88.265 donation – for just a one-year initiative – have been better used for the Indigenous communities? Did the Pataxó villages participate – and on equal terms – in the prioritization of assistance and hence the selection of this particular topic? Why did only certain villages participate? My research data indicates very different types of needs among the Pataxó than indicated in the above project. The youth problematic in urban areas was brought up in both, but in my study it was more linked to Veracel's impact as a *consequence* of losing livelihood opportunities. In addition, the personal security issue was primarily mentioned in regard to the actors organizing land reserves for Veracel. To sum up: when a firm is a main donor, it more or less affects the topic and approach of the program, and thus the participants find it difficult to make criticisms targeted at the donor itself.

offered funding for the Espírito Santo State University staff and students to carry out research favorable to the company. This sparked some resistance on the university campus. In addition, the national-level civil society movement against eucalyptus plantations – the Brazilian Network against the Green Desert – has also involved numerous Brazilian academics, particularly social scientists.

Based on the experiences in various local development initiatives of the global South, material assistance has proved to be a problematic tool. It not only creates a dependency relationship between the donor and the community but also generates inequality within the community. In addition, disregarding property maintenance is a common deficiency in many philanthropic endeavors. Veracel is no exception, and hence it has room for improvement in the approach and sustainability of its social initiatives. For instance, the school car and the tree nursery cases were not successful. In the former, maintenance costs were not taken into account. In the latter, the community members lacked the capacity to run such a project, and internal power-related problems also hindered the success of the initiative.

In all, the following questions can be raised in corporate performance and reporting: How are the communities identified and their corporate relationships presented? Which social initiatives are suggested, and by whom? Who participates? Are the projects analyzed and by whom; what is exposed and emphasized, and what is left out or hidden? How is societal credibility sought? Is the report realistic, understandable, and accessible to the host community? Overall, does the report seek objectivity, or is it merely for 'greenwashing'?

Philanthropy may change entire community dynamics, as seen here, when conflicts and other power struggles arise not only between the *aldeias*, but also within (single) families. Trying to adopt new practices – such as administering increasing funds in projects – can cause tensions within the local community. These consequences are typical of international development situations between the donors and the low-income societies in the global South. It was also brought up in the village interviews that Veracel's lopsided approach to the villages represents a deliberate business tactic. The argument is supported by international background literature, according to which large oil corporations in particular and other external actors can knowingly use social projects as tactics to cause divisions in the host communities and hence weaken resistance movements (see Haller, et al., 2007; Eweje, 2007). In cultural policy, this phenomenon is called guided governance. Philanthropy also entails a serious dilemma when corporations fund or manage capacity-building efforts, they may wield, or be suspected of wielding, undue influence on the community. This problem reinforces the benefit of involving respected and independent third parties in capacity-building initiatives (Murphy and Arenas, 2010). Finding a competent, independent third party is a challenging task, since local governments can be oppressive towards the traditional communities and/or rely on corrupt practices and actors, which may endanger the basis of social initiatives. Non-governmental organizations may have goals that do not serve the community needs, and NGOs may not be accountable to any institution, or their actions are not assessed (see e.g. Myllylä, 1998, Rajak, 2011, p. 191). Some NGOs are only nominal and have been established by persons closely affiliated with a corporation. Hence the minimum that can be recommended is that i) the third party should have a good track record as well as experience in community work, ii) the community's priorities should have weight, and community members should be taken into account equally, and iii) the impact, ownership and sustainability of the

social initiatives ought to be carefully assessed.

Social disintegration among the Pataxó has obviously caused fractures in their resistance movement against Veracel since its establishment:

Veracel has managed to take over the Pataxó, as Aracruz did in Espírito Santo for the Tupinikim in the 1980s and 1990s (Sampaio, personal communication, 2011).

Although it may seem that the Pataxó resistance movement against Veracel has ceased along with corporate philanthropy, several Indigenous movements have emerged to draw the attention of FUNAI, the National Institute for Colonization and Agrarian Reform, and Veracel toward the registration of the Indigenous land and local livelihood needs. For instance, in 2013, 70 families from several Pataxó villages occupied Veracel's ranch, on which eucalyptus was planted. Among others, Barra Velha, which is the oldest *aldeia* and has received a large part of Veracel's assistance, also participated in the occupation. These incidents demonstrate that since the company has not respected Indigenous rights, it also lacks people's trust and acceptance, despite its attempts to project a public image of a harmonious relationship and increasing philanthropic support. Thus, the company's attempts to offer ever more philanthropic assistance still do not resolve the most fundamental issues related to the demarcation of the entire Indigenous territory and the question of larger and equal community benefits.

To sum up, for the Pataxó Indians, Veracel does not actually represent anything new in the region. They and their forefathers have experienced similar situations on many occasions:

Concerning the Pataxó resistance movement, we should bear in mind the historical perspective of this Indigenous group and its numerous struggles, and their effects on the Pataxó identities. For 100 years the Pataxó were isolated, until the 1950s, when big companies came and the Monte Pascoal National Park was also established. The Indians have struggled against capitalism for over 50 years; before this, they fought for their rights to education and health services, all which have both united and divided them to this day. It has been a very long process, in which the community has both converged and fragmented in fighting against external forces. Eucalyptus plantations simply represent a continuation of this history. Something good has also appeared alongside Veracel: the rights of the Indians have been brought up for public discussion. (UFBA Research group, personal communication, 2011.)

A Concentric CSR Roadmap Model

The goal of this study was to understand the corporate impacts and the CSR expectations from the Indigenous perspective – to deconstruct the ambiguous CSR concept and reconstruct it from the grassroots. By using the Grounded Theory approach in an adaptive manner, a three-dimensional, Concentric CSR Roadmap Model was developed for corporate relations with the local community stakeholders in the global South context. A data-based inductive method was used, combined with an exploratory case from Brazil. Three main hierarchic CSR responsibilities (binding, ethical, and philanthropic) were identified, with 22 conceptual categories or principles, and 49 subprinciples. The field data was supported by the extant literature in the later stages of the research process. The typical CSR categories – legal, ethical, and philanthropic principles (cf. Carroll, 1991) – were considered, although in a different way than the extant theoretical literature. First, I named three main catego-

ries: 'binding', 'ethical', and 'philanthropic' principles. Second, the GT approach brought up an observation that these three main categories should be understood and used hierarchically, rather than treated as equal principles. Third, my data offer new meanings for their contents, as discussed below.

The Brazilian case study and the Indians' opinions, especially in territorial issues, reflect well on the Indigenous People's rights of ILO Convention No. 169 (see articles 25, 26, 29, and 40). This is also the case concerning the issue of self-determination, stated in the United Nations Declaration on the Rights of Indigenous Peoples (2008). Hence Veracel's social performance can be criticized on multiple grounds; however, the company sees its position very differently (e.g., Veracel Celulose Sustainability Report 2010, p. 67):

There were no cases of violation of native population's rights recorded. The relationship between the Company and these traditional communities has been close to a partnership.

Compared to the extant literature, my model presents a new approach to CSR criteria when guiding and assessing corporate performance of the firms establishing themselves in the global South. Besides contributing to the theoretical discussions, the Concentric CSR Roadmap Model is meant for a mainstreaming code of conduct to guide and assess corporate performance in local stakeholder relations. The model specifies a multitude of societal circumstances and situations that corporations are most likely to encounter with the 'external' stakeholders – the host communities. Concurrently, the chosen business decisions concerning these situations determine whether the corporate impact on the host community is positive, neutral, or negative – or as my data shows, all of the above, showing that diverse corporate approaches can be mutually contradictory. Furthermore, there is a need to further develop the practical-level indicators for the CSR criteria.

The model is presented in two stages: as a table, and as a concentric model (see Table 2, p.46 and Figure 1, p.47). The outer circle, i.e., binding responsibilities are described here by 'in which frames' questions, while the middle circle of ethical responsibilities refer to *how* something is done. In the inner circle, philanthropic responsibilities, it is basically a question of *what* is done, and it is primarily regarded as government's sphere of responsibility. Cultural context in the global South forms the model's 'meta-framework'.

Presenting the model as a hierarchical, concentric ringroad formation has several meanings (see Figure 1). First, the most urgent and binding issues have to be tackled first: in the global South, land and its resources are particularly important for people's livelihoods. When the land ownership conditions are ambiguous and disputed (not to mention when there are protracted legal battles), this should be taken as a strong warning sign and risk for the business – even when the host government welcomes new investment. In the era of social media, it does not take much to put a company into the global spotlight and tarnish its reputation.

My model points up the fact that if the most crucial local needs are not first solved in the outer circles, actions at other levels may merely cover up more urgent and sensitive issues in the corporation's stakeholder relationship. To cite some examples, Veracel should have, first of all, clarified the disputed boundaries of the Indigenous territory before starting philanthropic activities in the Pataxó villages. And even when the land disputes emerged, as well as accusations of violating protected forest areas, the company did not consider withdrawing, but

kept its position. Veracel's corporate practices have been divisive in regard to the identification of stakeholders and their needs. The company may have operated for the most part within the minimal legal boundaries, but many of its acts raise critical ethical questions. Hence it is argued that the binding and ethical responsibilities should precede the philanthropic ones. They are considered subordinate to the higher responsibilities guiding the scope and quality of impacts: before planning a philanthropic initiative, both its binding and ethical entailments ought to be assessed, and business decisions and strategies should be made accordingly. However, the numbered principles are not to be considered hierarchically within the each circle.

The 22 principles – the 'traffic lights' – are guiding and alerting nodes where a company has to seriously assess its business decisions and strategies. To disregard any of the binding principles can easily spark a civil society movement to rectify the situation, but then it may be too late for the company and its brand reputation. While the model is composed of a set of guidelines and standards for business decisions and strategies, it is equally meant to be a protective shield for the host communities with few resources to defend their rights when encountering powerful corporations. Hence the ringroad structure contains an ethical, community-protecting purpose: there should not be unrestricted access and impact to the host communities' livelihoods and cultures by external actors, such as multinational corporations. That is, the corporate-community relationship should be based on more equal principles compared to the previous business-as-usual situations.

The model may help to reduce power imbalances in firms' relations to local communities and also to pinpoint the ambiguous situations in which the corporation attempts to gain local acceptability by questionable means and aims. To sum up, the model is based on the idea that corporations require wider and deeper cultural knowledge of the societies before establishing a position in the global South. In addition, the model may be useful for the corporate-stakeholder relationships in the global North; for instance, concerning the recent cases in which multinational mining or oil industries operate in the Arctic region, and the local communities have been affected. In addition, the model can be expanded to comprise other stakeholders, as an expanding web of relevant actors at diverse geographical levels.

Conclusions

This article has demonstrated societal challenges that an MNC faces when establishing itself in the global South. The findings from Brazil identified a number of research gaps in the extant literature, which this paper attempts to fill. The Northern CSR ethos is clearly not relevant to the societal contexts in the emerging and developing economies. These nations often share certain features such as sharp socioeconomic inequalities, deep poverty and discrimination against low-income populations (particularly ethnic minorities), complex resource disputes with many stakeholders, and weak local governance capacity, reflected as severe deficiencies in public services. Governments, in turn, provide lavish benefits for international investments, while at the same time halfheartedly enforcing laws and regulations, and lacking proper CSR standards. These conditions offer MNCs a very flexible environment in which to operate but often impede local livelihoods. When traditional communities face radical changes in their living environments and attempt to adapt to new conditions, we can discuss 'livelihood resilience'. Due to rural communities' vulnerable judicial and socioeconomic positions, firms have an even greater responsibility, although they are very selec-

Table 2. The basic elements of the CSR Roadmap model (source: the author).

CULTURAL CONTEXT IN THE GLOBAL SOUTH	
I BINDING RESPONSIBILITIES	'IN WHICH FRAMES' questions
<i>(local, regional, national, and international laws, standards, regulations, certifications, constitutions, and conventions)</i>	
1.	<p>Territory</p> <ul style="list-style-type: none"> -Investigate and respect officially registered host community's territory and its total environment. -Investigate and respect traditional land and resource-related rights. -Refrain from operating in areas where physical demarcation is in process. -Avoid operations in disputed areas (e.g., with protracted legal battles). -Avoid land grabbing or large-scale land acquisitions in regions with many small farms and wide-scale poverty. -Avoid restricting people's traditional access to natural resources and their subsistence. Avoid destroying cultural sites and traditional pathways.
2.	<p>Self-determination</p> <ul style="list-style-type: none"> -Respect the self-determination right of the community in regard to all aspects (e.g., avoid interfering its cultural identity). -People have right to participate to plans and decision-making, which may have impact on their lives and natural environment. -No contact or interference at any level, whenever indicated or claimed by the community.
3.	<p>Dialogue</p> <ul style="list-style-type: none"> -Related to the community's self-determination right, pursue genuine negotiations with the community. -Arrange meetings in the community's own terms.
4.	<p>Human rights</p> <ul style="list-style-type: none"> -Respect international human rights and Indigenous People's rights. -Acknowledge the complexity of these rights, which may exist as natural rights or as legal rights, in local, regional, national, and international law. -Use peaceful responses to local protests and resistance movements.
5.	<p>Working rights</p> <ul style="list-style-type: none"> -Respect national and international working rights (e.g., avoid racial and ethnic discrimination). -Offer training and employment for the youth, if required by the community. -Avoid using child and slave labor.
6.	<p>Environmental and social impacts</p> <ul style="list-style-type: none"> -Respect environmental legislation, standards, and land zoning, despite their implementation and control systems have severe deficiencies in the host country. -Respect healthy local living environments. Avoid causing land degradation, environmental pollution, overuse of resources, and loss of biodiversity. Do not disturb local food security and potable water resources -Perform a high quality Environmental Impact Assessment (EIA). -Perform a high quality Social Impact Assessment (SIA), whether or not it is mandatory. Link it to the EIA.
7.	<p>Partners</p> <ul style="list-style-type: none"> -Acknowledge and investigate direct and indirect corporate impacts. -'Know your partners': Avoid supporting or co-operating with repressive companies, local institutions and other actors, especially violence-prone security forces. <p>Avoid business with land speculators inducing local conflicts.</p>
8.	<p>Benefit-sharing</p> <ul style="list-style-type: none"> -Reasonable benefit-sharing with the community.
9.	<p>Compensation</p> <ul style="list-style-type: none"> -If corporate operations have already taken place in the community's lands, withdraw and prepare for reasonable financial compensation and restoration due to land degradation and other possible livelihood losses to the community, added to the land recovery costs (e.g., reforestation and purification of water resources).
II ETHICAL RESPONSIBILITIES	'HOW' questions
10.	<p>Equality and respect</p> <ul style="list-style-type: none"> -Respect people's livelihoods and homeland. -Understand prevailing, difficult political, social, and economic contexts of the (often marginalized) community. -Respect and learn from culturally different worldviews and knowledge systems. -Realize genuine 'partnership'. -Avoid patronizing approaches. -Treat community leaders, subgroups, and members equally, in order to avoid a divisive impact on the community. Give special attention to youth and women.
11.	<p>Trust</p> <ul style="list-style-type: none"> -Make relations and agreements official; institutionalize. -Keep promised responsibilities.
12.	<p>Diversity</p> <ul style="list-style-type: none"> -Support cultural, economic, and biological diversity among the community and its environment.
13.	<p>Sustainability</p> <ul style="list-style-type: none"> -Target sustainability of actions. Assist in ways other than offering material goods. Avoid community dependency and encourage local ownership. -Maintain institutional knowledge on the community in spite of personnel changes in the firm.
14.	<p>Doing more</p> <ul style="list-style-type: none"> -Avoid making the host government's unfulfilled obligations to the community the scapegoat for adopting lower level business standards. -Find alternative, innovative practices (e.g., to large-scale corporate farming).
15.	<p>Impact</p> <ul style="list-style-type: none"> -Assess community impact instead of listing mere actions and outcomes. -Evaluate the impact of business practices, production, and CSR initiatives (e.g., in terms of project cycle) -Impact assessment is basically an overlapping element through which other ethical responsibilities can be viewed and analyzed.
16.	<p>Transparency</p> <ul style="list-style-type: none"> -Pursue transparency of actions and corporate reporting. -Offer sufficient and understandable information for the community, as well as for the local, national and international audience. -Openness concerning the impacts of business production, and CSR initiatives (e.g., social projects, benefit-sharing, local disputes, environmental or human rights violations, etc.). -Offer realistic and detailed information on local community relations and projects to the public. -Indicate corporate learning from drawbacks and criticism. -Use experts who are independent and whose fees are not disproportionate in comparison to the resources allocated to the community.
17.	<p>Credibility</p> <ul style="list-style-type: none"> -Transparency increases credibility. -Seek collaboration with an independent, reliable third party.
18.	<p>Civil society</p> <ul style="list-style-type: none"> -Take the claims (norms) of the supporting civil society seriously. Respect the independence of research institutions, schools, and media.
III PHILANTROPIC RESPONSIBILITIES	'WHAT' questions
19.	Basic services support, particularly in health care.
20.	Support in employment and other forms of subsistence, particularly for youth.
21.	Assistance to educational institutions and cultural activities.
22.	Support in housing and infrastructure development.

tive in which role they want to adopt when functioning as a significant societal or development agent. Moreover, there is a demand for a better culture-specific understanding of CSR. All this implies the need to obtain more bottom-up knowledge by incorporating fieldwork research practice in business ethics to a greater extent. Nevertheless, collecting in-depth, primary data on the viewpoints of the stakeholders at a grassroots level is rare in the field of business ethics. Despite the emerging new contexts in CSR discourses, little research has been done to connect business ethics with development studies – and especially development ethics – approaches. Yet this linkage is necessary when studying business ethics and local stakeholder relations in the contexts of the global South.

This article finds that firms can be considered responsible not only for their production impact, but also for the CSR performance per se, since its impact may not be always positive. Corporate philanthropy is usually considered a central CSR tool, and it is discussed rather uncritically in the bulk of the CSR literature. However, my data illustrates many problems entailed in philanthropic endeavors, regardless of whether it was a question of money, materials, or programs. Even though philanthropy is tending towards more expert-based assistance, for instance, it requires special capacities to work with local stakeholders, which, in turn, calls for third parties to step in. What is clearly emerging is that MNCs take on, and are expected to take on, various roles of the public sector, so firms have increasingly become ‘gap-fillers’ for the public sector in the nations struggling with governance crises or otherwise allocating too little resources to the sector. Some authors regard CSR as a positive development agent in countries “governed by weak or predatory states”, where corporations may be more capable of delivering development than governments (see Rajak, 2011). On the other hand, the gap-filler situation also creates dependency on corporations and allows local governments to continue to evade their responsibilities. The actual end result may be that CSR supports bad governance structures. Corporate phi-

lanthropy is not closely scrutinized nor controlled: accordingly, the CSR field constitutes a gray, ‘informal’ sector in Southern societies.

In the global South, companies face considerable challenges in identifying and managing the stakeholder arena and heterogeneity within it. The term ‘stakeholder’ itself has a corporate ‘top-down’ or even Eurocentric ethos that has been challenged by the grassroots movements. Despite usually being treated as ‘extremely external’ stakeholders, the Indigenous Peoples and their movements can actually become powerful actors when networking with other national and international movements and publicizing their own agenda in global social media.

Philanthropic activities may have diverse and even contradictory impacts on local communities, in terms of ownership, equality, sustainability, and transparency. Donations of material and other benefits are problematic if they do not serve the larger community. As unintentional or intentional corporate tactics (known as ‘guided inclusion’), firms can favor certain groups while excluding others, particularly when the latter criticize the company. Philanthropy is thus likely to create dependency and tensions among the community members, if the aspects of equality and local culture are not properly taken into account. These situations are familiar in international development projects, whose experiences can show the way in developing the CSR field. The lopsided business production impacts, and CSR activities of an MNC, can divide local communities, and even at the micro- or family level, since people possess diverse interests and expectations vis-à-vis the company. In order to calm local resistance and related incidents – actually indicating a serious mismanagement of local relations – companies tend to increase philanthropic assistance, but without solving the underlying problems that spark social unrest and resistance against the company. If the most critical questions, such as land titles, are not resolved, companies appear simply to be buying local acceptability. Thus philanthropy runs a considerable risk or dilemma of engaging in corporate social irresponsibility (CSI) actions in the global South.

My aim was to create a CSR model that reflects common societal circumstances of the emerging and developing economies, and consequently, to present relevant CSR principles. However, the model can be adapted to national contexts, and it is also targeted for other primary and secondary industries dealing with natural resources and local stakeholder relations. By combining the GT approach with a case study, a three-dimensional, Concentric CSR ‘Roadmap’ Model was developed for corporate-community stakeholder relations. Furthermore, the purpose of the model was to deconstruct the ambiguous CSR concept, and to contribute to the disciplinary bridge-building both theoretically and methodologically between business ethics and development studies, by offering the values of ordinary people. A roadmap is meant to assist in navigating unknown terrain; here its purpose is to help firms pursue more relevant CSR actions and to offer standards for corporate performance assessment in the global South. But the model is equally aimed at providing protection for local communities encountering powerful firms in their backyards. Moreover, the responsibilities should be understood hierarchically in relation to each other – an observation that emerged during my fieldwork. The model states that philanthropy should not be used as a CSR strategy when initially approaching local stakeholders. In other words, firms should not have direct access to the ‘core’ of the communities, that is, to impact their internal dynamics, culture

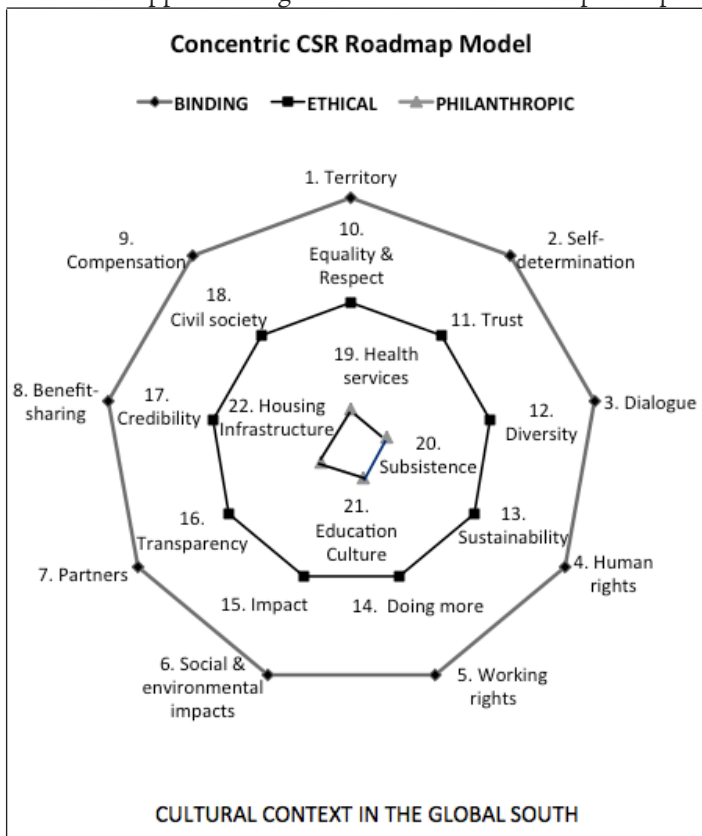


Figure 1. Concentric CSR Roadmap model for local community stakeholder relations in the global South (source: the author).

and development; instead, judicial and other binding issues ought to be tackled first. In addition, the model directs how to plan and execute philanthropic activities so that ethical aspects are also considered. And as the corporations start to operate as gap-fillers, it requires more fundamental public-private debates, and clarification of roles and responsibilities. The Concentric CSR Roadmap Model can be used as a mainstreaming code of conduct to guide and assess corporate performance in local community stakeholder relations. The model also indicates the need to adopt new 'bottom-up' approaches in data collection in business ethics research concerning the global South.

Veracel's case epitomizes a business-as-usual approach, where the company has simultaneously operated in all three CSR levels, and in a very perfunctory manner. Before binding issues were tackled, the company started to offer financial and other support to certain Pataxó villages. The company has not been active in solving land dispute cases in the Indigenous territory. Veracel's stakeholder approach has targeted the host community in a biased, divisive manner, leading to social disintegration. The company has contributed to the congestion of the Indigenous population in urban centers by reducing local livelihoods and has sparked land-based conflicts between local actors. Nor has the company employed the Indians. Furthermore, Veracel has turned itself into a nature-protection authority in the region. The Indigenous schools have received modest assistance, but this type of philanthropy is an example of a societal gap-filler phenomenon and may strengthen corporate dependency in the long term. Sustainability and equality aspects in the community-level projects were ambiguous, and there was no more detailed information available. What is also notable is that Veracel has increased philanthropic assistance after the Indigenous protests, even though Indigenous demands were about resolving disputes over land areas. Overall assistance to the Pataxó communities was minimal in regard to huge financial profits that Veracel produced in the region. It can be questioned whether the 'partnership' (which became a CSR mantra in the Indigenous-corporate relationship) and the entire basis of Veracel's CSR approach were plausible, due to considerable asymmetry in power relations and unresolved Indigenous needs. Basically, the company aimed at compensating the contested parts of the Indigenous territory and its livelihood losses with 'a package of books', as one chief stated. The stakeholders were not involved in the business decision-making on the more equitable benefits, but neither did they claim this, except concerning the land issue. On the contrary, the Pataxó were afraid to lose even the small benefits. In conclusion, Veracel has violated many of the Indigenous Peoples' rights recognized in the Brazilian Constitution and international conventions.

One of the aims of this research was to assess to what extent corporate words were compatible with corporate actions concerning the CSR initiatives and the stakeholder relationships. Veracel's partner firms Stora Enso and Fibria/Aracruz were also included in the analysis of corporate reports. There were signs that the companies were interested in improving their stakeholder relations. These were described in varying ways and lengths in the reports, and some of them were verified in my study. Nevertheless, the CSR actions and stakeholder relationships were portrayed as more active and trouble-free than they were in reality. Overall, the reports exposed a tendency to either prettify or keep silent about the situations, so the presented facts were selective. One worrisome trend is to quote local villagers praising the company, or exposing their personal stories. Another is to publish pictures of the Indigenous and other (traditional) communities' members. Using and publish-

ing photos of the children and youth is particularly unethical – not to mention that the context is about 'responsible business'. Hence the corporate reports lack, above all, judgment capacity at the management level. 'Sustainability' is an ambiguous concept for corporate reports, since they deal very little with actual sustainable development, as the term entails an idea of positive, long-term impact, but its local application is far from clear in the reports. The implemented CSR measures were listed, but their impact on the stakeholders was not assessed or mentioned. It follows that the prevalent 'storyteller's style' – whether in producing reports, offering public statements, and innovating brand-uplifting projects in social media – is advantageous for the company. Stora Enso's Global Responsibility Web site was given the European Excellence Award in 2010, even though the site omits mention of the main problems with the Indigenous groups or the landless rural peasants in Bahia. In the worst cases, companies that violate human rights or environmental laws in the global South are simultaneously rewarded by national and international CSR institutions and/or participate in initiatives such as Global Compact. Hence information from the stakeholder level does not reach these types of global institutions. Furthermore, a global corporation's CSR performance should be thoroughly credible, implying that there are no significant discrepancies when comparing countries.

Unethical practices in business communications not only bring into question the ethics within the corporate management level per se but also undermine the credibility of the rest of the business. If one or two parts of the picture do not correspond to reality, what else may have been omitted? Do we want only positive stories and news, and whom do they ultimately serve? A realistic account of business performance available to shareholders, including governments, is a minimum prerequisite for the follow-up of risky situations when there are important economic, judicial or brand issues at stake. For instance, according to Stora Enso's Web site, the company is committed "to give adequate information to minimize the investor's risk". The wider public, including the taxpayers, also deserves better information about where and how their money is being spent, and what kind of consequences the investments and their financial support system have in the global South. And last but not least, reports and other necessary information should be available to the stakeholders in their own language.

This article has focused on the Indigenous-corporate relationship in the Brazilian context, which well illustrates the CSR problematic in other, rapidly industrializing regions. The legal basis directing the role and impacts of MNCs is very ambiguous. My study found that not only business production but also CSR practices are inclined to bring about wide-ranging and unseen, problematic societal impacts, which could be avoided by adopting more accurate, binding and enforceable codes of conduct. This article opens up a new agenda for work on CSR with Southern societies and their local communities.

Endnotes

1 International consulting and engineering company Pöyry produced a range of feasibility studies and an environmental impact assessment. Metso Automation (a subsidiary of the Finnish Metso Corporation) won a US\$7 million order to supply valves and online analyzers; Partek Forest (Finland) won a US\$25 million contract, its largest ever, to deliver harvesting equipment to Aracruz and Veracel. Pöyry's Brazilian subsidiary Jaakko Pöyry Tecnologia Ltd. subsequently won US\$16 million in engineering contracts on the construction of the Ve-

racel pulp mill. (Lang 2008, 31-32.)

2 It is mandatory for firms to protect 20 percent of their land area in Brazil. Veracel Station protects over 6,000 hectares of Atlantic rainforest. According to a nature-survey specialist, Juha Honkala of the Finnish Museum of Natural History,

Veracel Station has high-quality lowland forest, inhabited by rare bird species. Bahia is often regarded as a severely deforested region that is less important in terms of biodiversity. However, large intact mountain forests with recently discovered animal species can be found there. (Honkala, personal communication, 2010.)

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