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CONTEMPORARY CRITICISM OF CORPORATE BEHAVIOUR

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Abstract: *Nowadays, corporations play an important role in the economic, social and political life. During the last century, they contributed to the economic and technological development of our world. We may say that this evolution led to a better wellbeing, which means more wealth, more speed, more options, more freedom and spare time. They have brought mankind, things without which we couldn't imagine our existence: planes, communication means, computers, pharmaceutical products etc. But at what price? And who is going to pay it? Over the last decades, people and organizations were getting worried about the negative impact that corporations might have on their lives (and the next generations' live) from an economic, social and environmental perspective. This paper is focused on corporate dominance and its aim is to bring into light the main critics of corporate behaviour classified according to different criteria.*

Keywords: corporations, criticism, sustainability, behaviour, negative impact

JEL classification: Q01, M14, G30

1. Awareness of corporate dominance

The corporate power and its concentration issues are not new ideas. Books and papers were written on the topic and documentary films were made during the last decades. Since 1995, Korten was focused on corporate power (1995, 1999, 2006) along with other authors like Anderson & Cavanagh (2000), Domhoff (2009), Bakan (2005) etc. who expressed in their papers, the worries, the critics and arguments against it.

The power wielded by corporations is enormous and unprecedented in human history (Sun Beale, 2009). Using the data from World Bank and Fortune 500 publication, we concluded that in 2017, the annual revenues from the top ten USA corporations were more than \$2.3 trillion. Walmart topped the list as the biggest

revenue-producing corporation in the USA with over 500 billion \$ (which is more than the GDP registered by 169 countries, including Ireland, Austria, Norway, Thailand etc. and more than the aggregated GDP of the bottom 77 countries in the world) and the biggest employer with approx. 2.3 mil employees (according to worldometers.info, that is more than the entire population of countries like Estonia, Cyprus, Slovenia, Latvia and more than other 80 countries and depended territories in the world).

Corporations also wield power more directly via their lobbying efforts (Sun Beale, 2009). According to OpenSecrets.org, since 1998 (till 2017) General Electric has spent over \$357 million on lobbying, while The U.S. Chamber of Commerce has spent over 1.4 billion, more than twice the amount of any other corporation. By far, the pharmaceuticals/health products industry is the top spender on lobbying (more than \$4 billion) followed by the insurance sector (\$2.7 billion).

2. Classification of harmful effects

2.1 Research methodology

The goal of this research is to identify the main criticism regarding corporate behaviour (if they exist) and group them under different categories, depending on the type of harm they caused. For this, we collected data from external secondary data research (books, documentary films, other journalist and scientific articles/studies on the subject) and created some criteria in order to classify the results obtained. The hypotheses are: 1. There are no criticism against corporations and their behaviour/ none that is actually meaningful or are not sufficient in order to create a classification; 2. There are several arguments against corporate behaviour and sufficiently heterogeneous in order to create a classification. In case the hypothesis 2 is confirmed, answering the following questions will make the foundation of the research: Who is criticising? What's the nature of the „harm” made by the corporations? The nature of research is exploratory and the method is qualitative, consisting in analysing the content of different types of studies and researches. The main boundary of the research is the limited time and number of studies researched; a larger number of references could help in identify more perspectives, points of view, arguments in order to create a wider classification.

2.2 Research results regarding the main criticism of corporate behaviour

The corporations are enormously powerful and their conduct often causes significant harms both to individuals and to society as a whole (Sun Beale, 2009).

The people who is criticizing corporate behaviour are mainly scholars, economists, ecologists, workers, NGOs, small enterprises etc. In order to have a systematic view, we tried to classify the harmful effects of corporate behaviour taking into account 3 criteria: nature of harm, spread of harm effects and dimensions of harm effects.

2.2.1 Nature of harm

- Social - for workers: unemployment, union busting, factory fires, underpaid jobs, child exploitation, tough work conditions; for the population: health issues (as effect of pollution, food, chemicals or work conditions), social inequality expansion (Bakan, 2005);
- Economic - making competition imperfect, distorting the economic process and obtaining a “monopoly rent” by internalizing the market (Fieldhouse, 2000); encourage economic inequality; concentration of global wealth in hands of only a few people called „corporate elite” (Dumhoff, 2008) ; the use of fraudulent accounting practices; Enron, Dynergy, WordCom, and Global Crossing are only a few of the corporations who had this type misconduct that led to massive losses (Giroux, 2008); encourage excessive consumerism (Bakan, 2005)
- Environmental - to the environment: dangerous products, toxic waste, pollution, synthetic chemicals; to the animals: habitat destruction, factory farming, experimentation; to the biosphere: harm to the biosphere: clear cuts, CO2 emissions, nuclear waste (The corporation, 2003).
- Political: Encourages corruption (ex: bribes to government officials)(Porter, 2012); governments who defend the right of the corporations against their own
- people or even worse, being powerless; donations to candidates is often seen as buying influence (Powel, 2014).

2.2.2 Spread of harm effects

- National - Local disasters and isolated cases; e.g.: Chevron is responsible for widespread health problems in Richmond, California, where one of the largest refineries produces oil flares and toxic waste in the Richmond area. As a result, local residents suffer from high rates of lupus, skin rashes, liver and kidney problems, tumours, asthma etc (Rothe & Kauzlarich, 2016).
- International – e.g Human right violation (for example, Coca Cola company has been known for the abuse of workers' rights and water privatization in several countries: Colombia, India, US) (laborrights.org)
- Global – e.g Climate change: Oil, coal and gas companies are contributing to most carbon emissions, causing climate change; The climate crisis has been caused largely by just 90 companies, which produced nearly 2/3 of the greenhouse gas emissions generated since the dawning of the industrial age (Chevron, British Coal Corp, Shell etc.) (theguardian.com).

2.2.3 Dimensions of harm effects

- Quantifiable - For some of the environment disasters, the harm can be measured taking into account the number of casualties, the period of time that took in order to repair the damage, the ecological footprint etc. For example, the Exxon Valdez disaster led to the spilling of approx. 11 million gallons in the narrows and several surrounding beaches. Immediate effects included the deaths of 100,000 to as many as 250,000 seabirds, at least 2,800 sea otters, approximately 12 river otters, 300 harbour seals, 247 bald eagles, and 22 orcas, and an unknown number of salmon and herring (Sutton & Bryan, 2012)
- Non-quantifiable - Some of the long term effect of corporate behaviour cannot be measured. For example, we cannot measure, at least not yet, the effect of child exploitation from a physical and psychological health point of view.; also, we cannot measure the impact that chemical in our food have over our health (life expectancy, infertility, diseases etc.); It's also difficult to measure how technological development (e.g. robots) will impact in the future the unemployment rate or social wellbeing.

3. Conclusion

Large corporations are both praised and abominated. On one hand, they create jobs, open up borders through trade, introduce scientific and technological breakthroughs, and provide products and services that make our life easier. On the other hand, not a few are the ones who think that the corporations undermine the will of people, encourage corruption and economic inequality, ruin values and culture, finance oppressive regimes and don't have any respect for the environment. The main concern remains on how to measure their impact (negative and positive) and see how the balance scales (Baulescu et al, 2018). If on long term, the benefits and positive outcomes are truly greater than the negative impact, we have to identify the ways to deal with their undeniable imperfections. Future areas of research on this topic could be to identify more harms, imperfections and critics and to create or identify other criteria for classification (e.g. size of harm, ethical and psychological perspectives).

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