KEEPING CORPORATIONS ACCOUNTABLE:
THE ROLE OF EMPATHY

by

Kimberley Hunter

A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF
THE REQUIREMENTS FOR THE DEGREE OF
MASTER OF ARTS

in

The Faculty of Graduate and Postdoctoral Studies

(Political Science)

THE UNIVERSITY OF BRITISH COLUMBIA
(Vancouver)

August 2015

Abstract

This paper is concerned with the potential role of empathy within the corporate entity. Consciously building empathy through an interactive and reciprocal communicative process could carry substantive importance for improving corporate capacity and morality. I argue that empathetic relationships are those in which each party attempts to understand and respect the other's point of view, creating a platform of reciprocity from which further cooperation can be undertaken (despite dissenting viewpoints). Achieving this is only possible through corporate accountability at multiple levels of operation, to ensure the moral functioning of all the parts within the whole. In nations like Peru, which is particularly vulnerable to conflict between corporate and stakeholder interests, empathy has enormous potential to improve the quality of the engagement throughout the exploration, extraction, and exploitation of its natural resources. This requires interactive two-way dialogue between company and community to help define the needs of the community and inform the values of the company.

Preface

This thesis is original and unpublished work by the author, Kimberley Hunter. None of the text is taken directly from previously published or collaborative articles. Maxwell Cameron was the supervisor on this project and was involved throughout, from concept formation to final edits.

Table of Contents

1. Introduction

"Empathy is an exercise of the muscles of the imagination, making people capable of inhabiting, for a time, the world of a different person, and seeing the meaning of events in the world from an outsider's viewpoint." Martha Nussbaum, 2001.

Why is it that upon hearing a sad story we unconsciously drop our own shoulders, tilt our head sideways, create the same state that we perceive in the other? Why do we feel the urge to comfort an upset child, or to pay attention to the thoughts and feelings of those we engage with? The emotional experience of empathy informs our actions and interactions, subconsciously encouraging us to appreciate the other's perspective and use that viewpoint to understand their behavior (De Waal 2006, 9). This has enormous potential if transferrable from an interpersonal to an international context. Empathetic relationships provide room for mutual understanding, within which political actors can acknowledge and respect the other's goals and actions. Conceptualizing empathy as a consciously built relationship at a macro level is difficult, but has a real role to play in beginning to change the nature and functioning of the corporate entity. More specifically, building empathy through an interactive and reciprocal communicative process could carry substantive importance in creating corporations that perform and engage ethically in the communities they exist within. In a nation like Peru, which continues to experience violent clashes over the exploration, extraction, and exploitation of natural resources, empathy has enormous potential to improve the engagement between company and stakeholder, define the needs of the community and inform the values of the company.

This paper will first present existing theories of empathy to establish a workable definition, and attempt to understand empathy as achievable and measurable before exploring the conditions necessary for cultivating empathy. It will then discuss the corporate entity as an autonomous and responsible agent, and explore measures that are currently taken to build the moral and reputational capital of the corporate persona; I look at the discourse of corporate social responsibility and its effect on community engagement through the example of Newmont Mining Corporation's activities in the Peruvian highlands. I argue that empathetic relationships are those in which each party attempts to understand and respect the other's point of view, creating a platform of reciprocity from which further cooperation can be undertaken. Building a corporate actor capable of empathy is only possible through accountability at multiple levels of operation, to ensure the moral functioning of all the parts within the whole. We need to reconceptualize the firm's moral and ethical responsibilities by addressing the role of empathy within the organization, and hold the firm answerable to those responsibilities at every level of procedure to create space for a new kind of empathetic interaction.

2. Defining empathy

Establishing empathy as an achievable goal requires a working definition at both an interpersonal and international level. In his discussion of empathy building within the Asia-Pacific security discourse, David Welch calls empathy the "capacity to see the world from another's perspective" (2014, 5). Welch distinguishes empathy from both confidence, which he defines as the situational consideration that one's "adversary does not pose an immediate threat to my security" (2014, 2), and trust, which he calls a mindset reflecting a judgment of truth-value (2014, 3). Trusting relationships are characterized by generalized reciprocity and are usually devoid of suspicion; trust is often present in relationships within a security community, where confidence in the other is derived from the perceived disposition of each party, rather than from situational considerations. This means that the security often found in trusting relationships is based not on the other actor's incapacity to cause harm, but their unwillingness to do so (2014, 4-5). Welch sees correlations between the three cognitive states of confidence, empathy, and trust, but not causal links. Confidence requires neither trust nor empathy, and empathy requires neither confidence nor trust (2014, 7). He argues that when a lack of mutual understanding has led to perceived conflict or threat, confidence- and empathy-building are both needed to open up space for trust (2014, 8); still, his definition of empathy brings it beyond the emotional association of trust and shows it as an independent attribute. He argues that empathy is neither an attitude nor a feeling, but a capacity (2014, 5).

Welch's work is interesting, and picks up on one of the contradictions within the literature on empathy in international relations. This is apparent in reading Levenson and

Ruef, who understand empathy as “a combination of knowing what the other is feeling, feeling what the other is feeling, and responding compassionately to another person’s distress” (1991, 234). Their work speaks to one original interpretation of empathy as *einfuhlung,* the feeling-in or feeling-into, the establishment of mutual ties and identification of self and other through those ties; this perceives empathy as a congruent affective response (Morrell 2010, 41, 55). Morrell then ties emotion and projection together by defining empathy as a multidimensional process that begins from the individual (2010, 40). Understanding empathy as the capacity to take the perspective of the other builds from the notion of instinctive, subconscious reaction - but can also exist independently of it (Belzung 2014, 180).

Belzung ultimately argues that to be able to take the perspective of another, empathy requires one to move away from the first-person perspective (what I see, wish, or need) towards the second-person narrative (what the other sees, wishes, needs) (2014, 181). Her definition shows how an actor can “feel into” another’s perspective, but also recognizes that affective empathy is not a sufficient condition for an empathetic relationship. She is in conversation with Welch, who argues that empathy provides the perspective needed for stable and peaceful communications: “Without understanding how others see a problem – what they believe, what they fear, what they want, what they need, how they feel – one can neither identify outcomes they would consider acceptable, nor give sustained attention to exploring possible ways of reaching them” (2014, 5). This provides space for arguing that corporations, which are incapable of the inherently human response of “feeling,” are capable of empathetic action despite personal distance.

Belzung goes on to identify empathy as “based on our capacity to recognize that the other is similar to ourselves, but without confusion between the other and ourselves" (2014, 181). This means recognizing that separate actors construct reality through cognitive predispositions, assumptions, beliefs and norms that often result in different perspectives of the same situation (Pater and van Lierop 2006, 344): it also means acknowledging difference without consuming the other's identity, and without letting difference impede mutual understanding.

This conceptualizes empathy not as an automatic feeling, but as the capacity to allow recognition of the other's emotional state affect the self (Belzung 2014, 180). The approach combines affect and cognition, moving empathy from an instinctual response to a consciously built state of identification. Cultivating empathy requires hard work, introspection, and analysis; it is an active investment in another and an intentional convergence of our perspective and theirs (Srikanth 2011, 7). This gives each actor agency over building and creating empathy, and means that affective empathy is neither sufficient nor necessary for the possibility of empathetic action. While discussing the possibilities of empathetic relationships in deliberation, Morrell agues that "without empathy, it is highly unlikely that deliberation can embody the equal consideration and mutual agreement necessary" [for successful deliberation] (2010, 104). Those same qualities are integral for improving the ethical functioning of the corporation.

3. The challenges of cultivating empathy: Biases

There is inevitably room for personal and situational biases that prevent empathy from reaching full potential. These biases reduce the capacity for equal consideration and mutual respect, simultaneously impeding empathetic interaction. Morrell suggests that people tend to attribute negative personal actions to uncontrollable factors, while ascribing others' decisions to behavioral disposition (2010, 102); likewise, positive action is credited to personal abilities rather than external influence (Greenberg, 2007, 231). Attribution processes are cognitive processes directed towards the identification of invariant properties of people and the features of the social environment. This behavioral bias often leads actors to judge others by harsher moral standards than those they hold themselves to. Similarly, motivational attribution bias posits that when in a competitive setting, opponents will perceive the other as motivated primarily by hidden or self-interested agendas (2010, 106). Humans can be empathetic with partners in a cooperative environment, but counter-empathetic with those they perceive as competitors.

However, studies show that defensive attributions are made when one actor feels kinship with another – for example, in reciprocal, cooperative group settings. Zuckerman suggests that if the members of an organization begin to develop interpersonal bonds, they will be less willing to blame others for failure. Groups with low cohesion make self-serving and self-affirming attributions (which lead the subject to take success as a personal victory, and blame a target actor for failure to defend and bolster self-esteem), while groups with high cohesion do not (Zuckerman 1979, 252). When attribution biases do exist, though, they often protect unfair or inaccurate beliefs, finger-pointing or mutual blaming that can lead to dissension and conflict within relationships (Greenberg 2007).

This calls for a more complex, organization-centric and holistic understanding of business-society relationships. It also calls for a communicative ethic within the corporation, aimed at reducing attribution bias between employees; the facilitation of mutual trust and shared values may help create the potential for empathetic behavior inside the organization.

The ability to perceive and identify with the perspective of the other, then, is a fundamental and necessary aspect of empathy (Levenson 1991, 234). Increased collaboration involving a broad range of actors and goals will help conceive of a set of aligned objectives, even from initially opposing viewpoints (Sagebien and Lindsay 2011, 14). This admittedly involves the integration of historically complex and asymmetrical relationships. There is no easy solution for establishing reciprocal relationships when significantly different levels of power characterize actors.

Ideally, equality can be valued as respect for the intrinsic value of each being, respect for who each actor is and who he or she wishes to be within that relationship regardless of power asymmetry; Dion argues that equality can then prevent abuse from occurring as a result of natural differences (2001, 121). Emphasizing the reciprocal nature of the desired relationship can encourage this. For example, as I will show, while most corporations in the Peruvian extractive sector occupy positions of power, community protest has also cost organizations profit, time, and respect in the international community. Each actor can harm or can benefit from the other, regardless of the imbalance of power. Furthermore, Welch's notion of trust within asymmetrical relationships is defined not by *situational* characteristics, but by *dispositional* characteristics. Empathetic dialogue characterized by a pursuit of mutual benefit can help build the belief that while the other actor may be able to inflict harm, they do not wish to inflict harm (2014, 5). This comes from understanding how the other views a particular situation and beginning to anticipate potential action. Welch’s theory acknowledges the imbalance of power, but argues that building empathy is possible regardless.

4. The potential for empathy in corporate-stakeholder relationships

World Vision Canada suggests that engagement and communication are the best ways of understanding dissenting viewpoints, and says that successful engagement is built on “simple, practical principles that represent a blend of ethical considerations and common sense” (PDAC 2012, 9). They name respect, honesty, inclusion, transparency and communication as necessary to aid context analysis and help build long-term relationships (2012, 9). Prioritizing this engagement may create a relationship that encourages shared ownership of problems and shared visions of solutions (Bowen et. al 2010, 310). This may help establish greater cohesion within groups and relationships, necessary for overcoming negative attribution biases.

Improving communication can also illuminate the way that preexisting differences can actually benefit a difficult relationship, rather than create barriers. Doohan writes about the power asymmetry between Aboriginal people in Kimberly and the Argyle mine, in which outsiders failed to recognize that the cultural practice of *wirnan* could improve the nature of insider/outsider interaction. *Wirnan* emphasizes relationships of respect and reciprocity, and being ‘in the *wirnan*’ means to be in a relationship of intimacy and obligation to one another on conditional terms (Doohan 2013, 227). *Wirnan* also values honesty, generosity and expediency; communicating about these preexisting community traditions would have identified the opportunity for more successful negotiation and implementation (2013, 219). As Morsing and Schultz aptly state, the amount that one individual or organization is able to make sense of another will directly influence the organization or individual’s ability to generate a productive relationship (2006, 324).

In the last decade, many actors have made a concerted effort to improve the way that corporations interact with stakeholders, shareholders and the social and political environments they all exist within. International guidelines exist to support good governance and transparency; companies are being held more and more accountable for their actions and influence both environmentally and socially. The OECD Principles of Corporate Governance and Guidelines for Multinational Enterprise, the UN Principles of Responsible Investment, the Equator Principles and Extractive Industries Transparency Initiatives all advocate better community engagement as the foundation for constructive and mutually beneficial relationships (PDAC 2012, 3-6) (Dempsey 2013, 176). While none of these guidelines name empathy as a tangible goal, collaboration with the community can help corporations understand the broader context and interplay between industry and existing environment, which can create potential for empathy.

The Prospectors and Developers Association of Canada's (PDAC) toolkit for preventing conflict is another resource that aims to provide strategies for exploration companies to reach out to civil society; it states that a willingness to genuinely listen demonstrates respect and sensitivity, which helps build trusting relationships and provide increased social capital for potential future projects. Doing so explores how the goals of exploration and the priorities of civil society and government may be shared (2012, 12). PDAC also talks about the way that bringing together parties with common needs can reduce competition for resources and benefit through broad engagement. The toolkit argues that proactive partnerships are of strategic interest for all parties. The toolkit provides a straightforward, but as such a rather shallow, perspective. If this is the case, why does the current system acts overwhelmingly in the interest of the corporate actor by reducing the capabilities of the surrounding society? Why aren't relationships between corporation and community increasingly communicative, peaceful – and increasingly empathetic?

4.1 What corporate empathy demands

I propose that corporate empathy needs, at the very least, a) corporate actors who are fundamentally willing to communicate with community actors as peers, despite power asymmetries; b) respect for moral and ethical responsibilities as real and concrete values; and c) a desire to pursue mutually beneficial relationships. These conditions take into account the main situational factors perceived by the literature so far: the recognition of difference and identification of self and other, and the pursuit of common ground and mutual benefit through improved communication.

This assumes a basic capacity for corporate empathy, which is neither a given capability nor one confirmed by the literature of corporate theory. I argue that this will need corporations to build a cohesive identity based on both economic success and on moral responsibility**,** and will require the corporation to emphasize ethical business practices at all levels of operations. The corporation will need to encourage intra-organization intervention aimed at perceiving one another as partners rather than opponents, and promote a superordinate group identity to reduce the risk of impasse based on competitive barriers (Loschelder 2010, 796-797). Taking the perspective of the other can build understanding of the interests and motives of perceived opponents; perspective-taking encourages actors to step outside their immediate, biased frames of reference to find the "necessary balance between competition and cooperation, between self-interest and other-interest" (Galinsky et. al. 2008, 379). Third-party intervention can help identify integrative solutions that yield a higher joint benefit to all parties (Bazerman et al. 1999, 1281). This requires management at every facet of the organization to encourage and implement ethical values and practices.

Empathy does not require friendship, approval of each other, or even full agreement with the other (White 1984, 160). It is about understanding, and changing the dialogue surrounding the responsibility of corporations to pursue that understanding. As Baba and Raufflet argue, "sustainable development requires companies to act as citizens… that is to say, they must assume both their rights and their responsibilities" (2014, 16). This leads to the questions: are companies citizens? Can they act in a morally responsible manner, and can better internal regulation improve this manner?

5. Corporate personhood

The notion of corporate morality, and corporate personhood, is widely debated in both the academy and in the US Supreme Court. While some rulings have granted the rights of citizens to corporations (*Citizens United v. Federal Election Commission,* 2010), others have moved in the opposite direction (*Burwell v. Hobby Lobby Store,* 2014; *Federal Communications Commission v. AT&T,* 2011) (Kirsch 2014, 207). The idea that corporations are somehow persons suggests that firms share the capabilities and habits of the people they are created by and interact with. This helps explain the attribution of human characteristics (i.e. irresponsibility, greed – or responsibility, transparency, and trust) to corporate entities, whether by corporations themselves or in work written about them (2014, 208). In arguing for corporate personhood, though, emotive descriptors can only go so far. The personification of organization does not make them *persons*. Where individuals are checked by normative constraints of conscience, ethics, and moral responsibility, corporations are not - while personhood is associated with a definite role and accompanying set of expectations, "corporations are not innately limited [by those expectations] in the way that persons are" (Dempsey 2013, 106). Realistically, corporations do not have feelings, do not experience pain, and do not subscribe to the emotional experiences that the humans who make them up experience every day – they cannot experience first-person emotion, so can we expect corporations to adopt the others' perspective as necessary for empathy?

Still, reality is not a collection of objective facts, and morality can act as a restraint on corporate power. People construct and ascribe meaning to their reality based on cognitive predispositions, beliefs, and experiences (Pater and van Lierop 2006, 344). We retrospectively make sense of our environment: if a community's prior experience with a corporation involves the firm acting as one corporate entity, making executive decisions that directly impact the lives of many in the interest of cohesive corporate goals, it is a realistic assumption that people see the corporation less as an aggregate of individuals and more as a singular and significant actor in their everyday lived experience, as one might view "the government" or "the state". Facts are often intertwined with assumptions, norms, and values: corporate entities rely on human agency for existence and activity, and it is "these human actors, individually and collectively, that Smith looks to as the potential source of good judgment… and probity necessary to curb corporate power" (Dempsey 2013, 107).

Extractive corporations are playing increasingly multifaceted roles within communities. As such, they need to be considered not strictly in the legal sense, but comprehensively as social, political, and economic organizations. Corporations may be multiple, but they are often perceived as singular; yet, that does not mean that a business can be held to the same moral and ethical standards that we hold fellow humans to. Corporate identity does not just materialize – the concept of corporate personhood was built primarily as a business strategy, aiming to distinguish the corporation from its particular participants and keep personal liability to a minimum when engaged in legal contracts (Blair 2013, 798). Can the corporation, as an entity, be held morally responsible the way it is held legally responsible, or does the notion of corporate persona prevent accountability? How we view and discuss corporations directly influences the rights and responsibilities that we assign to them, and the resulting behavior of the organization.

5.1 Contract theory

So, how do we view and discuss corporations? To begin to understand how empathy can work in macro-level interactions, we need to conceptualize the firm the way Ernst and Young ask us to: not as a collection of individuals, but as citizens, and as such holding rights and responsibilities like other citizens. This is not the widely held conceptualization of the corporate entity, and contradicts current scholarship that sees corporations as primarily contractual devices allowing groups of people to work together in a common enterprise. Contract theory works against the conception of the firm as an individual and disagrees with the personalization of the firm (Blair 2013, 808). Instead, contract theory argues that corporations are abstract and dematerialized; they are multiple-authored and always in flux, comprising both material and immaterial parts (Welker 2014, 4). Contract theory notes that corporations are wrought with fractious relationships between members, as managers' values are constantly shifting and pan-corporate identity is largely a fallacy (2014, 47). Recognizing this, Ferguson rightly asks how we can propose to "identify a unit of responsibility in a fiendishly complex, multi-layered and decidedly trans-national apparatus of harm-production?" (2014, 1).

Furthermore, in line with Friedman's notion of the corporate entity as first and foremost a profit-maximizing pursuit, contract theory sees the corporation as an entirely economic construct (1970). Friedman's account of the corporation as having "one and only one responsibility… to use its resources and engage in activities designed to increase its profits" is echoed by later scholarship, as seen in Bakan's work: "[the corporation] is… a *legal* institution, one whose existence and capacity to operate depends upon the law. The corporation's legally defined mandate is to pursue, relentlessly and without exception, its own self-interest" (2004, 1-2).

Contract theory argues that while corporations have been granted personhood under the law, and enjoy the rights and freedoms of a natural person, they are not limited by the human responses of compassion or empathy (Dempsey 2013, 106). While individuals within the corporation may have the capacity for empathetic action, contract theory sees corporate culture as focused on the maximization of shareholder value. This culture directs the actions of individuals; although certain branches of the corporation may be conducive to the cultivation of empathy, the mobilization of empathy may be discouraged by a lack of encouragement, continuity, and emphasis on remaining competitive in the international arena.

This theory keeps the enterprise out of the messier realms of morals and ethics and places it firmly within the rules prescribed by law and "heteronomously governed by the policies of the political classes" (Sapelli 2013, 75). However, in the case of questionable corporate action, it also makes establishing personal responsibility and direct causality difficult (Dempsey 2013, 112). This lack of accountability is partially due to the amount of freedom corporate entities often enjoy in nations with less state capacity. Dempsey notes that, "regulatory authority is contingent and determined in large part by the acceptance, interpretation and operation of the law on those subject to it" (2013, 93). As corporations gain more and more influence, developing states are less able to adequately regulate their actions. Governments are aware of the role corporations play in creating jobs, spurring investment, and accessing and developing resources – and unfortunately, countries with the most limited capacity to enforce legislative guidelines are the most attractive to corporations focused on maximizing profit (Dempsey 2013, 124, 178).

The expansion of the corporate role has changed how states, communities, and businesses interact, despite the presence of international guidelines and rulebooks. This makes relying on strictly legal and traditional regulation entirely insufficient. Formal regulation can be only a small part of the overall governance equation. There are limits to legislation, and relying entirely on legal requirements for accountability is a risky decision in a system that relies on more than just law (Dempsey 2013, 100). Creating laws and authorities to oversee those laws is unlikely to prevent future corporate transgressions, because legislation primarily advances short-term, corrective remedies that do not attack the circumstances of structure-oriented harm (Valencia 2014, Ch. 3, 17). Furthermore, laws lag behind ethics: legislation that could be improved is often caught up in bureaucratic red tape, or stalled by legislators searching for a political compromise rather than acting in the interest of stakeholders (Carroll, 143).

Still, contract theory represents the "strong" in the strong/weak dichotomy of corporate theory. This theory maintains that corporations are single-minded in their pursuit of capital, and calls anti-essentialist views of the firm "weak, wishy-washy, [and] willy-nilly" (Welker 2014, 217). The anti-essentialist perspective criticized by strong theory takes a very different approach to understanding the nature of corporate identity. Welker identifies the issues that contract theory ignores: if we think of corporate entities within the generic liberal actor model, "Where does the corporation begin and end? Is it coterminous with those it employs? Who owns it? What about corporate property, or corporate ideas, or waste?" (2014, 2). And again: who is held responsible? Welker attributes flexibility to Friedman's notions of profit-maximization that many fellow academics do not – she conceives of the corporation as an actor with prior interests (which very well may be profit maximization) that govern and explain its actions, and endows the notion of the corporation with goals and rationalities (2014, 4). It is this term – *rationality* – that real entity theory really engages with.

5.2 Real entity theory

Real entity theory argues against contract theory by stating that a corporation is substantially more than the sum of its parts. This theory sees corporations as holding an identifiable persona, one with reputational capital that (ideally) adds value to their investors, employees and stakeholders (Blair 2013, 813). In her work, Margaret Blair traces real entity theory to its roots, when the corporation was created as a way to immediately recognize a new legal entity separate from organizers and investors. Corporate personhood granted continuity for corporate property, provided an identifiable character to act as central decision maker, and created a framework for self-governance by the participants of the corporation (2013, 785-787). It built the notion that the incorporated group could act as an individual when buying, selling, and entering contracts; it recognized that the corporate entity has rights and responsibilities that are separate from the rights and responsibilities of individual members (2013, 798). Real entity theory is no longer the dominant discourse in corporate theory, but these characteristics retain value in the present day business environment. Still, the theory needs to be revamped as the corporation has grown and evolved.

Real entity theory attributes a certain level of agency to a corporate actor, and List and Pettit argue that rationality is a key factor in the realization of that agency. In their 2011 work, List and Petit state “corporate bodies are fit to be held responsible in the same way as individual agents” (2011, 157). They reason that, for an agent to be held responsible, they must 1) face choices of normative significance; 2) have judgmental capacity; and 3) be in control of their actions (2011, 155). Furthermore, corporations 1) are the subjects of claims, 2) act and speak with a single mind, and 4) occupy space of “mutually recognized obligation” (2011, 177).

If corporations fulfill these conditions, they have the autonomous capacity to form beliefs and make decisions. And List and Pettit argue that they can - that corporations produce rational and collective judgment when faced with complex or interconnected issues (2002, 90). But does that mean that corporations adequately fulfill requirements to be held responsible as persons? The disparity between CSR discourse and real-world implication (which will be discussed in section 5.3) makes it questionable that organizations act and speak with a single mind – perhaps legally, but not morally. There is little evidence that organizations recognize mutual obligation and act effectively to satisfy that obligation. Carmen Valor reminds readers that even when “stakeholders have made it clear that companies must achieve social and environmental performances, managers have shown their reluctance to sacrifice profits in favor of the common good” (2005, 204). Even if empathy is encouraged at the macro level of corporate identity, inconsistency at the implementation level invalidates any cohesive vision or purpose put forth by the organization.

As previously mentioned, extractive corporations specifically play a dynamic and ever-changing role within the societies they coexist with. Firms are increasingly asked to, and attempt to, improve the civil and social environment they encounter. Welker argues that these goals cannot depend on the personal values of company employees, whose commitment or understanding of the corporate persona may be lacking. Instead, successful corporations must pursue ethical outcomes through controlled habits and instilled organization, not the intentions of individual participants (Welker 2014, 55, 59). I disagree; although the corporation is an institution, a "unique structure and set of imperatives that directs the actions of the people within it" (Bakan 2004, 1), corporate empathy can only be realized by promoting internal (and individual) practices that harness the first-person perspective of the individual to achieve overall corporate morality.

While multiple viewpoints coexist within a firm, top management must bring unity in order to create firm culture. Corporate ethics are represented by values pursued by the individuals connected to the corporation's leadership, and so relationships between individual actors within the company must share some ground; while moral pluralism within a firm can be beneficial to creating a well-rounded company, actors need to be able to agree on a model that lends the corporation purpose and motion (Sapetti 2013, 13-14). Externally, an organization needs its decisions to be rationally connected to previous actions, providing a sense of stability in the eyes of outside actors (List and Pettit 2002, 91). This corporate purpose is a necessary characteristic of organizations: otherwise, even if each individual actor produces a reliable and reasonable judgment, majoritarian procedure will fail to aggregate those into a consistent collective ideology (2002, 98).

Corporate decisions and actions flow from corporate intentions that operate on a different level than the intentions of individual members (Isaacs 2013, 213). However, neither functions properly without the other. Waddock describes corporations as “holons”: wholes and parts, systems embedded within broader systems (2001, 30). These are interdependent, and need core ideology to be operationalized in day-to-day practices.

Real entity theory recognizes that corporations are structured around corporate desires and corporate beliefs. Individuals within the organization are not directly responsible for any singular act. Instead, personal intentions combine with corporate structure and processes to result in action (Isaacs 2013, 248). This makes individual culpability impossible, and makes the corporation, as an entity, both blameworthy and praiseworthy. Real entity theory aims to transform work culture and reconceptualize the responsibility of the firm (Sapelli 2013, 76). While contract theory may ensure that corporations are held answerable as legal entities, counting corporations as responsible agents who are more than the sum of their parts means also keeping them accountable to normative standards in interactive settings (Isaacs 2013, 258). Re-emphasizing a revised real entity theory allows us space to question the corporate entity as cohesive and singular, and critically look at how corporations are measuring up to the new standards they are being held to both internationally and within their relationships with local communities. Bad behavior is tolerated less and less: corporate governance is now about complex, multi-interactive relationships and responsibilities.

How are organizations performing and engaging? Are corporations acting as Friedman argues – consistently and singularly in the pursuit of maximizing profit – or are corporations beginning to act as communicative and considerate agents, interested in presenting a corporate persona that will help them engage with community actors on a person-to-person basis? Is it some combination of the two?

5.3 The current model

Part of this reconceptualization is born of the current emphasis on maintaining social legitimacy and retaining a social license, which Arellano-Yanguas succinctly describes as the "informed and prior consent of local people to mining activities within their territory" (2011, 621). Corporate social responsibility (CSR) requires corporations to encompass ethical, social and environmental responsibilities; they are asked to go beyond models of coercion or compliance and begin to develop shared values (Dempsey 2013, 84). Legal licenses are necessary, but now insufficient, for operating in local contexts where activity is conditional on acceptance by communities and stakeholders. Dempsey argues that wherever legal baselines are set, there also exists the potential for voluntarily going beyond the path prescribed by law and envisioning new standards of governance (2013, 146). Corporations that fail to understand this requirement also fail to fulfill the basic preconditions for empathy: that is, the willingness to communicate in pursuit of mutually beneficial relationships.

Despite the increased importance of positive relationships with stakeholders, Ernst and Young find that forty percent of the most significant business risks still concern relations with local populations (in Baba and Raufflet 2014, 15); similarly, Goldman Sachs find that risks related to stakeholder management were the largest contributor to why time taken to complete projects has doubled in the last decade (Baba and Raufflet 2013, 16). In 1984, a full fifty percent of companies practiced primarily one-way communication with their stakeholders. Communication between corporation and community continues to be largely one-directional and firms retain power over the engagement process. This process of engagement views communication as telling rather than listening, and is meant to disseminate information about the firm without seriously considering feedback (Morsing and Schultz 2006, 325-327). While one-way communication recognizes that stakeholders are influential and should be informed about the intentions and decisions of the company, this method fails to value stakeholders as necessary and beneficial actors in their own right. Instead, stakeholders are passive respondents and not active agents. They exist to provide external endorsement rather than actually influence the decision-making process (2006, 328). Failing to attribute adequate respect to stakeholder opinion prevents the cultivation of empathy.

The global community's increased emphasis on CSR has been unable to positively influence corporate communicative models. CSR focuses on principles of social responsiveness and responsibility, and is meant to extend the corporate paradigm away from single-minded profit-maximization. However, CSR discourse often cannot enforce fair rules that promote social well-being (Pater and van Lierop 2006, 240). Policy instead advances a version of market economics that is reflective of corporate interests rather than those of society as a whole (Sagebien and Lindsay 2011, 15). Since Freeman's 1984 stakeholder model, CSR discourse has focused on three central elements: 1) the firm at the center of a business-society relationship; 2) the conceptualization of intermediate actors that interact with and impact the firm as "stakeholders"; and 3) CSR as a management tool that can add value to the firm (2011, 20). CSR strategies are discretionary and voluntary, and Sagebien and Lindsay argue that:

> In the case of mining interests in developing countries, the gap between the intended outcomes of CSR and its actual outcomes is, in great part, due to the reality that obtaining a license to operate by addressing the governance gaps on the one hand and achieving sustainable development on the other are in often practice two very different things (2011, 20).

Because accountability and responsibility are not built in to relationships between corporations and communities, "piecemeal" CSR efforts often justify extractive activity, but are not transformative, and fail to address the risk-ridden system they exist within (2011, 20). Instead of approaching the community to build a shared understanding of CSR, many firms define their social responsibilities independently. They seek to humanize the corporate image by presenting it as the benevolent and responsible entity that the international community requires it to be, using corporate branding to create an attractive personality (Bakan 2004, 26). Newmont Mining Corporation's Sustainability Policy, for example, cites the commitment to "engage with local communities to build productive and healthy relationships and contribute to creating shared value" (Newmont Sustainability and Stakeholder Engagement Policy). This exists in uneasy tension with the reality of the conflict-ridden relationship between Newmont and Cajamarca, which will be explored shortly.

The principles of the corporation then become the foundation of corporate dialogue, without considering the potential benefit of stakeholder input and power (Pater and van Lierop 2006, 342). In many cases, internally determined CSR is still well-developed and well-coordinated. However, policy that is independently produced is essentially arbitrary in terms of recognizing specific cultural context. Instead of behaving as a moral citizen, assuming self-discipline and self-reflection, the corporation offers CSR as the answer to external concerns. Bowen et. al. note a "striking similarity across a wide variety of corporate behaviors… Within the 'continuum of community engagement'" (2010, 311). At best, this is a failure of communication and an ineffectual way to improve the ethical practices of the corporation; or, it is an intentional strategy to protect economic success while furthering their reputation.

6. Corporate self-preservation

Protecting economic success is not fundamentally negative. It is understandably necessary: Friedman argues that the first and only responsibility of corporations is to increase profit, "so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud" (1970, 6). Furthermore, the extractive industry is inherently capital intensive and temporally structured, which means that return on investment is conditional on long-term access to certain resources in certain areas. Firm subsistence is directly conditioned by the stability of the environment within which it operates. However, market forces can be used for prosperous and ethical outcomes. This means that building responsible, sustainable relationships with the local community is in the interest of the bottom line. Many acts of CSR, then, are inherently altruistic: environmental projects may reduce pollution, easing illnesses and resulting in fewer paid sick days, for example. Increased scholarship money or training programs will eventually provide more efficient employees (Husted and Salazar 2003, 77). There is financial cost to the firm, but there is also significant benefit. Orlitzky et. al. provide a convincing and comprehensive meta-analysis comparing studies that quantitatively track the relationship between corporate social performance (CSP) and corporate financial performance (CFP), showing the two to be positively correlated in a bidirectional and simultaneous relationship (2003).

However, the rules of the game have changed since 1970, and the bottom line cannot continue to be the sole concern of the corporation. Issues arise when the pursuit of profit is not accompanied by a corresponding emphasis on positive CSP, but comes at environmental or social cost. This is often the case in the extractive sector; as noted by

Benson and Kirsch, mining is a harm industry. Through their discussions with industry consultants, they note that it is “hard to identify an industry… that features such low levels of trust and such a history of division, strife, and anger as the extractive industries… some polls show the [mining] industry as being held in lower public esteem than the tobacco industry” (2010, 471). Mining destructively transforms the environment and exposes workers to threatening toxicity.

Citing poverty alleviation, social improvement and promoting foreign direct investment as benefits to the community primarily protects extractive corporations. In some ways, this works: between 2010 and 2015, there were investments of over $35.4 billion into the Peruvian extractive industry. Investment in mining grew an annual average of thirty-five percent between 2006 and 2001 (Campbell et. al. 2011, 159). This influx of investment has meant tangible economic improvement in areas like the Yanacocha mine site. Aragon and Rud’s work uses data from Yanacocha reports on total payments to workers, local purchases, and looks at annual frequency to measure the expansion of mine activities (2013, 3, 14). They found robust evidence that the mine has generated a positive effect on real income and has created more employment than initially anticipated.

Cajamarca has also been the site of prolonged and often violent conflict over extractive operations without prior consent from the community (without a social license). This suggests that economic improvement is often a poor indication of mutual benefit or empathetic capacity. Furthermore, increased income almost exclusively assists the immediate communities in which large natural resource reserves are exploited (which are the same communities that receive the brunt of harmful consequences). Nonproducing regions see comparatively little compensation (Avila 2011, 166, 177). Still, the promotion of these advantages - coupled with the strategic prioritizing of CSR practices – has alleviated international concerns while also manipulating the public debate to protect the bottom line (2010, 473).

Despite the harm they cause, corporations protect their reputation in a number of ways. Using ethical practices as an extra-corporate resource helps navigate the internal demands of the firm and the external demands of the immediate and international community. “Greenwashing,” for example, refers to the practice of partnering with various NGOs only when under critique in order to secure a positive corporate reputation (Kirsch 2014, 212); “defensive” social responsibility refers to the practice of determining social output entirely by comparing the costs and benefits of that output. When defensively determining CSR policy, the “coerced corporate social investor” seeks to invest in social products that meet minimal expectations of keeping the firm running without costly social instability, protest, or boycotting, but also suffer the lowest net cost (Husted and Salazar 2006, 81). While this creates limited space for empathetic action, there are drawbacks to a corporation that appeals to the larger social system for strictly instrumental reasons. In these cases, the firm continues to act as an economic agent that takes labor, capital, and land. Their relationship with surrounding communities is more reminiscent of a patron-client than a partnership and is transactional rather than transformative. This operates largely to secure a positive reputation, which is an invaluable asset. There is little to no reciprocal engagement and interaction, and the firm does not endorse the ethical and moral considerations ascribed to personhood in its communication with civil society representatives.

6.1. Corporate social irresponsibility

When we shift the emphasis from the means of living as income, to considering well being as the opportunities a person has available to them, economic improvement means little. Extractive dependency reduces personal agency and freedom to exercise different choices of livelihood and to realize personal capabilities through access to various opportunities. Valencia argues that in Peru, these economic enclaves are consciously established monopolies focused on income and commodities; they create "systemic unfreedom" that violates basic human rights (Valencia 2014, Ch. 1, 1). Valencia draws from Sen and Nussbaum in his discussion of the capability theory to argue that communities should be free to design their own lives and exist in a state of well-being. This model evaluates a person's advantage in terms of his or her actual ability to achieve various functionings (the things that people do or are) to and realize different capabilities.

The capability model breaks these advantages down into the promotion of well-being and the promotion of agency (Sen 1993, 30). These functionings include escaping morbidity, staying nourished, and living free from harm, but also values such as achieving self-respect and taking part in community activities (Sen, 1993, 35). Sen argues that the ability to realize one's capabilities is grounded in freedom: both the opportunity aspect of freedom, and the process aspect of freedom. The process aspect refers to the ability to decide *how we end up in the state that we are in*: are we forced into a particular state of being due to constraints posed by others? Do we reach a certain outcome based on choice, or because of a lack of alternatives (Sen 2009, 228-230)?

Corporate infiltration of relatively self-sustaining communities in order to recruit labor results in the dismantling of community-based agricultural economies – despite potentially raising household incomes, the ability to engage in traditional agricultural activity is limited. As a result, freedom to fulfill the "*means* of satisfactory living," which "are not themselves the *ends* of good living" is greatly reduced (Sen 2009, 234).

Instead of measuring the results of extractive dependency in terms of what people have, Sen and Valencia ask whether people are actually able to be and do what they value (Valencia 2014, Ch. 3, 30). This ability is conditioned by a person's relative positive in society, which either constrains or enables personal freedom (Valencia 2014, Ch. 3, 39). Extractive corporations inherently divide populations into those who are employed by mines, and those who are not. This erodes values of unity and solidarity and allows new systems of control to coopt local authority and reshape traditional values (2014, Chapter 3, 13). The extractive industry "progressively detach[es] peasants from their roots and reduc[es] them to instrumental commodities" (Ch. 2, 2014, 5); it takes away capabilities by manipulating economic arrangements and public policy to suit an environment of dependence, and in doing so, fundamentally violates human rights.

Cookie-cutter or self-interested social responsibility policies significantly reduce freedom of choice and personal agency. Sen distinguishes between a culmination outcome and a comprehensive outcome: while the culmination outcome refers to the end result of a deliberation or situation, the comprehensive outcome is about how the relevant actors reach that culmination situation, and asks what alternatives were available. Although policy created through reciprocal community-company engagement may resemble policy created internally to satisfy a CSR requirement or international guideline, CSR strategies that fail to value community input eliminate the process aspect of freedom, and reduce the possibility of choosing any other comprehensive outcome. In doing so, they take away the capability to choose (Sen 2009, 229-230). As Martha Nussbaum argues, “There’s a great difference between a public policy that aims to take care of people and a public policy that aims to honor choice” (2011, 56).

7. Why we need empathy: the extractive industry in Peru

Capabilities as described by Sen and Nussbaum complicate the notion of corporate personhood: while corporations do have the "actual ability to achieve various valuable functionings" (Sen 2003, 30) to some degree, they cannot function in the interest of being happy or achieving self-respect, for example. In Peru, extractive corporations function largely to maximize shareholder value. Peru's economic policy has long been dominated by the desire to attract foreign investment, aimed at improving quality of life by stimulating the economy through foreign money and resource extraction. Years of manipulation have allowed corporations to assume the primarily role of negotiating agreements with civil society and its authorities, and despite tax revenue generated by the presence of extractives (and rhetorical emphasis on sustainable corporate social responsibility), foreign corporations have – albeit at times unintentionally - fostered distrust and opposition in the communities within which they exist. Extractive-based development impacts state capacity by keeping the Peruvian state in a state of need: need for FDI to create jobs and generate income, need for loans from institutions like the IMF or World Bank, need for voluntary funding for development projects from industry contributions. In return, loan conditions require export-led industrialization, and promote expansion at the expense of social and environmental safeguards (Boon 2011, 75). The state continues in a weak negotiating position - but cannot directly address the base of its weakness, because 130, 000 Peruvians work in a mining sector that provides sixty-two percent of Peruvian exports (Campbell et. al., 2011, 84). As a result, corporate relationships with communities exist within an imbalance of power, and when the local interests are ignored, populations without access to state-mediated institutions use violence as a calculated means of political action (Triscitti 2013, 447).

Valencia calls the Peruvian state's attitude towards foreign investment "servile" (2014, Ch. 2, 20), as the state provides institutional support for mining while increasingly valuing economic growth as the most effective path to national well being (2014, Ch. 2, 25). Sharman and Magdanz write that economic development is not the goal of human endeavor, but rather, human development and well being operate at micro- group and community levels in Peru and their ties to the macro level or the state (2011, 25). Reliance on foreign investment in mining breaks down the ability of micro-groups and communities to function adequately.

Social conflicts (defined as being: a threat to the integrity of people's life or health; damage to public or private property; obstruction to freedom of movement; impeding public authority from being exercised, or; obstructing public services) in Peru increased from forty-seven to 197 between 2004 and 2008 (Arellano-Yanguas 2011, 624). Between 2006 and 2010, over half those conflicts involved local populations confronting mining corporations, and instances of conflict increased from seventy-three to 215 per month (2011, 168). Often, protest consists of local communities opposing the start-up of large-scale projects that clash with the activities they carry out on their land. This clash is most apparent when profit-driven corporate interests are superimposed into non-market social and cultural systems. In these types of systems, life satisfaction is factored by family ties, social support networks, and local control of resources as well as income and employment (Pinelo 1973, x). The sociological impact of this divide is underemphasized in the literature, but is visible in reoccurring corporate-societal sparring.

Cajamarca, a northern Peruvian highland in the central Andes, is just one community that has repeatedly used violent protest against corporate interest. Households in Cajamarca are distributed through several high production areas in surrounding meadows and valleys, and agriculture and livestock production have traditionally provided subsistence to the population (Bury 2002, 9). In 1993, Newmont Mining Corporation began exploring the area for gold deposits and found plenty. They established, and now run, Minera Yanacocha - the largest gold mine in Latin America.

Not long after production began, the community began protesting the operation. Over 6,000 people assembled in December 1999 to show their distrust of Newmont. They argued that Newmont negatively impacted the quality of water resources that sustained their livelihoods, health and productivity; they pointed out that the copious amounts of land required for mine operation, road construction, and drilling was also needed for agricultural and livestock activity. While Newmont responded that it had paid "fair-value" market prices for land (of which it claimed 800, 000 hectares), many community members expressed how they were forced to accept relatively little for their land holdings (Bury 2002, 13). Although specific claims against Newmont varied, the overwhelming message presented by protesters was that mining development had led to problems within the communities that were not present before. This inevitably led to tension.

Not only did protest prevent Newmont from pursuing operations in nearby Cerro Quilish in 2004, but violent uprising against another proposed project (the Conga mine, which has the potential to generate 350,000 ounces of gold and 120 million pounds of copper per year and was predicted to begin operating in 2014) (Earthrights 2015), resulted in both suspension of activity and two state-declared states of emergency in 2014. This occurs regardless of CSR promises, numerous mining codes, international guidelines, and government-regulated tax inflow to mine-affected communities.

In 2012, fifteen people in Peru died during protests over natural resources. Five occurred in Cajamarca. This followed 174 deaths from 2006 to 2011 (Wade and Aquino 2012). To add a few more numbers to the mix, in the same year over forty percent of the population were recorded to be living in poverty; that shoots to seventy percent in the Andes, where many communities are not easily accessible by vehicle and enjoy little electric or water infrastructural systems (Bury 2002, 8).

8. Possibilities for improvement

The model of extraction described above is becoming unsustainable. In the past two decades, the mining industry has faced more and more resistance from residents living and working in both existing mines and proposed project areas (Benson and Kirsch 2010, 472). In a context where corporations manage critique so efficiently, though, vocalizing harmful practices is not enough: we must change social structures, and demand new tools of analysis (Benson and Kirsch 475). As previously mentioned, actors at both local and international levels are increasingly calling for symmetric communication in which the corporation explicitly recognizes the stakeholder as influential, but also as a beneficial and essential part of building a business. Direct involvement is now seen as necessary to developing positive support within the community. Rather than one-way communication meant to inform or convince the citizenry, responsive dialogue turns the burden of change on the corporation, who need to "understand and concurrently adapt to [the community's] concerns… the primary aim is to bring about mutual understanding, rational agreement or consent" (Doohan 2013, 328). This speaks to the fundamentals of empathy; this conversation attempts to find middle ground between apparently oppositional viewpoints and build rapport between community members and corporation.

A large part of how this type of communication is different is its nonmarket nature. Corporations make two types of exchanges: market, and nonmarket. Market exchanges are impersonal and largely work on an immediate temporal horizon. Nonmarket changes are increasingly personal, involving some level of mutual obligation, reciprocity, and trust (Isaacs 2013, 21-22). Nonmarket exchanges are also characterized by a long-term commitment, and as such differ greatly from the damage-control type of social output enacted by green-washing or coercive social capital activities. Because these exchanges exist outside the market, they are regulated by personal criteria (2013, 23); to adequately participate in these exchanges, then, the corporate entity must also exist outside the bounds of legal personhood, and interact on a social level. This involves letting go of CSR as a static, measurable achievement determined through cost-benefit analysis of what would best protect the corporate reputation, and most improve CFP. Nonmarket exchanges keep CSR in conversation as being constantly reified and reargued, re-earning a social license based on the basis of how well the corporation responds to the recommendations and desires of the community (Welker 2014, 35). This shifts corporate social responsibility into a social relationship. As Pater and van Lierop argue,

> [the organization] must first engage in a process of self-reflection and discover its own deeply held assumptions and beliefs that guide its world-view… This needs to be accompanied by an understanding that other actors (ie its stakeholders) might perceive the world differently and that these perspectives – albeit different – are not necessarily inferior to its own. Thus, the organization must be willing to call its own mental model into question (2006, 345).

Achieving this type of negotiation helps break down the perception of the corporate person and the community as intrinsically opposed. Although not assumed to have convergent perspectives, multiple actors may find more overlap in their desires than initially thought. This can only be discovered through a shared willingness to work together, an explicit commitment to ethical standards of practice and an actively engaged culture of reciprocity. Doing so also reduces the effect of competitive attribution biases, building kinship and an affinity to work together.

8.1 Potential models for corporate governance

Understanding others' viewpoints and moving forward towards reciprocity and respect, despite dissenting views, characterizes empathetic relationships. This can be built through interactive two-way engagement and dialogue between corporation and community, but first requires corporate accountability at all levels of operation to ensure the moral functioning of all the parts within the whole. In part, this requires the corporate persona that is identified by real entity theory. Unsurprisingly, "visionary" companies that develop core ideologies with a clearly defined vision or core purpose succeed beyond their comparison companies (Waddock 2001, 29). However, this persona cannot exist independently of the functionings of the company. Sound organizations need internal practices to deal with varied goals of different parts within the whole; they require moral practices that go beyond "good behavior as self-interested or to placate rules of society," and function because the individual values the integrity of the system as a whole (2001, 34).

Swanson and Niehoff suggest that employee citizenship, which refers to the covenants that employees develop with organizations "based on mutual trust and shared values" (2001, 110), needs to develop in conversation with corporate social responsibility. Where CSR is outward-looking and focused on corporate conduct, employee citizenship is micro-oriented and helps carry out "goals of responsibility" (2001, 111). Employee behavior becomes a practical means for enacting corporate responsibility. This requires a strategic management process, and an information system reinforcing the core ideologies of the corporation while emphasizing communication and trust.

Carroll, Dion and Waddock agree that an ethical organization requires a specific type of business leader, who “sees moral issues in the foreground and business issues in the background… the moral leader perceives business issues and problems through the lens of ethics and therefore is better able to quickly discern potential ethical problems” (Dion 2001, 146). Policy and procedure is then developed with a fundamental respect for the validity of those ethical concerns. This involves actors who deal directly with different stakeholders, but it also involves those who do not, asking them to uphold the company persona of ethical and empathetic processes. Waddock admits that being able to see the consequences and implications of actions requires high levels of cognitive, moral and emotional functioning (2001, 32); awareness of how the other will perceive and react to the actions of the corporation requires the individual to take the perspective of the stakeholder, demanding qualities in the individual (and the organization) that are not traditional or readily measured (2001, 37). In short, moral businesses leaders are able to integrate ethics wisdom with management wisdom (Dion 2001, 145).

9. Conclusions

In order for new behaviors to become internalized and institutionalized, we need to translate cognition and emotion into a way of being; we need mutually reinforcing values of respect and recognition in the societies we exist within (2006, 541). While this seems naïve, Fiol and O'Connor argue that new communication can be sparked by the capacity and willingness of even a small group to engage in limited joint activity, sparking disparate beliefs to coevolve into alignment over time and consistency, leading to "jointly-determined beliefs about who we are and who we can become" (2002, 532, 534).

Perhaps more realistically, Dempsey states that conditions of crisis have the potential to interrupt the status quo of what people will accept, disrupt the system's *stasia,* and provide room for discursive argument (2013, 193). In Peru, conditions of crisis have occurred and reoccurred. Cajamarca has seen significant extractive-related violence, and the 2014 re-election of anti-mining governor Gregorio Santos makes further protests likely. That said, community uprising is not restricted to Cajamarca. In May 2015, the Peruvian government declared a state of emergency when four people were killed during protests at the Tia Maria mine in the southern province of Arequipa (BBC, "Troops Deployed After Deaths in Tia Maria Mine Project"). Violent protest is a strategic move against a systemic problem, but it destabilizes communities and harms the bottom line by upsetting the required reliability of profitable production both in present operations and for future endeavors. Clearly, the conversation needs to be changed.

The current literature on corporate accountability is dominated by real entity theory and contract theory, which characterize the goals and methods of corporations in different ways. Both provide (although not explicitly) only limited space for ethical and empathetic behavior, either through individual capacity or corporate culture. Both also agree that the current discourse on corporate social responsibility has failed to translate into real, measurable improvements in communities that are characterized by extractive activity. Corporate social responsibility does not adequately emphasize the need for better engagement, which is increasingly necessary: when communication breaks down between corporation and population and popular interests are not served, violent protest is strategically utilized against corporate activity. This reduces the potential for empathy between the main actors by taking away the potential for constructive dialogue.

In part, this is a result of a failure to recognize what improvements may look like. While the economic benefit accrued through taxation and redistribution has helped household income grow in some communities, the overall impact is negligible in places that can no longer pursue the means and ways of life they once could. Regardless of economic changes, extractive corporations reduce the capabilities of many individuals to choose how to pursue well-being.

In many ways, corporations are acting as singular agents. Corporate personhood and reputational capital are benefiting the organization in transactions with the international community, the state and the community. But while pursuit of profit is the obvious goal of any business organization, it is unacceptable for a corporation to benefit from the personal rights or reputation it has built without recognizing the responsibilities of a reciprocal relationship. Communities are increasingly demanding better engagement. This means respecting stakeholder concerns through dialogue, and pursuing a partnership in which the corporation recognizes its obligation to the community. Real entity theory sees corporations as separate from the individual parts of the organization, as somehow greater than the aggregate of the internal actors. This moral corporate persona can be hugely valuable – if there are multilevel structures holding each level of management accountable, and leadership is held to that moral and empathetic standard. The more institutionalized a certain value becomes, the "greater the inherent influence and power" (Dempsey 2013, 193). Words and practices have power in dialogue, discussion and in building discursive norms (2013, 193).

Corporations have a duty to secure human capabilities that is ethical rather than political. These responsibilities do not require legislative enforcement to be morally binding. As Sen states, "if someone has the power to make a difference that he or she will reduce injustice in the world, then there is a strong and reasoned argument for doing just that" (2009, 271). Corporations hold a significant amount of power, and as such, should be held accountable to a significant amount of obligation.

BIBLIOGRAPHY

Aragon, Fernando M., and Juan Pablo Rud. "Natural Resources and Local Communities: Evidence from a Peruvian Gold Mine." *American Economic Journal: Economic Policy* 5.2 (2013): 1-25.

Avila, Gustavo. "Extractive Industries and Their Imprint," in Crabtree, John. *Fractured Politics: Peruvian Democracy Past and Present.* Institute for the Study of the Americas, 2011.

Baba, Sofiane, and Emmanuel Raufflet. "Managing Relational Legacies: Lessons from British Columbia, Canada." *Administrative Sciences* 4.1 (2014): 15-34.

Bazerman, Max H., Don A. Moore, and James Judson Gillespie. "The Human Mind as a Barrier to Wiser Environmental Agreements." *American Behavioral Scientist* 42.8 (1999): 1277-1300.

BBC (May 9, 2011). Peru: Troops deployed after deaths in Tia Maria mine protests. *BBC.* Retrieved from: http://www.bbc.com/news/world-latin-america-32677410.

Belzung, Catherine. "Empathy." *Journal for Perspectives of Economic, Political, and Social Integration.* 19.1-2 (2014): 177-191.

Benson, Peter, and Stuart Kirsch. "Capitalism and the Politics of Resignation." *Current Anthropology* 51.4 (2010): 459-486.

Blair, Margaret M. "Corporate Personhood and the Corporate Persona." *University of Illinois Law Review* 2013.3 (2013): 785 -.

Boon, Jan. "The Role of Governments in CSR," in Sagebien, Julia and Nicole Marie Lindsay. *Governance Ecosystems*. (October 2011) Palgrave Macmillan.

Bowen, Frances, Aloysius Newenham-Kahindi, and Irene Herremans. "When Suits Meet Roots: The Antecedents and Consequences of Community Engagement Strategy." *Journal of Business Ethics* 95.297 (2010): 297-318.

Bury, Jeffrey. "Mining Mountains: Neoliberalism, Land Tenure, Livelihoods, and the New Peruvian Mining Industry in Cajamarca." *Environment and Planning* 37. A (2005): 221- 239.

--- "Livelihoods, Mining and Peasant Protests in the Peruvian Andes." *Journal of Latin American Geography* 1.1 (2002): 1-19.

Campbell, Bonnie, Etienne Roy-Gregoire, and Myriam Laforce. "Regulatory Frameworks, Issues of Legitimacy, Responsibility, and Accountability:

Reflections Drawn from the PERCAN Initiative," in Sagebien, Julia and Nicole Marie Lindsay. *Governance Ecosystems*. (October 2011) Palgrave Macmillan.

Carroll, Archie B. "The Moral Leader: Essential for Successful Corporate Citizenship." in J. Andrioff and M. McIntosh (eds.): *Perspectives on Corporate Citizenship*. Greenleaf Publishing, 2001.

De Waal, Frans. *The Age of Empathy: Nature's Lessons for a Kinder Society.* New York: Harmony Books, 2006.

Dempsey, Alison L. *Evolutions in Corporate Governance: Toward an Ethical Framework for Business Conduct*. Sheffield, U.K.: Greenleaf Publishing, 2013.

Dion, Michel. "Corporate Citizenship as an Ethic of Care: Corporate Values, Codes of Ethics and Global Governance." in J. Andrioff and M. McIntosh (eds.): *Perspectives on Corporate Citizenship*. Greenleaf Publishing, 2001.

Doohan, Kim. "Transformative Practices: Imagining and Enacting Relationships in the Context of Resource Development, the Argyle Case." *Asia Pacific Viewpoint* 4.2 (2013): 218-231.

Fiol, C. Marlene, and Edward J. O'Connor. "When Hot and Cold Collide in Radical Change Processes: Lessons from Community Development." *Organization Science* 13.5 (2002): 532-546.

Friedman, Milton. "The Social Responsibility of Business is to Increase its Profits." *The New York Times Magazine* (1970).

Galinsky, A. D., W.W. Maddux, D. Gilin, and J.B. White. "Why it Pays To Get Inside the Head of Your Opponent: The Different Effects of Perspectivetaking and Empathy in Strategic Interactions." *Psychological Science* 19.4 (2008): 378–384.

Greenberg, Jeff. "Defensive Attribution." In *Encyclopedia of Social Psychology,* eds. Roy F. Baumeister and Kathleen D. Vohs. Thousand Oaks, CA: Sage Publications (2007): 230-32

Hick, Rod. "The Capability Approach: Insights for a New Poverty Focus." *Journal of Social Policy* 41.1 (2012): 291-308.

Hordijk, M.A. *Of Dreams and Deeds: The Role of Local Initiatives for Community-Based Environmental Management in Lima, Peru*. Diss. 2000, University of Amsterdam.

Husted, Bryan W., and Jose de Jesus Salazar. "Taking Friedman Seriously: Maximizing Profits and Social Performance." *Journal of Management Studies* 43.1 (2006): 75-91.

Isaacs, Tracy. "Corporate Agency and Corporate Wrongdoing." *New Criminal Law Review: An International and Interdisciplinary Journal* 16.2 (2013): 241-260.

Kirsch, Stuart. "Imagining Corporate Personhood." *Political and Legal Anthropology Review* 37.2 (2014): 207-217.

Kusch, Martin. "The Metaphysics and Politics of Corporate Personhood." *Erkenntnis* 79.9 (2014): 1587-1600.

Levenson, Robert W. and Anna M. Ruef. "Empathy: A Physiological Substrate." *Journal of Personality and Social Psychology* 63.2 (1991): 234-246.

List, Christian, and Philip Pettit. "Aggregating Sets of Judgment: An Impossibility Result." *Economics and Philosophy* 18.1 (2002): 89-110.
--- *Group Agency: The Possibility, Design and Status of Corporate Agents.* Oxford and New York: Oxford University Press, 2011

Loschelder, David D. "Overcoming the Competitiveness of an Intergroup Context: Third-Party Intervention in Intergroup Negotiations." *Group Processes & Intergroup Relations* 13.5 (2010): 795 – 815.

Morrell, Michael E. *Empathy and Democracy: Feeling, Thinking, and Deliberation.* University Park: Penn State University Press, 2010.

Morsing, Mette, and Majken Schultz. "Corporate Social Responsibility Communication: Stakeholder Information, Response and Involvement Strategies." *Business Ethics: A European Review* 15.4 (2006): 323-338.

Nussbaum, Martha C. and Amartya Sen. *The Quality of Life.* Gloucestershire: Clarendon Press, 1993.

Nussbaum, Martha C. *Creating Capabilities: The Human Development Approach*. Massachusetts: Harvard University Press, 2011.

Orlitzky, Marc, Frank L. Schmidt, and Sara L. Rynes. "Corporate Social and Financial Performance: A Meta-Analysis." *Organization Studies* 24.3 (2003): 403-441.

Pater, Alberic, and Karlijn van Lierop. "Sense and Sensitivity: the Roles of Organization and Stakeholders in Managing Corporate Social Responsibility." *Business Ethics: A European Review* 15.4 (2006): 339-351.

Pinelo, Adalberto Jose. *The Multinational Corporation as a Force in Latin American Politics; A Case Study of the International Petroleum Company in Peru.* New York: Praeger, 1973.

"Preventing Conflict in Exploration: A Toolkit for Explorers and Developers." Government of Canada Trade Commissioner Service. Developed by Prospectors and Developers Association of Canada (PDAC), World Vision Canada, and the Corporate Engagement Program. 2012.

Rifkin, Jeremy. *The Empathetic Civilization: The Race to Global Consciousness.* New York: Penguin Press, 2009.

Sagebien, Julia, and Nicole Marie Lindsay. *Governance Ecosystems*. (October 2011) Palgrave Macmillan.

Sapelli, Giulio. *Morality and Corporate Governance: Firm Integrity and Spheres of Justice.* Milan: Springer, 2013.

Shamir, Ronen. "Capitalism, Governance and Authority: The Case of Corporate Social Responsibility." *Annual Review of Law and Social Science* 6.1 (2010): 531-553.

Sharman, Haley, and James Magdanz. "The Impact of Resource Development on Social Ties: Theory and Methods for Assessment," in Crabtree, John. *Fractured Politics: Peruvian Democracy Past and Present.* Institute for the study of the Americas, 2011.

Sen, Amartya. "Capability and Well-Being." In *The Quality of Life,* Martha Nussbaum and Amartya Sen. Gloucestershire: Clarendon Press, 1993.
-- *The Idea of Justice*. Massachusettes: Harvard University Press, 2009.

Srikanth, Rajini. *Constructing the Enemy: Empathy/Antipathy in US Literature and Law.* Philedelphia: Temple University Press, 2011.

Strauch, Lisa, Guillermo Takano, and Michaela Hordijk. "Mixed-Use Spaces and Mixed Social Responses: Popular Resistance to a Megaproject in Central Lima, Peru." *Habitat International* 45 (2015): 177-184.

Sugden, Robert. "Must Group Agents be Rational? List and Pettit's Theory of Judgment Aggregation and Group Agency." *Economics and Philosophy* 28.2 (2012): 265-273.

Swanson, Diane, and Brian P. Niehoff. "Business Citizenship Outside and Inside Organizations: An Emergent Synthesis of Corporate Responsibility and Employee Citizenship." in J. Andrioff and M. McIntosh (eds.): *Perspectives on Corporate Citizenship*. Greenleaf Publishing, 2001.

Triscritti, Fiorella. "Mining, Development and Corporate-Community Conflicts in Peru." *Community Development Journal* (2013).

Valencia, Areli. "Systemic Unfreedom in La Oroya: The Socio-Historical Roots and the Political-Economic Background." *The Smelter Town of La Oroya, Peru: A Tragic Tale of Conflicted Human Rights and Extraction-Led Development.* Unpublished dissertation, Chapters 2-4.

Valor, Carmen. "Corporate Social Responsibility and Corporate Citizenship: Towards Corporate Accountability." *Business and Society Review* 110.2 (2005): 191-212.

Waddock, Sandra. "Integrity and Mindfulness: Foundations of Corporate Citizenship," in J. Andrioff and M. McIntosh (eds.): *Perspectives on Corporate Citizenship*. Greenleaf Publishing, 2001.

Wade, Terry, and Marco Aquino. "Left, Right Criticize Humala Over Deadly Peru Clashes." Reuters, July 4, 2012. http://www.reuters.com/article/2012/07/05/us-peru-newmont-idUSBRE86416X20120705

Welch, David. "Confidence, Trust, Empathy." *Balsillie School of International Affairs,* 2014.

Welker, Marina. *Enacting the Corporation: An American Mining Firm in Post-Authoritarian Indonesia.* California: University of California Press, 2014.

White, R. K. *Fearful Warriors: A Psychological Profile of U.S.–Soviet Relations*. New York: Free Press. 1984.

Wise, Carol. *Reinventing the State: Economic Strategy and Institutional Change in Peru.* Michigan: University of Michigan Press (2003).

Zuckerman, Miron. "Attribution of Success and Failure Revisited, Or: The Motivational Bias is Alive and Well in Attribution Theory." *Journal of Personality* 47.2 (1979): 245- 287.