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Underdevelopment and Philanthrocapitalism: A Nepalese Context

Corporate Social Responsibility (CSR) is a form of corporate philanthropy that governs the way many businesses contribute to society. The discourse surrounding this concept is whether or not CSR is a philanthropic effort or a means to achieve capitalistic goals. In the context of Nepal, the process of capitalist expansion involves the continuous development of Kathmandu and continuous underdevelopment of rural areas. The geographical and economic disadvantages of Nepal posit total dependence on foreign aid; therefore, the lack of self-governance establishes a vulnerability to the adverse effects of philanthrocapitalism. This essay will examine the threat that corporations and foreign aid pose due to Nepal's dependency, and propose an avenue for the socioeconomic independence of Nepal.

The basis of CSR strategies can be viewed from two perspectives: as an ethical dimension of giving, or as a response to the pressures placed on them by the social environment. While the first argues that "business corporations have an obligation to work for social betterment" (Frederick 151), the second defends the idea that philanthropic decisions are more or less involuntarily applied by management (Vveinhardt and Zygmantaite 1166). With the increasing demand of CSR on companies, the discipline is bound to grow; however, if evidence shows that companies rarely achieve a lasting societal impact, is the distribution of wealth and resources worth it? When examining several corporations who have embraced CSR or so-called

“strategic philanthropy”, Benioff and Southwick determined the consensus between them to be that they executed philanthropic efforts with corporate goals in mind (Benioff and Southwick 139). The fact is, it’s difficult for corporations to commit acts out of altruism if they can and will profit in some way.

The logic behind focusing on Nepal in particular comes down to three reasons: its positioning between two large and developing economies – India and China; the country’s ongoing economic instability following the decade-long Maoist civil war; and the long-standing history of corporate philanthropy in Nepal. “CSR in Nepal provides a unique research context in which to explore whether the adoption of CSR is influenced by cultural values” (Upadhaya et al. 110). Adoption of CSR requires fundamental changes in decision making, which often contributes to philanthropy being the first discarded sector in a business when funds fall short, but the adoption process is often valued by stakeholders. The question is whether the adoption of CSR is influenced by its social environment, and if so, whether it is a positive or negative effect.

To settle this issue within the context of Nepal, Upadhaya and his team surveyed 132 Nepalese companies via three outlooks: differentiation strategy – a company’s efforts to distinguish themselves from other businesses; the act of adopting CSR; and organizational culture – innovation and respect for consumers. They found that differentiation strategy is positively associated with organizational culture but in turn does not have a significant effect on the adoption of CSR. They also found that differentiation strategy alone is positively associated with adopting CSR, but the relationship between organizational culture and CSR is less significant (Upadhaya et al. 118). The issue with these figures is that CSR is dominated by corporate strategy and competition rather than the dependence of the environment in which they are located; however, the Nepali people face the brunt of these effects while businesses continue

to capitalize. If CSR sought a more philanthropic strategy, they would abide by Benioff and Southwick's theory that "the spirit of helping the community should permeate corporate philanthropy, even when it is predicated on business goals" (Benioff and Southwick 140).

"The pace [of Nepal] makes it easy to avoid being victimized by our problems. That's until we become victimized because of our problems," Rimsha Kayastha, a native Nepali, stated when referencing India's imposed blockade on Nepal following the 2015 earthquake. Nepal, even before the earthquake, has been obligated to trade with India out of a position of weakness. During the 1970's, the amount of aid Nepal received increased substantially (Luitel 206) with the primary donors being India and China. It was only natural for China and India to be interested in connecting Nepal with their own territories given that its size and location make it ideal for trade routes and transit facilities. India's dominance over Nepal has only reinforced their monopoly position in the Nepalese market resulting in a process where Nepal – primarily its capital, Kathmandu – is solely fortified by the development of capitalism.

This structure of dominance and exploitation exemplified by India and Nepal is further defined by conflicting economic and political interests. It is in the interest of Indian industrialists to control Nepal's industrial sector while limiting Nepal's self-industrialization. By further limiting resources and availability of jobs through the 2015 blockade, the Nepalese are forced to serve as a cheap labor force to the Indian industrial sector. However, this dominance is perpetuated by Nepal's ruling class since it remains in their interest to accept such terms to maintain peaceful relations with India and ensure a reliable source of foreign aid to a failing economy. This situation aligns with the idea of many dependency theorists that political leaders of dependent countries "accept dependence consciously and willingly" (Luitel 208) due to their

subordinate positions within international capitalism. This excessive dependence on a capitalist nation leads to lack of self-governance as well as an ingrained dependency among the Nepali people.

“We undoubtedly understand Nepal better than anyone. Our divides, our culture, our land is what we know, but we’re inclined to forget when we receive aid from *quiray* (foreigners) who understand little about us” (Kayastha). When assistance is undertaken by foreign countries and organizations, it is often done without an account of Nepal’s ecological conditions.

Geographically, Nepal divides into three major regions: *Himal* – mountains, *Pahad* – mid-hills, and *Tarai* – lowland. Nepal heavily bases its economy on agriculture with its most fertile regions being Pahad and eastern Tarai; however, one of the major challenges faced in rural areas is the lack of farmland. Existing farmlands, primarily situated in the Kathmandu Valley between the Pahad and Tarai, lack a comprehensive strategy to expand and supply resources to rural areas where individuals rarely reach a healthy caloric intake on a day-to-day basis. While Nepal seeks sustainable agriculture, foreign aid typically inhibits this process by providing humanitarian aid and resources based solely on the deficit they visually encounter; therefore, Nepal’s needs and concerns only increase in future scenarios.

According to Benioff and Southwick, strategic philanthropy is one of many methods that can be used by corporations to meet human needs. Company stakeholders often expect their associated businesses to contribute to the needs of others. Many individuals and organizations also argue that underdeveloped countries will not become developed without the philanthropy of already developed countries. In the context of Nepal, it’s evident that the failing economy and geography of Nepal need foreign assistance; however, businesses often portray the image that they’re best suited to solve the world’s problems, and developed countries believe that

underdeveloped countries should only model after their successes. So why don't least developed countries like Nepal succeed from corporate philanthropy and/or the growth models of "successful" nations? Failing political institutions, local ideologies, and constraint to economic growth are all factors which contribute to the lack of development in Nepal, and as with any nation, they are unique to their own country. Businesses can't effectively address the political dynamics of Nepal, and foreign countries can perpetuate a social and psychological ideology of dependence. Philanthropy, instead of stemming from capitalistic goals, should focus on encouraging the indigenous needs, skills, and resources to build Nepal into a sustainable country.

In the Kathmandu Valley, Nepali are already establishing their own sustainable foundation. Since 2008 the Kevin Rohan Memorial Eco-Foundation (KRMEF) has been tackling multiple challenges including sustainable farming, education, and women empowerment (Fiertz 60). Among their programs, farmers prepare meals to supply to those in need, medicinal plants are grown and sold either for a free or reduced rate, and training sessions host foreign charity organizations to teach them about Nepali culture. Women primarily lead the foundation's projects, and hire workers and volunteers despite whether they're foreign or Nepali-born. "The work the Foundation does touches more than those who are attending the kindergarten or working at the Foundation. It has inspired many visitors, both Nepali and foreign" (Fiertz 65). Like the KRMEF, the capabilities and knowledge of Nepalese individuals are the most influential contributions toward the socioeconomic sustainability of Nepal.

Nepal's growth and development currently depend on the aid of capitalist nations and corporations; however, this doesn't have to be the case. While the assistance of developed countries and businesses shouldn't be forgone completely, their philanthropic efforts should be

in support of the Nepali people rather than as a means to improve their own image and wealth. The feat of becoming a developed country belongs to Nepal and its people. If others wish to help, it should be in the best interest of those they choose to help rather than of themselves.

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