AN INTERPRETATION ESSAY ON THE RELATIONSHIP OF NETWORKS, STAKEHOLDERS CAPITALISM AND DEVELOPMENT AS A GLOBAL SOCIAL PHENOMENON

Um ensaio de interpretação sobre a relação de redes, capitalismo de stakeholders e desenvolvimento como fenômeno social global

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ABSTRACT

Today, social networks are part of a new performance dynamic of society in the face of the social, environmental, political and economic impacts with which it coexists, and, given its relevance, there is currently a rich debate about its implications for development. The essay presented here intends to contribute to such a discussion aiming to reflect if Networks, as an autonomous insertion instance, are in fact capable of influencing the environment in which it is inserted.

Keywords: Networks; Society; Stakeholders Capitalism; Development; Social Phenomenon.

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An interpretation essay on the relationship of networks, stakeholders capitalism and development as a global social phenomenon

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RESUMO

Redes sociais são, hoje, parte de uma nova dinâmica de atuação da sociedade frente aos impactos sociais, ambientais, políticos e econômicos com os quais convive, sendo que, visto sua relevância, existe atualmente um rico debate sobre suas implicações para o desenvolvimento. O ensaio aqui apresentando pretende contribuir com tal discussão objetivando refletir se Redes, como uma instância de inserção autônoma, são de fato capazes de influenciar o ambiente na qual se insere.

Palavras-Chave: Redes; Sociedade; Stakeholders Capitalism; Desenvolvimento; Fenômeno Social.
INTRODUCTION

In the wake of climate change, of issues related to diversity and to barriers to inclusion, concerns about data privacy, global financial volatility, low prospects for global growth etc., a series of factors linked to corporate and market sustainability, which historically were understood as non-financial, they are seen as giving directions to the performance of business.

Looking to the future and its perpetuity, companies start using their resources increasingly focused on ESG principles (environmental, social and corporate governance), using them to influence public policies, or just to implement their own public practices with the communities where they are located. It is a new paradigm of corporate commitment conceptualized as 'multi-stakeholderism' (or multi-participation).

In this tuning fork, the World Economic Forum 2020 revitalized the concept of stakeholder’s capitalism (interested parties’ capitalism) moving away from the concept of priority to the shareholders and issued a statement that the business environment should focus on all its stakeholders (internal and external), in a process of shared and sustained creation of value.

Such a proposal implies not only a change in the logic of the formulation and management of business strategies, but also in establishing a proactive engagement of all interested parties, which, it is suggested, is much more easily constituted through Networks that are already established or that can be created spontaneously or in an induced way.

The new look of corporate leaders meets the social anxieties and shifts the traditional axis of economic development towards a development with more comprehensive characteristics, which here will be treated as a global social phenomenon.

Interpreting how the interconnection between Network, stakeholder's capitalism and focus on development can generate a global social phenomenon is the reflection that this essay intends to carry out.

1 WHY AN ESSAY

On the website of the Pontifical Catholic University of Paraná is the text 'Orientações sobre a Produção do Ensaio Científico (Guidelines on the Production of Scientific Essays)' which begins by teaching that “Date of 1st. March 1580 the first book entitled 'Essays', by Montaigne. In it, the author explains that he intends to leave traces of his character and ideas there ...” (PUC-PR). Based on the brief history, the University defines an essay as “a text marked by the critical character and by the personal way in which it addresses a scientific theme” (PUC-PR).

It is in these valid terms that the article presented here must be understood. It is an essay or a set of preliminary and not conclusive ideas by the authors on the theme of Networks and their influence on social development. However, differently from what is conceptualized by the Pontifical Catholic University of Paraná, this text does not necessarily have a critical character, on the contrary, it corresponds only to a first approach to the theme, being, therefore, and in truth, an essay of interpretation.

There is an interesting text by José Bittencourt that conceptualizes an interpretation essay, citing its use in the analysis of collections: “... time made into space, space made into an instrument for demonstrating a natural order, and order interpreted through evidence” (BITTENCOURT, 2001, p. 156). Thus, we reaffirm that our essay, although it has as an object something that brings with it a critical bias, has as its greatest intention the attempt to identify indications to establish understandings that can support future studies regarding the economic impact on stakeholders and localities, relating them to the community networks that are organized, either to make up for the failures of public organizations or to promote opportunities and reduce negative externalities for communities, against the economic actions of business corporations that are close to them.

However, it is important to recognize at once that the concept of essay is subject to some controversy. Take the arguments of Professor Carlos Osmar Bertero, from the Methodist University of São Paulo, who states that “the theoretical essay must necessarily contain, if not the outline of a theory, at least some intuitions that give it originality and creativity” (BERTERO, 2011, p. 342). For his part, Francis Meneghetti, from the Federal Technological University of Paraná, declares that “an essay is not a theoretical study based on theoretical reviews
that will later support empirical research or conceptual reflections shaped within the classical division of science” (MENEGHETTI, 2011a, p. 330) and guarantees: “the elementary feature of the essay is originality.” (ibidem, p. 323).

However, we understand that the concept of originality in an essay is not related to the new or the innovative. It should be noted that the edisciplinas.usup.br website of the University of São Paulo presents the academic essay as a textual genre that exposes “the author's idea and points of view on a certain topic”, and the arguments pointed out should, as far as possible, be presented “based on referential research - that is, what other people also say about that”.

Thus, the essay, in addition to the thematic relevance, requires rigor in terms of the arguments it presents, which must be validated or at least mediated by previous studies. However, its elaboration consists of reflexive provocations for the reader, that is, “the essayist seeks both to facilitate understanding and to persuade the interlocutor” (BARROS, 2011, p. 336).

Therefore, an essay does not intend to present an original reflection, but rather, an original way of manifesting a reflection on a given theme. In this way, the essay does not seek definitive conclusions or results and, moreover, when it proposes to be an interpretation essay, it does not even deal with truth, as it can be sustained only in arguments with a sense of validity. It is, therefore, a text that does not aim to know something about the theme, but to ponder ideas that can be incorporated into it.

“The essay is always a form of intellectual reflection. The elements of the contradiction are highlighted in the intellect of the essayist and his interlocutors. Through dialogues, the common and considered safe places are replaced by the dialectic of the thoughts of those involved in the essay with the actual change of the concrete world” (MENEGHETTI, 2011b, p. 345).

An essay is a form of learning for both the essayist and those who read it.

2 AS A REFERENCE: NETWORK, THE TOPIC OF INTEREST

One of the themes widely discussed in the literature on organizations is that of Network, however, its classification is somewhat nebulous, as well as diverse for each of the different areas of knowledge, all of which offer contributions to their understanding in a general sense.

For example, Manuel Castells, recognized as one of the main researchers of the theses on the subject, indicates that in the exact sciences and engineering the term Network is used as an operational construct and that, as a rule, it contributes to projects that impact society, such as networks telecommunications, the Internet and even public service networks (CASTELLS, 2000).

From there, one can begin to qualify the expression Networks. For example, digital networks, such as Web2, considered the second generation of the web, is an operational network intensely characterized by interactivity, where users simultaneously personalize services and content, while collaborating with each other (LUCAS JÚNIOR; SOUZA, 2016). In this scenario of permanent interlinking and fast and numerous connections, there seems to be an impossibility to promote network management.

It turns out that the concepts of Network should not be used exclusively or indistinctly. It should be noted that in the field of business administration, the Network is generally defined as a phenomenon that reflects the entanglement and sophistication of current organizations and that is expressed by the complexity of the activities developed, for example, in global value chains, through clusters and enterprise collaboration network. If we take again the concepts presented by Castells (2000) about Networks, we can understand them as a set of interconnected nodes, being possible to consider that such a set of nodes can be composed of individuals, groups, organizations, governments etc. So, for the administration, Network is the flow of resources that transit between these elements or, if we prefer, by the 'complex set of nodes' that are formed in a given environment. In this case, network management is not only possible, it is necessary and addresses aspects that are concomitantly interconnected and flexible.
In fact, the concept of flexible network management can be identified in other situations and, for example, it applies to political networks in which the aforementioned 'set of nodes' are connections that are made and unmade dynamically and at various times over time. Stephen Ball (2017) defines networks as a set of relationships that are in permanent construction. For the author, Network is the set of interconnected political spaces, be they formal, informal, ideological and social. Going further, Ball (2017) highlights that in the field of politics, in addition to actors, groups and organizations, networks involve events in which political communication is used as a mobilization. In this way, the management of political networks implies knowing the causes for the formulation of policies and coordinating the political actors that circulate and put into practice such policies, which, obviously, can expand the scope of the existing network and connect it to other networks.

It can be accepted, then, that in political networks the actors share common interests in relation to a certain policy, however, they maintain non-hierarchical ties with each other. According to Sonia Fleury (2005), another author consecrated on the theme, although with non-hierarchical relationships, political networks are stable, since the actors who participate in it understand that cooperating is the best way to achieve common goals that, for example, compensate the absence of the State in some areas or reduce externalities resulting from business activities in another.

From the above, it is accepted here that the concept of Networks has a broad meaning and is incorporated into the vast network of social relations, whether of production, politics or, simply, social interests; and which gradually come to represent a practice that is increasingly embraced by society, influencing business organizations, as well as public bodies, coming to affect, in a relevant way, the strategies, activities and functions of both.

3 NETWORKS AND THE METAMORPHOSIS OF ORGANIZATION AND SOCIETY

It is known that multiple external aspects affect organizations by factors that can be classified, among others, as technological, economic, political, demographic, social, cultural, legal, ecological and ethical. It is also known that each organization operates in an environment that is specific to it, which depends on the structure of the sector in which it operates and the size of its relevant market (in terms of geography or product). In the early 1990s, Bowditch and Buono (1992) attested that such a specific environment (or as they named it: direct) contains relevant external audiences that must be observed and monitored.

Also, in the 90s, the political and economic debate over the aforementioned various 'relevant external audiences' gains strength, on the one hand, by the environmental movement that culminates in the United Nations Conference on Environment and Development, known as Rio-92, considered the largest environmental conference ever held and, on the other, by proposals for liberal reformulation presented, as an example, by Tony Blair when Prime Minister of England. The debate about “stakeholder capitalism” or, if we prefer, on a new proposal regarding the logic of capitalist relations, which should be destined to build a more equitable, cohesive and sustainable world.

Indeed, the main exponents (defenders and critics) of stakeholders capitalism presented their basic arguments regarding the proposition in publications, such as the one organized by Kelly, Gamble and Kelly (1997), in which the offered debate, in truth, reflected the growing tension generated at the time by pressures from broader constitutential groups, which stated that companies could not just be based on a hypothetical imperative to maximize profit (or shareholder value) and, on the contrary, should guarantee fair treatment of all stakeholders, which, of course, was countered by advocates that corporate choices should always be guided by financial engineering.

Not without reason, the precepts of the stakeholder’s capitalism have returned strongly at the 50th edition of the World Economic Forum 2020 (or Davos Conference), where the principles of market capitalism were again doubted, above all by increasing erosion of public confidence in business organizations. It is true that there is nothing trivial about obtaining public confidence in companies. Such trust, in truth, is “the central mechanism capable of bringing efficiency and coordination to the control of expectations and interactions between the
parties” (MARTINS; SILVEIRA; SOUZA NETO, 2019, p. 434), since it is a strongly interconnected element with the possibility of positive responses to the concerns of so-called stakeholders.

As can be seen, the dynamics of questioning by stakeholders regarding the way in which organizations operate creates the current transformations, expanding the complexity of the competitive environment and generating a series of new experiences, not only in the space of companies, but also in social and political life. The reason for “stakeholders” stems from it’s experimentation on the world. People and communities experience unemployment, pollution and criminality, and relate them to the displacement of traditional production processes to highly regarded activities such as industry 4.0, intensive in knowledge, technology and automation, but saves labor. Such industry makes use of, in advantageous conditions, digital media, creating a new way of doing business and, mainly, of virtualizing the relationship with consumers, the community or, collectivity or, if we prefer, with the stakeholders that are external to the corporation, removing part of their bargaining power from them.

Of course, this situation does not only affect individuals and their communities, there is also a change in the geographical space of economic activities, increasing the global power of organizations and weakening national governments. However, apparently this movement also invigorates the potential of the local economy and opens space for new solutions, in which organized civil society networks can find an alternative power of cooperation and articulation of collective interests.

However, according to one of the exponents of the so-called New Economic Sociology, Mark Granovetter (2009), social network analysis studies, in seeking to understand individuals from their social relationships, reinforce the critical approach to neoclassical economic theory that has as a reference examination of rationality and individual interest alone. In other words, the central reflection that must be made is whether recent changes in the social and market environment are capable of modifying the sense of rationality of individuals, social groups and organizations (private or public).

In regards to organizations, several authors attest that new decision-making models are being created, changing the traditional way of strategic positioning, which, consequently, come to influence their activities and functions and, even, establish new fields of action.

This new reality requires organizations to modify their usual pattern for the purpose of strategic choices normally based on endogenous observation and to assume the focus of 'strategic thinking' as a culture (CARNIER, 2018). To do so, they need a new analytical dimension that seeks to understand the desires of those involved with it, including the community and society itself. It is in this sense that Porter and Kramer (2006) affirm that the social performance (or the general social dimension) must be aligned to support the companies' strategies.

Accepting without reservation the argument of Porter and Kramer, the emphasis on corporate social responsibility would then become an indispensable standard in the decision-making process of organizations. Knowing your stakeholders and actively participating in local issues related to them is an essential factor for success in this scenario, especially for companies that cause great environmental and social impact or even for those that represent an important source of revenue for the community (as in a small municipality), which can be highly dependent on the company. Thus, it can be assumed that if such a line is true for business structures, it is even more strongly valid for organizations in the public sphere.

It is in this context that the social network becomes a recursive theme for communities, in the sense of producing initiatives that generate the processes for the debate and the search for solutions to local problems, or problems of local stakeholders.

If for companies, or even for public authorities, understanding their involvement with social networks can generate multiple strategic values and advantages, mitigating tensions, expanding cooperation and identifying trends in the face of the dynamics of current transformations and market complexity. For stakeholders and society as a whole, it is essential that they know the dimensions of the reality of their environment and build a deeper and more diversified view of the networks that exist in it, which will only be viable by understanding the characteristics of a social network and its potential role in this new context of more fluid and volatile social, economic and political relations.
4 NETWORKS AND THE GLOBAL SOCIAL PHENOMENON

It is important to highlight that, regardless of existing criticisms and counter arguments, accepting the aforementioned recent emphasis on stakeholders capitalism as a standard that can be widely established implies accepting the replacement of a hierarchical organizational system for a production regime based on alliances, which not only alters organizational architectures, but necessarily modifies business and social regulations that would be linked to entirely new phenomena, which certainly affect the future of all actors involved, including conditioning the development of the locations where they are established.

With this in mind, we recall that in the 1970s one of the great names of the Brazilian intelligentsia, the political scientist Hélio Jaguaribe, published the book “Introduction to social development” (JAGUARIBE, 1979), important at the time, because, in some sense, it made possible a counterpoint to the emerging current of the dialectic of underdevelopment in Latin America, whose theoretical framework was based on Paul Baran's book “The Political Economy of Development” (BARAN, 1985), originally published in 1957. Briefly, Jaguaribe sustains his work in two central assumptions. The first is the assertion that development is a global social phenomenon that involves cultural, social and economic aspects. Consequently, it certifies that there is no country that can be considered developed if it is not, simultaneously, in cultural, social and economic terms.

The second key argument is that development rarely occurs spontaneously and must therefore be induced. Obviously, such induction could be promoted without distinction by cultural, social or economic aspects. However, says the author, it is by the economic bias that this is most easily achieved.

In this sense, it is certain that countless attempts to induce development by the effort of economic coordination spread throughout the world between the 1970s and 2010, among them that of State Capitalism (MUSACCHIO; LAZZARINI, 2015), Brazilian choice and several South American countries in the 1970s; the idea of Organized Capitalism (MORAES, 2019), such as that adopted in Japan in the 1980s and 1990s; neoliberal models (DARDOT; LAVAL, 2016) intensified during the 1990s and 2000s or even the pro-market and pro-business models (CONSTANTINO, 2015) that, in the years 2010, were established together with the rise of the neoconservative wave, mainly in the United States and Europe.

However, all the tried and tested efforts that tried to provide development through some kind of process built on the thesis of growing generating distribution, regardless of certain and undeniable merits, failed in their attempt to create the desired global social development.

In any case, we have as an argument that there is no doubt that the current phenomenon of transformations within companies and society ended up stimulating the action of new actors who organize themselves in intermediate levels of power, usually through social networks of different natures or still, by non-traditional political movements, strengthening the principle of stakeholder capitalism now in the late 2010s. Like any social occurrence, recent phenomena have not been constituted in a linear way, that is, they have not been established in the same rhythms and speeds and, in some sense, they did not even express the same tendency for action, behavior or mediating power.

In this way, we can propose the reflection that, in the midst of the transformations we have undergone, networks (mainly of social and community character) today assume a new role in development, including as a global social phenomenon. For this reason and in view of the fraying of traditional social relations of production, we maintain that these Social and Community Networks act as vectors that impact the organizational, social and political environment, demanding the development and the permanent search for new bases for the solution of the problems that afflict them.

Thus, we argue that the basic precept that development is a global social phenomenon is still present, however, apparently its inducing element may be migrating from economic to social and political aspects.

5 NETWORKS AND IMMERSION

Based on renowned authors, we try to demonstrate that the Networks increasingly influence social life, creating customs and habits in the actors, which generate processes and phenomena related to social interaction and that end up establishing a system of norms to be followed. Within the networks, these relations of social interaction were called immersion (or rooting, in a literal translation of the aforementioned work by Granovetter,
2009) by the New Economic Sociology, in the sense that economic processes are immersed (or rooted) in the social structure. The New Sociology expresses that economic action is immersed in a social structure and, therefore, it occurs due to social processes that give them a sense of social or socialized conduct, in which human action is affected by the social relations in which the actor is immersed without, however, removing the atomized character of the individual's decisions or attitudes, even when such actions involve groups (large or small) of people.

“The perspective of immersion seeks to show that explanations about the functioning and organization of markets, as well as the actions of economic actors, must go beyond rational choices based on marginal utility, cost-benefit (marginal cost and marginal revenue), balance, maximization etc.” (BOVO, 2014, p. 140)

In this sense, we accept as an argument that immersion, even when institutional representativeness devices are created, does not alter the role of concrete interpersonal relationships, which, in the end, will establish the structures of the Networks. For this reason, there will always be a certain and undeniable duality in the performance of the Networks, as at times they will act in the pursuit of strictly collective interests established by values or needs agreed upon by their members. In others - and dichotomously - they will act in a utilitarian way in the search for results or advantages arising from their own or private interests.

In our reflection, we suggest that the Networks operate (with greater or lesser intensity) in all dimensions of the concept of development as a global social phenomenon, and there is no way to discard the importance of their role for social development, because:

“From a systemic perspective, the concept of a network tends to appear as a privileged cognitive key for understanding changes of great magnitude that have been occurring in the political and economic spheres of society. In the economic sphere, the network seems to be an answer to the challenges faced by companies [...]. In the political sphere, the network appears to be a response [...] to the erosion of the sovereignty of the contemporary state. [...]. In turn, from the perspective of social movements, the network tends to appear as a tool capable of building new forms of aggregation, of interests and demands for [...] aimed primarily at helping to build a solidary society. " (MINHOTO; MARTINS, 2001, p. 89-90)

Attached to the argument, it is worth remembering that for some authors there is a recognition that no organization (regardless of its nature being public or private) complements itself, requiring a new condition of articulated actions in the search for complementarity. Transporting this premise to other spheres of social relations, including those typical of the market, it is confirmed and explained why one of the results of current transformations in the business world is gradually increasing the relevance of creating alliances in the form of networks of collaboration in the face of traditional hierarchies.

Thus, it can be considered that the expansion of strategic alliances, understood as a type of Network, extends to a range of ties or social, technological, political and cultural connections, being that, in any case, alliances tend to be less centered on the interaction structure between the actors that participate in them and more on the content or absolute advantages obtained in these interactions.

CONCLUSION

If we look again at what an essay is, we could consider it as a reflective text which deals with a motivating theme without the author's ambition to exhaust it. Like this:

“The strength of the trial is in the way the procedures are questioned and not how they become truths inherent to the results that are originated(...) it acquires
greater autonomy insofar as the author renounces the attempt to reach an ultimate end, a supreme truth.” (MENEGHETTI, 2011a, p. 326)

The essential question presented in this essay is that Networks, or any form of social alliances, will be strongly influenced by the environment and context in which they are established and that the concept of immersion highlights a situation in which a non-trivial Network management system needs to be established, being the agreed that the trust and commitment of its members is essential, as well as that structures are established that minimize the possibility of opportunistic behavior or utilitarian rationality, given that, according to Lopes and Baldi:

“Networks, like other structural forms, result from environmental pressures and human action, they can be ways of transforming organizational and social reality - shifting power from the center to the periphery and replacing the political dimension as the central dimension - and also ways to reproduce the established order, giving airs of modernity, flexibility, efficiency, technical justification for interests of groups in power disputes.” (LOPES; BALDI, 2009, p. 1029).

It is suggested, however, that the Networks are an effective alternative to implement social policies and projects with complex implications, which involve a multiplicity of interested actors, whether from the public or private sphere, are territorially in or away from the site, demand economic benefits or just citizen participation.

Meneghetti, teaches that “in the essay, there is no need for a conclusion in the traditional sense” (MENEGHETTI, 2011a, p. 330), however, we present a final comment as a justification to the essay: It is not just the undesirable realities present in our time, such as poverty, climate change, exacerbated automation and globalization, that created the conditions for the statement made in the last Davos Manifesto (WEF, 2020) that ensures support for a model of stakeholders capitalism, the equivalent to the Network model with autonomous insertion of the actors involved, seeking to demonstrate that a successful company is one that promotes the interests of all its stakeholders, not only from its shareholders. Networks that can fulfill the mission of overcoming or supplying the lack of a regulatory apparatus or government intervention. Networks capable of building bonds and collective commitments, in addition to creating cooperative actions between communities and governments and, mainly, between local communities and the business organizations that operate in them. Cooperation in which, inexorably, the economic dimension will be a part of, but which, above all, will be essentially subordinated to the ethical and social dimension, while remaining aware and responsible for global social development.

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