The Importance of Place: Addressing Community-Company Relationships Within the Global Economy

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Abstract: The process of economic restructuring within the forestry sector has had dramatic impacts on BC’s forest-dependent communities. As a result, the involvement of communities in resource extraction and processing activities has changed. As the forestry sector changed, the nature of the relationship between the resource company and the community changed. While literature on forestry sector restructuring and the resulting community impacts has grown since the 1980s, there has been little focus on community-company relationships and on resource peripheries in geographic theory. To gain a better understanding of these relationships, geographers must account for the uniqueness of resource peripheries while accounting for both global and local forces. The objective of this paper is to outline a conceptual framework for understanding forestry-dependent communities within the global economy. The framework is constructed by drawing upon contributions from locality studies and new regional geography, globalization, global-local connectivity, and institutional economics. This framework highlights the importance of place when addressing economic activity, the connectivity of global and local institutions, and the importance of both social and economic institutions in shaping the evolution of local economies and community-company relationships. This paper is part of a larger research project focusing on contemporary community-company dynamics in forestry-dependent communities in northern BC.

Keywords: British Columbia, forest-dependent communities, global-local perspective, community-company relationships

1.0 Introduction

This paper focuses on the theoretical underpinnings related to changing community-company relationships within the forestry sector. Economic restructuring of the forestry sector has stimulated a shift where community ties to forestry companies remain vital, yet company ties to communities appear to be weakening (Marchak et al., 1999). As Marchak (1990) states, “the economic survival of [forest-dependent] towns can be tied to a company, but the company may have no such ties to the town” (p. 95). This issue is increasingly important when addressing the future of forestry-dependent communities in northern British Columbia (BC).

The process of economic restructuring within the forestry sector has had dramatic impacts on forest-dependent communities in BC (Barnes, 2005). As a result, the involvement of communities in resource extraction and processing activities has changed (Hak, 2007; Hayter, 2003). As the forestry sector changed, the nature of the relationship between the resource company and the community changed (Hayter, 2000). While literature on forestry sector restructuring and the resulting community impacts has grown since the 1980s (Bowles, 1982), there has been little focus on: (1) the changing nature of community-company relationships (Beckley & Reimer, 1999); and (2) resource peripheries in geographic theory (Hayter et al., 2003). This paper will address these gaps by examining how forest-dependent communities are addressed by geographic theory.
2.0 A conceptual framework for examining community-company relationships

This section outlines a conceptual framework for examining community-company relationships. This conceptual framework will aid in gaining a better understanding of the factors influencing community-company relationships in resource-communities by drawing on a number of literatures. First, theoretical contributions from ‘locality studies’ and ‘new regional geography’ will be outlined as they are credited with re-asserting the importance of place when trying to understand broad social, economic, and political phenomena (Johnston & Sidaway, 2004). Second, the globalization literature will be reviewed to outline different positions with respect to the changing nature of the world and the different implications these changes have for local places and global capital. Third, the ‘global-local’ perspective will be used as a way of viewing how economic and social activity is shaped by a number of global and local forces. The global-local perspective will be used to gain an understanding of how communities are influenced by, and in turn influence global forces. Finally, research from economic geography pertaining to ‘institutional’ economics will be outlined as an alternative and viable approach for studying local economies within the global economy.

2.1 Locality studies and new regionalism

Locality studies arose among economic geographers in response to industrial restructuring in the United Kingdom throughout the 1980s (Benko & Scott, 2004). One of the main stimuli for locality studies was an apparent connection between spatial restructuring of manufacturing economies and social and economic change (Cooke, 1987; Massey, 1997). It was also increasingly apparent that the effects of economic restructuring were geographically differentiated, that is, different places were experiencing, “highly contrasting shifts, and trajectories of change” (Massey, 1997; p. 318) and responding to them in different ways (Scott, 2000). This geographic differentiation was thought to be a result of the interplay between ‘bottom up’ (local characteristics) and ‘top down forces’ (uneven investment over time and economic activities associated with that investment) (Chang, 1996).

The localities research program had its roots in research conducted by Doreen Massey (1984) on changing industrial activities in the UK. Localities research is also predominantly associated with studies arising from the ‘Changing Urban and Regional System’ initiative (CURS), the ‘Social Change and Economic Life’ initiative (SCEL), and the ‘Economic Restructuring, Social Change and the Locality’ programs. Each of these programs was funded through the UK’s Economic and Social Research Council (ESRC) (Cloke et al., 1991; Painter, 1994).

Locality studies were also rooted in a response by some geographers to positivist geography of the 1950s and 1960s that discounted the uniqueness of place and time specificity (Chang, 1999; Fik, 1997). Massey (1984; 1993) concluded that geographic research of this era was primarily concerned with the identification of general processes and the construction of general laws. Locality studies were also a reaction to Marxist approaches of the 1970s, which were seen by some as discounting individual and collective agency by placing too much emphasis on structure (Hudson, 2006). As such, it was felt by some that geography was discounting the uniqueness, peculiarity, or specificity of place when trying to explain spatial phenomena (Massey & Allen, 1984). In referring to the purpose of locality studies, Barnes et al. (2007) state that “[locality studies] set out to elucidate the role of ‘place’ in the process of economic restructuring” (p. 7).
In explaining the response of locality studies to positivistic approaches, Scott (2000) states that, “uniqueness and difference… turned into points of analytic interest rather than mere background noise, and with the affirmation of their investigative significance, any notion of theoretical totalisation became correspondingly anathema” (p. 491). It was felt that in an era characterized by increased global interconnectivity, coupled with a shift away from a centralized system of Fordist mass production, that some aspects of economic activity could only be understood at the local level (Curry, 1996).

Locality studies quickly prompted heated debate within human geography. Detractors commonly voiced two criticisms related to the focus of the research and a perceived lack of theory in favour of empirical description (Cloke et al., 1991; Massey, 1993). The first criticism argued that localities research was too narrow in focus making it parochial in nature (Cloke et al., 1991). Smith (1987; quoted in Barnes et al. 2007) felt that the focus on locality marked a return to empirical regional geography. For instance he states that, …if the unique is back on the agenda, then it is difficult to see how we can avoid fighting the crude Hartshornian battle between the ideographic and nomothetic… Should this debate emerge again…it will be tantamount to admitting that we have learned nothing since the 1950s (pp. 62,66).

Critics also argued that focusing on political, economic, and social processes at the small scale would inevitably lead to a neglect of the broader system (Cloke et al., 1991).

The second common criticism of locality studies related to a perceived tendency towards a lack of theory in favour of detailed empirical description (Barnes et al., 2007; Cochrane, 1987; Scott, 2000). Benko and Scott (2004) state that as locality studies progressed, “research became increasingly atheoretical in favour of a focus on the primacy of empirical context and data in geographical analysis” (p. 60). This criticism is cited as one of the paramount reasons why locality studies lacked longevity within economic geography (Benko & Scott, 2004; Scott, 2000).

However, locality studies have been credited with a number of contributions to theoretical debate within geography. Of particular importance to this research topic is the position that, “intrinsically two-way connections between large-scale processes of economic and social restructuring and localised practices, political struggles and outcomes [exist]” (Barnes & Gregory, 1997; p. 509). Locality studies rejected the notion, adopted by the Marxist approach, that general forces influenced “passive” local areas in an unmediated fashion (Cooke, 1996; p. 486) while asserting that local agencies play an integral role in shaping global forces (Chang, 1996; 1999). Massey (1984) supports this idea stating, “general processes never work themselves out in pure form. There are always specific circumstances, a particular history, a particular place or location” (p. 9). Furthermore, locality studies reasserted the notion that “space makes a difference” in geographic research (Duncan, 1989).

Locality studies were part of a larger body of literature within geography called ‘new regional geography’ (Cochrane, 1987) or “new regionalism” (Benko & Scott, 2004; p. 61). One of the principle tenets of new regional geography is that various characteristics of place are important when trying to understand the “nature of regions” (Johnston, 1997; p. 248). New regional geography reasserted that regional and local peculiarity should be central to geographic study (Cochrane, 1987). While critics argued that this marked a return to old regional geography, proponents of new regional geography countered that it was fundamentally different in two respects.
First, the ‘traditional’ regional geography that dominated geography prior to the quantitative revolution was highly descriptive in nature (Hudson, 2006). Vast amounts of time were dedicated to describing historical aspects of the social and physical factors shaping life within different regions. Geographers of this era were keenly aware of how different regions were unique in terms of characteristics such as language, culture, or habits. Hayter (2005) characterizes this era of regional geography as being rooted in the paradigm of “areal differentiation” (p. 194). This type of regional geography was abandoned during Geography’s quantitative revolution because it was atheoretical and descriptive in nature.

Second, new regional geography is fundamentally different because it does not stop with description, but asks ‘How?’ and ‘Why?’ when examining regional social and economic formations, articulations, and structures (Johnson & Sidaway, 2004). Gilbert (1988) asserts that new regional geography was different from traditional regional geography in three ways. First, new regional geography is interested in local variations in general processes. Second, it is concerned with the region as a source of sense of place or cultural identity. Third, new regional geography views the region as a medium for the production and reproduction of social systems.

2.2 Globalization

With the rise of ‘globalization’ in academic publications and within the popular media, there is increased recognition that various phenomena throughout the globe are interconnected in a number of different ways. There is increased awareness that understanding anything requires the consideration of a growing number of social, economic, political, and environmental factors, across a number of different scales (O’Brien & Williams, 2004; Perrons, 2005). While the concept of globalization has grown in popularity since the 1980s (Amin & Thrift, 1997; Conti, 1997; Dicken et al., 1997), its nature remains contentious (Taylor et al., 1997).

Although the discourse surrounding the nature of globalization has resulted in numerous conceptualizations of the global economy, discussions surrounding globalization are often framed as ‘dualist’ or ‘polarized’ in nature (Amin & Thrift 1997). The debate over the nature of globalization focuses on two factors: (1) the exact beginning of the transformation of the global economy; and (2) impacts on the power of the state (O’Brien & Williams, 2004). Dicken et al. (1997) describe the two camps which dominate the globalization debate where, “on the one hand a ‘booster’ line in which globalization tendencies are seen as being all-encompassing, all powerful and – literally – everywhere and on the other, a ‘hypercritical’ line in which the very existence of these same tendencies is questioned or denied, and their historical significance trivialized” (p. 159). Therefore, the literature on globalization has tends to be divided into two parties portraying globalization as a universal force (the neoliberal interpretation) (Amin & Thrift, 1997) or as a myth (Gordon, 1988; Hirst & Thompson, 1996).

The neoliberal interpretation posits that globalization is a new phenomenon that has rendered the world borderless, homogenised, and disconnected from place (Chang, 1999; Kelly, 1998; Yeung, 1998). It is argued that the power of the state over social and economic systems, and the importance of geography are of decreased relevance. As such, the world is viewed as becoming increasingly ‘placeless’ (Dicken et al., 1997; Yeung, 1998) or ‘deterritorialized’ (Storper, 1997) where the role of culture, social institutions, and national political institutions cease to be meaningful. It is also argued that the fate of individuals and nations are best understood by examining markets within the global economy. This conceptualization views the globe as a ‘borderless world’, where the balance of power is shifting from the state to...
corporations and international markets. Storper (1997) describes the emergence of the neoliberal conceptualization:

In recent years, the flows of goods, services, information, capital and people across national and regional lines have increased greatly, giving rise to the notion that modern economic activity is somehow becoming ‘globalized’. Hence, the locus of control over important dimensions of the economic development process is passing from territorialized institutions such as states to deterritorialized institutions such as intrafirm international corporate hierarchies or international markets that know no bounds (p. 19).

When considering the nature of community-company relationships, it is important to examine how capital is viewed. Under a neoliberal interpretation of globalization, transnational corporations (TNCs) are viewed as having the ability to move freely about the world in order to maximize profits. Capital is viewed as becoming increasingly ‘footloose’ with the ability to expediently transcend boarders (Mitchell, 1997). As stated by Dicken et al. (1997), “in [the neoliberal] scenario, capital would be infinitely mobile and completely footloose, shaking off all forms of local and national allegiance or dependence; the principal agents of change would be the all-powerful transnational corporations, the epitome of ‘placeless’ capital” (p. 160).

According to the neoliberal interpretation, the process of globalization is moving the world towards homogenization because of a number of factors. First, national policies are seen as being increasingly unable to contain investment or constrain market forces (Fine, 2004) Second, innovations in communication and transportation technologies allow corporations to coordinate vast global production systems with ease (Cox, 1997; Gertler, 1997). Third, corporations have the ability to act freely without consideration for national or local consequences (Dicken et al., 1997). Forth, production of ‘global products’ for the global marketplace is uncontested as consumers are viewed as having global tastes (Taylor & Conti, 1997; Yeung, 1998). Finally, agency amongst individuals and corporations within the global economy is viewed as being driven by the market (Dicken et al., 1997).

Using this view of globalization, supporters identify a shift in the balance of power between global and local institutions. Individuals and places are viewed as being at the mercy of global capital, struggling to retain autonomy and identity (Taylor & Conti, 1997). As Taylor and Conti (1997) state, “the notion of power relations expressed in this [viewpoint] is very much a caricature of the powerful, empowered global versus the powerless victim local” (p. 4). Also, the state is viewed as being hollowed out as power is shifted up and down to global and local/regional bodies, respectively (Tickell & Peck, 1995).

The second conceptualization contends that globalization is in fact, not a new phenomenon, but rather, it has existed in various forms since the birth of capitalism (Amin & Thrift, 1997). As such, it is purported that today the world is simply experiencing a different variation of globalization than it has in the past. Hirst & Thompson (1996) assert that the world economy has been connected, to varying degrees and in varying ways, since approximately 1492. Regarding the strength of these connections, some have argued that national economies were more interdependent prior to 1913 than they were during Fordism (approximately from 1925-1973) (Swyngedouw, 2000). Swyngedouw asserts that, “only in recent years [have] parts of the world economy begun to approach again (at least in relative terms) the conditions of integration that characterized the world economy at the turn of the present century” (p. 543). From this viewpoint, the process of globalization is in essence “little more than a mirage” (Dicken et al., 1997; p. 159) where the world is experiencing, “quantitative rather than qualitative change” (O’Brien & Williams, 2004; p. 9).
While the research literatures on locality studies, new regionalism, and globalization have made a number of contributions they are limited when trying to understand the connections between global and local phenomena. As such, there is an emerging body of theory that views global systems as “a set of interrelated tendencies” (Dicken et al., 1997; p. 159) where global and local forces are mutually constitutive. As Hayter (2005) asserts:

Global-local dynamics are explicitly interpreted as interdependent instituted processes in which the local and the global affect each other. Indeed, the one cannot be understood without reference to the other. Even the most insistent globalizing institutions require local presence becoming a part of local habits and customs. Even the most insistent local institutions cannot ignore global forces. Moreover, this role is not limited to a few ‘leading edge’ regions but applies generally, including to what are termed, not without ambiguity, ‘new economic spaces’ (p. 193).

The global-local nexus (Conti, 1997) or the global-local perspective (Hayter, 2004) of globalization is perhaps the most suitable for studying resource-dependent communities. This approach has a number of characteristics that make it a suitable framework within which to situate the study of forestry-dependent community-company relationships (Hayter, 2003). Proponents of the global-local perspective argue that this approach to the global economy reasserts the importance of both place and space, across a number of scales (Amin & Thrift, 1997). As noted by Cox (1997):

Any assessment of the globalization debate has to take into account not just the deterritorializing forces, the emergence of a world of enhanced locational substitutability, but also the territorializing: those conditions, those social relations that result in enduring commitments to particular places, which can in turn be a source of competitive advantage and so serve to reinforce those commitments (p. 5).

From this perspective, globalization is viewed as prompting increased interconnectedness between different aspects of the economy, including: capital, markets, technology, information, and production (Plummer & Taylor, 2001). This approach also underscores the importance of considering local and regional factors in influencing past and present economic activity. As such, the process of globalization can be viewed as being constituted by interactions between broad global forces and local peculiarity.

In terms of conceptualizing community-company relationships, the global-local perspective is particularly useful as it stresses the importance of considering a variety of endogenous and exogenous forces. This approach varies from traditional economic geography approaches, which focused on the decision-making processes of the firm. As such, many social scientists used to view resource-dependent communities as merely temporary creations to satisfy the needs of global capital (White, 2004). As such, little consideration was given to regions or communities (smaller spatial divisions within a region) in shaping activities occurring within its borders.

This type of approach resulted in a gap in the geographic literature. Conceptualizing community-company interactions from a global-local perspective allows the researcher to examine the interactions between global and local forces. For instance, when commenting on this gap, White (2004) contends, “a global-local approach that stresses the interaction among company, town planners and residents is uncommon in Canadian and international treatments of planned industrial towns” (p. 45). This gap presents an opportunity for research on community-company relations to contribute to social theory and greater understanding.

2.3 Regional economies within the global-local framework
A new theoretical approach to regional economics is needed in order to adequately address the interplay between global and local forces. If the economy is going to be viewed as a messy set of interrelations, then Marxist and neoclassical theory are somewhat limiting. As such, economic geographers looking for an alternative theory better suited to addressing historical specificity, interconnectivity, and embeddedness have turned to institutional economics (Hudson, 2006).

Institutional economics is described as a ‘third way’ or ‘middle range’ approach to the economy (Hudson, 2006; Peck, 2000). Traditionally, economic geographers approached the economy using either neoclassical or Marxist theory (Cumbers et al., 2003). The neoclassical approach assumes that economic activity is rational, maximizing, and atomistic, while ignoring social and political forces (Martin, 2000). The Marxist approach emphasises the importance of social structure while placing little emphasis on individual and collective agency (Cumbers et al., 2003; Hudson, 2006). The institutional approach has gained favour within economic geography (and other social sciences) because it accounts for the social and cultural conditions of “everyday life” (Cumbers et al., 2003; p. 325) and “real-world behaviours” (Hayter 2004; p. 96) in shaping economic activity.

The institutional approach views economic behaviour as being inseparable from the social, political, and cultural contexts within which it is situated (Hayter, 2004; Peck, 2000). As Barnes (1996) states, “for institutionalists, market activity is made possible by a host of institutional norms, expectations and conventions, all of which are historically and geographically relative” (p. 214). Formal and informal institutions are identified as important factors in shaping economic outcomes (O’Brien & Williams, 2004). Institutions can be defined as, “organizations, interorganizational relationships and networks, social movements, and social attitudes (or individuals), ‘habitats and conventions’ are not narrowly economic in nature but socially engrained and differ in varying degrees from place to place” (Hayter, 2004; p. 97). Essentially, a global-local perspective requires an appreciation and understanding of both global and local forces. One cannot be understood without reference to the other.

2.4 Local and regional economies

Within an institutional framework, regions are viewed as meeting places for a variety of global and local institutions. As such, the economy can be viewed as being socially constructed and shaped by interconnected institutions that are embedded, evolving, and unique. In referring to an institutionalist approach to the economy, Martin (2000) states:

The fact is, however, that all economic action is a form of social action and cannot be separated from questions of status, sociability and power. In other words, economic activity is socially and institutionally situated: it cannot be explained by reference to atomistic individual motives alone, but has to be understood as enmeshed in wider structures of social, economic, and political rules, procedures, and conventions. It is the role of these systems of rules, procedures, and conventions, both of a formal and informal nature, that is the focus of an institutionalist approach to economic geography (p. 79).

Therefore, the importance of local, regional, and national economies cannot be overlooked when considering the global economy (Hayter, 2004).

In referring to the embeddedness of economies, there is increasing recognition that economic activity occurs because of an interaction between social and economic systems (Cumbers et al., 2003). Hayter (2004) asserts that embeddedness refers to, “socially instituted processes created by reciprocal links between economic and social institutions” (p. 99). The main thrust of embeddedness is that both social and economic systems work to influence one
another (Granovetter, 1985). For instance, Hayter (2004) argues that one should think of economic relations as expressions of larger social and power relations. Therefore, it is argued that through the study of economic phenomena such as market relations, consumer behaviour, and economic power structures, a better understanding of the social world can be gained.

Institutional economics also conceptualizes economies as being evolutionary in nature. This focus emphasises gaining a greater understanding of the history and long-term dynamics of a region when evaluating its economy. Martin (2000) asserts that local institutions become the carriers of history and influence how economic development trajectories evolve over time. When studying resource-dependent regions and communities it is important to remember that the trajectory of economic evolution (termed path dependence) is shaped by choices made by actors in societal institutions and characteristics of place (Martin, 2000). As Hayter (2004) notes, “in different places people behave and think differently” (p. 107). For instance, the Fordist mode of industrial production in BC depended upon favourable government policy, infrastructure, labour availability, global market conditions, growing population, and communities hospitable to development.

Economic geographers, such as Hayter and Barnes, drawing upon new regionalism and institutional economics advocate thinking of the global economy as comprised of a number of “local models” that are interconnected (Barnes & Hayter, 2005; p. 454). As such, economic activity can be viewed as an interaction between a number of global and local institutions. Local or regional economies are essentially meeting places or fulcrum points where global and local forces meet and intermingle. This is important when looking at community-company relationships in resource-dependent communities because it allows one to account for a number of factors influencing both community and company. As White (2004) states, “resource communities [are] not simply creations of global capital but [are] shaped to a significant extent by the local dynamics of formal and informal resident negotiation with the industrial hegemon” (p. 45).

3.0 Summary

The purpose of this paper was to outline a framework for understanding the different factors influencing community-company relationships. In doing so, a number of literatures were drawn upon to highlight the relationship between the global and the local. First, locality studies and new regional geography were outlined because of their emphasis on the importance of place when addressing economic activity (Massey, 1984). It was also found that peculiarities of place play an integral role in shaping and mediating global forces (Cook, 1996). When considering community-company relationships these literatures outline the importance of examining the characteristics of place.

Second, different conceptualizations of globalization were reviewed to outline the nature of global-local connectivity. It is argued that the global-local conceptualization of globalization is particularly relevant to resource-dependent communities, as they have been found to be a meeting place for capital, markets, technology, information, and production (Plummer & Taylor, 2001). This global-local perspective builds on the importance of place by asserting that the interaction of both global and local factors need to be considered by social scientists when addressing resource-dependent communities and community-company relationships (White, 2004).

Third, institutional economics was reviewed to examine the nature of economic activity. By using the institutional approach to economics one must account for both social and economic
institutions (Hayter, 2004). Within the context of community-company relationships this will help to identify how both the company and community negotiate relationships (White, 2004). Also, the history economic development within the must be addressed to determine how the economy has evolved over time (Martin, 2000). This is important when looking at community-company relationships because it helps us to understand how and why current relationships were formed.

4.0 Conclusion

The study of forest-dependent communities is particularly difficult as resource-dependent communities are a meeting place for a number of micro and macro social, economic, political, and environmental forces (Barnes et al., 2001). As such, any research examining the dynamics of a forestry community will have to address a number of embedded and complex global and local institutions (Hayter, 2003). The forest industry is equally as complex as it is integrated into the global economy and must respond to both national and international demands (Hayter, 2000). The forestry sector is also influenced by resource cycles and the stochastic nature of complex natural systems (Clapp, 1998). As a result, those interested in assessing different aspects of community-company relationships will have to account for social, economic, and environmental systems (Hayter, 2004).

In order to address the various aspects of community-company relationships a number of theoretical approaches must be drawn upon. These theoretical approaches include locality studies, new regionalism (Massey & Allen, 1984), and globalization research (Perrons, 2005). A synthesis of approaches allows for communities to be viewed as places where global and local forces meet and interact with each other (Chang, 1999). This conceptual framework allows corporate decision-making and community stability to be situated within a broader global framework while asserting the importance of the unique elements of place that influence both corporate and community stability (Barnes & Hayter, 2005; Hayter, 2004).

Within a global-local framework, communities are viewed as a fulcrum point where local place both experiences and actively contributes to global processes (Swyngedouw, 1997) while companies are viewed as being both tied to communities (because of labour and natural resource requirements) and being simultaneously tied to the goals of distant shareholders and volatile international commodity markets (Hayter, 2000). Therefore, the inherent challenge is related to finding a balance between the unique elements of place with broad global processes to gain a better understanding of how community-company relationships are shaped.

Reference List


