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## 1. Abstract

Even though the poverty rate according to the World Bank by 2015 has halved and the Millennium Development Goals are attained, 1 billion people are still stuck in extreme poverty and the poverty rate in Sub-Saharan Africa is still increasing. Poverty is therefore still a major issue internationally where some are still getting richer and some are getting poorer. This inequality has increased since globalization where the corporations have also gained more power, this power has put them in the spotlight of the media which puts pressure on them to shape up, do well and fulfil their social responsibility. This thesis will therefore look deeper into corporations' social responsibility, in particular Toms confectionary company (Toms), to explore whether it can be efficient to reduce poverty and ensure development in Ghana. To find answers to the question about Toms and their CSR initiatives, the data has been collected from different sources: from an evaluation conducted by Ibis, a report by Toms and an interview with Toms' CSR manager, Lene Lorenzen. Further information about Ghana is based on data from books, web sources and reports. The empirical evidence introduces the different actors of importance, a look into how Ghana functions and Toms' CSR initiatives in Ghana. The chosen theory to analyze the empirical evidence is first of all a poverty reduction strategy and a strategy to ensure sustainable development which is being compared with Toms' CSR initiative to see if the empirical data links with the findings about Toms' CSR initiatives and facts about Ghana. Furthermore, Stakeholder Theory and Dependency Theory contribution to a discussion about how sustainable the development is and in other words if Ghana is dependent on Toms and their CSR initiatives or if Toms succeeds by counting in all stakeholders and thereby ensuring sustainable development. The analysis of the field data shows that Toms' CSR initiatives to some extent correspond with the Ghanaian national development planning commissions' poverty reduction strategy. Ghana is relative successful when it comes to the requirements to ensure sustainable development, however, there is room for improvement when it comes to mobilizing the resources. Toms' CSR initiatives are sustainable and are creating development instead of dependency. Toms is as well succeeding counting in all stakeholders as Toms involves the different stakeholders, they limit the creating of dependency.

## 2. List of acronyms

CRIG: Cocoa Research Institute of Ghana

CSR: Corporate social responsibility

DANIDA: Danish international development Agency

ECA: Economic Commission for Africa

FDI: foreign direct investment

GDP: Gross domestic product

GDS: Gross Domestic Saving

GES: Ghana educational service

GCB: Ghana cocoa board

GITC: Ghana International Trade Commission

GNI: Gross National Income

MDG: millennium development goals

MNC: Multinational corporations

NEPAD: New Partnership for Africa's Development

ODA: Official development assistance

HIPC: Heavily Indebted Poor Countries

ICI: International Cocoa Initiative

IMF: International monetary fund

PPP: Public private partnership

PRS: Poverty reduction strategy

PRSP: Poverty reduction strategy paper

SECO: State Secretariat for Economic Affairs

SMC: School Management Committee

UN: United Nations

UNEPA: United Nation Population Fund

UNCED: The United Nations Conference on Environment and Development

UNIFL: United Nations Interim Force in Lebanon

WTO: World trade organization

WB: World Bank

WSSD: World Summit on Sustainable Development

### 3. Introduction

In my two months traveling through Africa a few years ago I really got my Western eyes opened to how things really are in poor parts of Africa. It gave me a new perspective on the world I am a part of and one that no book can ever give you. Most of all, it whet my appetite in regards to wanting to make an effort to help underdeveloped countries in one way or another, which is the core of this thesis.

The Millennium Development Goal target is just around the corner and the World Bank is announcing that the goal to halve the rate of people living in extreme poverty is attained by 2015. This is just for a short moment good news. However the joy of these numbers is fading, when you consider the 1 billion people left who still lives on less than 1.25 dollar a day in 2015. What is even more concerning is how the higher poverty line progresses. In 1981, 2.59 billion people were living on less than 2 US dollars a day, and in 2010 2.4 billion people still live in poverty, which only shows a slight decline from 1981 to 2010 (World Bank 1, 2014).

Furthermore, Africa is in general and Sub-Saharan Africa specifically, one of the only regions in the world, where the amount of people living in poverty has been increasing over time. In this part of the world the probability of the poor of getting out of poverty is minimal compared to other countries in the same situation in other locations of the world (World Bank data, 2014). These Countries are struggling with saving rates and low GDP per capita and are really in need of external help, to get out of the poverty trap (Poverty in Sub Saharan Africa, 2007: 5).

The governments and the international agencies under United Nations (UN) have from Michael Hopkins<sup>1</sup> point of view, to some extent failed when it comes to decreasing the huge underdevelopment that still exists in several countries, and poverty is still a massive problem that has not been reduced to a adequate level (Hopkins, 2007: preface). While a few percent of the population are still getting richer in Africa, the majority of the poor still remains poor. This inequality is one of the major problems which has been increasing progressively since globalization increased. By Globalization and hereby as well new technology which makes it much easier to transport and communicate across borders (Visser, 2010: xxvii). The result is new international

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<sup>1</sup> Michael Hopkins is Chief executive officer of MHC International Limited and professor of Corporate and social research at Middlesex university (Hopkins: 2007, back page).

division of labour, where companies have a competitive advantage in the world such as cheap labour or high quality of products. With increased competition globally, developing countries have to compete to get the interest of the MNC. This means that it becomes easier for the MNC's to pick and choose from a multitude of countries (Dicken, 2007) so the corporations stand tall while the countries stand small. Multinational corporations (MNC) are for those reasons gaining more and more power because countries depend on the MNC to create Gross national income.

When it comes to the impact of the world's biggest corporations, it is often measured in economic terms such as the corporations; profit, stock prices, assets and the number of employees. Nevertheless, the impact of global corporations goes far beyond the economic sphere. The decisions the firm decides to follow from start to finish impact numerous factors both nationally and internationally, such as working conditions, salary and environmental implications which affect the population's quality of life (Roach, 2007: 1).

These two dimensions- economic growth on the one hand and exploitation on the other hand also show the divided opinion of positive and negative attitudes towards Global corporations which the media also highlights. The globalization and hereby world wide web has namely granted the media a strong position which to some extent can adjust the behaviour of the corporations when it comes to corporate social responsibility (CSR). The growth of corporations worldwide has likewise put them in the spotlight of the media, where their actions are monitored closely. This growing awareness of corporations also ensures the firms to shape up in order to stay out of the media and consumers' critical eye (Hopkins, 2007: xi-xiv). With these thoughts in mind, it will be interesting to investigate these two parameters. Namely whether corporations have gained more power and thus the rising expectations of corporations in relation to their social responsibility can be an efficient method of reducing poverty in a different way than before. This brings one to the big question this thesis is going to explore.

### **Problem formulation**

To what extend do Toms' CSR initiatives in Ghana help to reduce poverty and ensure sustainable development?

## Toms

Toms is the largest confectionary producer in Denmark and was founded in 1924 by Hans Trojel and V. H. Meyer. In 1942, Victor B. Strand bought Tom and the name as we know nowadays is from that time Toms (Toms, 2014: 1).

Toms after the Second World War became one of the leading forces when it comes to chocolate production this because they kept the store going during the war. Toms developed chocolate production and started producing at the end of the war when it was possible to get chocolate again. Over time, Toms bought giant confectionary firms producing all types of confectionary, such as caramels and chocolate, this both nationally and internationally (Toms, 2014: 1).

Over the years, there were increases in both revenue and number of employees and Toms began opening factories in other countries than Denmark. Toms is now a large corporation on the international market. Hereby there is an increasing awareness of Toms' social responsibility and Toms' attention from the media in relation to child labour is also growing, (which will be further studied and discussed in the section on articulation of CSR and Toms) which really kick started Toms' attention to CSR (Politiken, 2010). In 2009, Tom's big initiatives on the CSR front were beginning for real, especially in relation to the full traceability of their cocoa beans from the 3 selected districts in Ghana. This is part of the initiative that will lead to improvement of the conditions and the terms for the cocoa farmers in Ghana (which will be elaborated in the section on Tom's CSR policy) (Toms, 2014: 1).

The History of Toms' confectionary is long and the corporation is producing a lot of different confectionary but this project's focus is on chocolate beans from Ghana namely three selected districts; Bibiani, Sefwi-Wiaso and Sankore in the western part of Ghana and the CSR policy for these districts.

## Content of the project

Chapter 1 described the project in a short summary.

Chapter 2 contained a list of Acronyms.

Chapter 3 contained an introduction to this thesis. Where the problem field is presented and the problem formulation is highlighted and includes a presentation of Toms. After the introduction the content of the project is presented.

Chapter 4 presents the methods applied in this thesis. The method explains choices and considerations in the thesis. The section contains the choice of Ontology, Methods, country, sector and corporation. Moreover the steps in the thesis such as case study and data collection are explained. At the end of the section there is an introduction to the expert interview and the interview guide.

Chapter 5 is an introduction to the concept of CSR, the focus on the historical development, CSR in developing countries, positive and negative perspectives of its effects and ends with pointing out the importance of having a CSR profile.

Chapter 6 includes choice of theories. The presented theories are strategies to reduce poverty and ensure sustainable development. Furthermore the two theories stakeholder theory and dependency theory are described.

Chapter 7 introduces the empirical evidence: the evaluation, the report and interview. Ghana and the cocoa sector are then presented. After that, the focus is on the specific cocoa districts, the chosen MNC, namely Toms, and its CSR strategy. At the end of the section there is a short presentation of the key actors; MNCs, Multilateral organizations, Non-governmental organizations (NGO) as well as the government and local population in Ghana.

Chapter 8 contains the analysis of the correspondence between the collected empirical data and the selected theoretical perspectives. There is a section about Tom's CSR activities and an analysis focusing on whether these are helping to reduce poverty and ensure sustainable development in Ghana. Next is a section dealing with the three actors, namely MNCs, multilateral organizations as

well as government and the locals in Ghana, followed by a discussion about whether Ghana still depends on aid from developed countries.

Chapter 9 provides the conclusion of the project. The findings from the analysis will be used to answer the problem formulation.

Chapter 10 is the perspective on aid in a broader context where there will be a discussion of aid.

Chapter 11 includes a list of Literature.

Chapter 12 includes the Appendix

## 4. Methodological considerations

The methodological considerations clarify choices and considerations in the thesis. The section contains the choice of ontology, methods, country, sector and corporation. Furthermore the steps in the thesis such as case study and data collection are explained. At the end of the section there is an introduction to the expert interview view Toms CSR manager and the interview guide.

### Ontology

The goal in this thesis is to elaborate whether Toms' CSR activities are the solution to reducing poverty and ensuring sustainable development. Therefore, the ontological approach in the thesis is the constructivist approach from the scholarship of sociology. The discipline seeks to settle with many of the usual performances within the last century of thinking (realism, rationalisms, humanism, positivism, etc.) (Wenneberg, 2002: 13). For that reason it has been criticized by these disciplines because it does not share knowledge between true and false but believes that knowledge and cognition arise, are created and produced (Wenneberg, 2002: 35).

The constructivist approach which is chosen is a middle ground of social constructivism, where everything is not socially constructed. Namely where there according to Søren Barlebo Wenneberg<sup>2</sup> is a distinction between the physical and social reality. First of all, reality is socially constructed through social processes, meaning that epistemology affects ontology (Wenneberg, 2002: 115-124). The physical reality is affected by our actions, however, reality is not created solely by our recognition of it. This means that there exists a natural physical reality before our recognition of it (Wenneberg, 2002: 147). So according to social reality, social phenomena are continually being realized by social actors (Bryman, 2012: 33). In the view that the social phenomenon is adjusting influenced by the players, but it is also continually evolving because it is a product of its time and therefore changing over time (Bryman, 2009: 19-20). The goal of this thesis is to find solutions on how to reduce poverty and ensure sustainable development in Ghana from the social constructivism is phenomenon anthropogenic and therefore, changeable. The thesis' core focus is to find a solution to reduce poverty and ensure sustainable development. From a social constructivist point of view the knowledge will be created in interaction with the chosen theories; the poverty reduction, development strategies and stakeholder theories, which are in line with that kind of thinking. Where dependency theory is more of an objectivistic

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<sup>2</sup> Søren Barlebo Wenneberg is working at Copenhagen business school

approach where: "(...) *social phenomena confront us as external facts that are beyond our reach of influence*" (Bryman, 2012: 32). This will be kept in mind doing the analysis of the empirical data using the theories.

## Choice of country, sector and firm

### Country

The choice of Ghana as the centre of this project is chosen for several reasons. Firstly, the country is one of the safest areas in sub Saharan Africa and is also a relatively stable country when it comes to policy (WTO, 2012). Compared to, for instance, Nigeria which had its first ever functioning election in 2011 and is therefore far from a functioning democracy with a very high corruption rate which makes it difficult to attract foreign investment (US. Department and state, 2012). Secondly, Ghana is also a country where average income has increased alongside stability over the years. (Ackah & Aryeetey, 2012: 10) This has also contributed to Ghana's status, which has changed from a lower to a lower-middle income country (WTO, 2012). Compared with Ghana, Nigeria's income has increased dramatically from 2001 - currently (Country Fact, 2014). Paul Collier<sup>3</sup> believes there is a huge possibility that Nigeria has been trapped in poverty. This is because a high amount of natural resources has been discovered at an insufficient level of development and therefore do not help the country's poverty problem, but only makes a few people on the top wealthy (Collier, 2008: 51). Thirdly is that even though Ghana is doing well, a quarter of the population still remains poor (WTO 1, 2014). These indicate that help is still needed to fight poverty in Ghana. Fourthly, the country is currently one of the world's largest cocoa producers. This, along with the other is of great importance for MNCs interest in Ghana (WTO 1, 2014: 7). ) Fifthly, Ghana is the country the Danish cocoa company Toms gets most of their cocoa beans from, which makes Ghana the most ideal country to base this thesis on (Toms, 2012: 8 ). This to explore: whether Toms' CSR treaty work can help reduce poverty and ensure sustainable development in Ghana, and more specifically in the areas where the CSR projects are in progress. So Ghana is chosen rather than Nigeria and other Sub Saharan Countries because it has more potential when it comes to succeeding in reducing poverty and ensures sustainable development.

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<sup>3</sup> Poul Collier is a professor of economics and director of the center for the study of African Economies at Oxford University (Collier,2008)

This in relation to the numerous differences highlighted between Ghana and Nigeria and because it holds a huge cocoa production and the main supplier of cocoa beans to the chosen MNC, Toms.

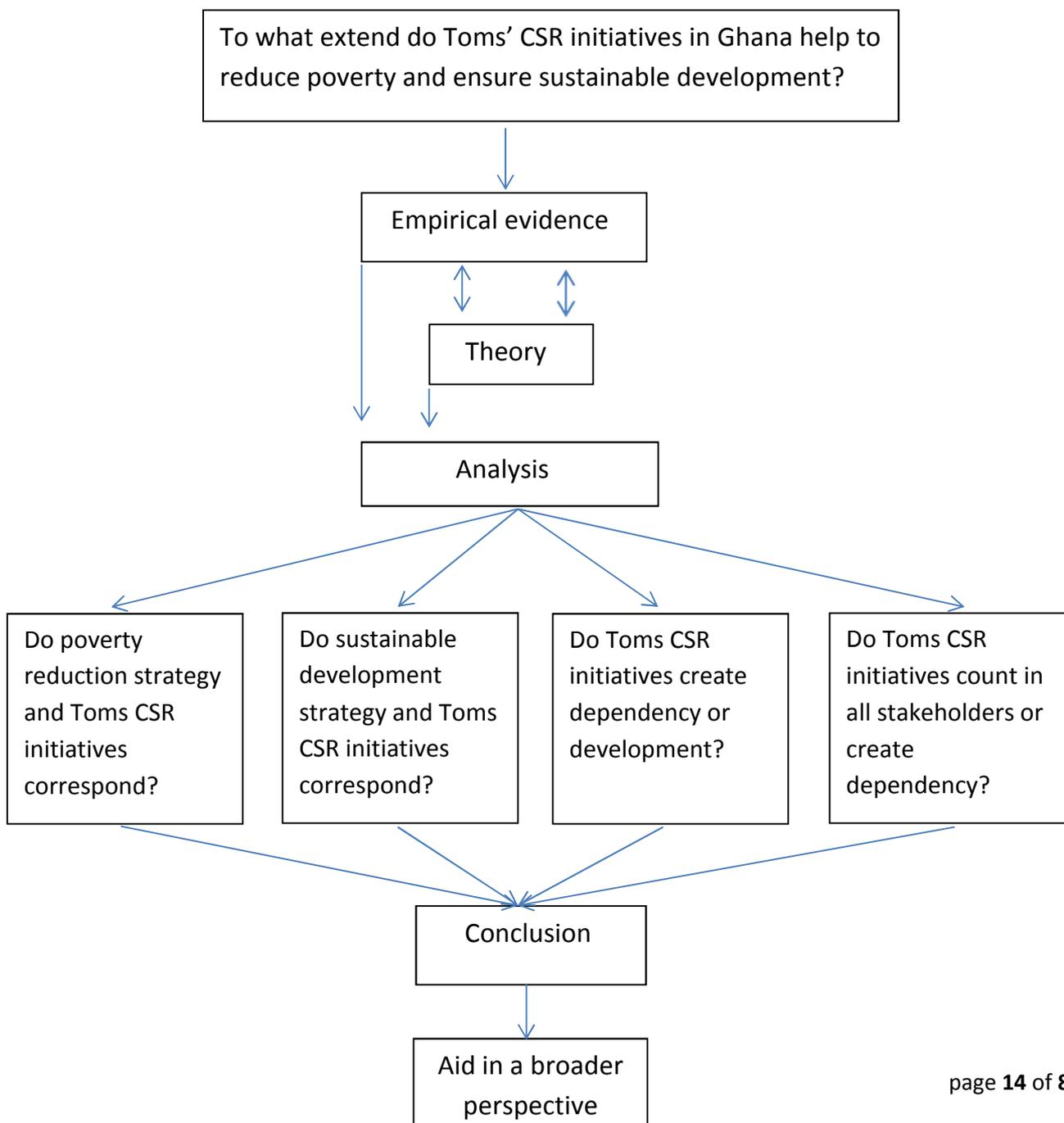
### **Sector and Toms**

The majority of the world's production of cocoa is grown by smallholder farmers. Many of these farmers have quite a few problems they struggle with such as: (...) *“aging, unproductive trees, and have limited access to the infrastructure, training or finance they need to invest in their farms and run a successful business”* (The Cargill Cocoa promise, 2014). Nevertheless the demand for cocoa is increasing, that also means that MNCs' have an increasing interest in producing cocoa in a more sustainable manner both to get more sustainable farmers in the long run and to please their consumers with knowledge about how the products have been produced. This points towards an implementation of CSR strategies for MNC's where improved livelihoods, cocoa yields and sustainable farm standards are in focus (the Cargill Cocoa promise, 2014). These facts are some of the reasons why the cocoa sector is chosen, since there have been changes of action towards the cocoa sector it takes the core of this thesis to study if CSR is a good initiative when attempting to reduce poverty and ensure more sustainable development in Ghana. Toms have since 2007 put increasing weight on carrying out CSR strategies in their operations since they have had negative media coverage. Moreover their main suppliers, including farmers are located in major cocoa producing districts in Ghana. Furthermore, Toms is a Danish firm with an active and developing CSR policy (Toms, 2012). Therefore it would be interesting to see if a small country can contribute in the progress of reducing poverty and ensure sustainable development. The choice of Toms as the MNC in this thesis has also been taken from some considerations about empirical data. With the choice of Toms, it has both been possible to have contact with the company on a regular basis and get an expert interview with the CSR manager at Toms.

### **Steps in the project the inductive/deductive approach**

In this thesis a combination of inductive and deductive approaches are used because none of them are followed strictly. In the searching process, articles, books and literature on the subject were studied. After the searching process, the empirical evidence and the case was the starting point. Following the selection and studying of empirical data the theories that would help to analyze the detected empirical were chosen. This way of structuring the collection of data is very similar to the inductive approach. However, the structure when it comes to collecting the interview and the

structure in the analysis is turned around. Now the theories and the themes from the theories are the starting point in the interview and the analysis to look whether the empirical evidence is consistent with the theories, which is proximate to the deductive approach (Bryman, 2009: 9-13) (De Vaus, 2009: 5-8). This is chosen in order to guide the reader in the analysis process, as the integrating of deductive approach are testing the different themes in the theory and whether it is consistent with the empirical evidence. The choice of a combination of inductive and deductive approach is based on Wallace (1971) argument is that the “(...) logics of induction and deduction should be *combined* in an ongoing cycle” (Blaikie, 2010: 139). It should be combined to make an explicit link between theory and research (Blaikie, 2010: 139).



## Case study

This thesis design type is a case study. In a case study a small field is being studied, which might say something about a bigger field and make one understand the whole better, where the same conditions prevail. (De vaus, 2009: 220). This case is the small districts where Toms is operating which can be generalized to say something about Ghana in general and other Countries with similar conditions. The case study is chosen to give a picture of Ghana in 2014 and not from a historical point of view. Therefore potential changes are not the centre of this project, some changes in Toms CSR policy can be mentioned, but it would not be the focus of this thesis. The focus is however to explore whether Toms CSR activities in the three districts in Ghana; Bibiani, Sefwi-Wiaso and Sankore can help to reduce poverty and ensure sustainable development in Ghana prospectively. The case Study is chosen even though it is argued that the result cannot be generalised to adequate an entire question as the case study investigate such a narrow field and therefor only shows an indication of the entire. The choice is based on the argument that case study provides a more realistic view compared with, for example a purely statistical survey. (Explorable, 2014)

## Methods

The selected methodology is a mix of a qualitative method that will be in terms of an expert interview and methodical documentation, so to say a multi-method approach.

Qualitative method and research is more concerned with word and numbers than the quantitative is. The connection between theory and research is more ambiguous in the qualitative compared to the quantitative research because the theoretical themes drive the formulation of the chosen research questions, which also drives the analysis (Bryman, 2009: 366-369). The Qualitative method is likewise highly based on details and therefore provides insight into the little nuances in the informants' reports (Kristiansen, 2007: 13). That is one more reason why qualitative method is chosen because you can both ask informative questions and more extensive and narrative-oriented questions which can be clarified so the full meaning is expressed.

Methodical documentation is on the other hand existing data from different kinds of sources, such as books, articles, and existing relevant data also called second hand literature. (Kristiansen, 2007: 62). The more precisely introduction to the data will be looked deeper into in the section of data collection. The Documents type, origin and the author's purpose with the materials are kept in

mind, working with second hand Data. This because the data is selected and constructed from the author's point of view who has a certain agenda with the data and wants to recover a certain construe (Kristiansen, 2007: 62, 66-67). To give an example, it is Toms' agenda to give a positive picture of Toms chocolate company, where Ibis which is a NGO also has a certain message to bring. A variety of various sources of information about Toms will give a more fair view of the truth. This since the author is responsible for the design of the interview, Toms has written one of the reports and Ibis represents the evaluation used in the project. However it would still have been the most optimal to have been able to interview the stakeholders in Toms' CSR initiatives in Ghana, but since this was not an option, the described data are used. In addition, other sources are used such as the media and consumers vision of Toms and also info about the government and the local population in Ghana.

### **Data Collection**

As mentioned in the previous section, the primary data is an expert interview and will be performed via telephone. The expert interview is elaborated on in the section regarding the interview. Although this is first hand-data, there are still some elements one should keep in mind, namely: the interacting between the interviewer and the respondent which will be elaborated on in the section introducing Hermeneutic.

The data collected by the telephone interview with Lene Lorenzen, the CSR manager in Toms is created between Lorenzen and I. The advantage of the qualitative expert interviews, (which is introduced in the "interview consideration") in the current conversation, is the ability to go deeper into some of the themes. This will get the interviewee to elaborate on their answers (Kvale & Brinkmann, 2009: 46-50). This was one of the benefits in the interview with Lorenzen, when I repeatedly saw that she stopped after she had given a less detailed answer where I had the opportunity to ask follow-up questions which made the data more complete. The disadvantage of making the interview by phone made it sometimes difficult to decipher Lorenzen and how much further into the theme one could go. This would have been easier if we were sitting face to face. However, the qualitative interview is preferable to the accumulation of quantitative knowledge, as I would not have received the same full stories about visits to Ghana. When encouraged, Lorenzen gave the stories more edge and distractions.

The secondary data has been collected from both the library and the Internet. The books and articles are selected with the published date as number one priority. If no recent literature is found the authors' popularity is number two priorities or finally the literature were selected from the subjects of relevance for the thesis. As mentioned previously, there are different types of literature that will be introduced in the following section.

One of the secondary data sources is an evaluation written by Ibis. The evaluation focusses on the CSR work of Toms, DANIDA and Ibis via a public private partnership (PPP) they have started in Ghana. The work focuses on education and child labour, which is further described in the empirical evidence. The evaluation team is Martina Odonkor and Connie Dupont. Odonkor is an independent Ghanaian development consultant, and she is specialized and experienced in education development and child rights. Dupont is a member of IBIS Head office education team and is a governance expert (Odonkor & Dupont, 2010: 3).

One of the other secondary data sources is a report written by Toms about cocoa farmers in Ghana. The report is about some of Toms' CSR work with cocoa farmers namely regarding their education, better working conditioning and more sustainable seedlings. The report is written by Toms CSR manager Lene Lorenzen in 2014 (Lorenzen, 2014).

Various references such as websites, articles, reports, evaluations, policy reports, etc. will be used in this thesis. The application of these sources will be with focus on the author message in the text (Kristiansen, 2007: 62, 66-67). This will be kept in mind by the application and analysis of such data.

## **Epistemological approach**

### **Hermeneutic**

The hermeneutic understanding of the world is used in this thesis. Both in terms of understanding the interview and at all the various sides that plays a role in the project. It is an epistemological orientation and the key word for the hermeneutic approach is "preconception". The amount of preconceptions creates the individual's horizons and provides a framework for how to interpret an object, a phenomenon or event. The key point is that no individual has the same preconceptions. Individuals have through childhood gained different education, attitude and perspective on things

and life and that is also the reason why we understand our surroundings different. (Birkler, 2005: 95-102).

More than less it is still important in an interview situation to pay attention to the possibility for influencing each other's interpretations and understandings via an awareness of each other's preconceptions. For example, do I know that Toms' CSR consultant's preconception in relation to Toms' chocolate is positive when my preconception is formed on the basis of positive and negative attitudes to Toms. The consultant will be able to move on my conception of Toms during the interview when I get more and more information about Toms. This does not mean that we automatically will reach an agreement, but merely that you move each other's understanding and re-evaluate one's preconception. The central point is that your interpretation can be affected by others' preconceptions and then change your interpretation of the whole. This is also referred to as a constant interaction between part and whole which can change the individual's content of meaning (Birkler, 2005, s. 95-102). The name for this interaction is horizons and is principle to the hermeneutic circle (Langergaard, Rasmussen, & Sørensen, 2006, s. 128). These facts will be kept in mind during the interview and in the analysis of the interview. This because it is important to be aware of the impact both the interviewer and respondent can have on each other in relation to the empirical knowledge the interview generates.

### **Interview considerations**

The Interview is the qualitative research interview where knowledge is produced in social interaction between interviewer and interviewee. The outcome of the interview depends on the interviewer's skills and the way questions are asked. The art of asking follow-up questions is an important tool in the interview situation, so it is also important to keep the overview throughout the interview and gets the respondent back on track if the conversation takes another direction. The research interview is a craft and not a set of methodological rules. (Kvale & Brinkmann, 2009: 101-102)

There are different ways to conduct an interview and there are pros and cons regardless which one you choose. The choice in the thesis has decreased in a phone interview. This is done both to save time travelling back and forth to the interviewer, but also to save the respondent's time. The disadvantage of a phone interview is that you cannot see the other and the facial expressions and

reactions. However, one of the advantages of a phone interview is that you cannot see each other and thus influence each other a little less. Study made about the difference between face to face and telephone interviews conclude further that the difference in the response to questions do not have a significant difference in terms of whether it is one or the other, which to a large extent influence the choice of a phone interview (Bryman, 2009 : 457-458). The final decision to collect data via a telephone interview was taken from the fact that it is an expert interview where the interviewee has given an interview before, which means that she is reasonable comfortable in the situation. Taking this into account a face to face meeting is not in the same way necessary to create a more comfortable and relaxed atmosphere.

The interview is carried out in Danish because it is the respondents' languages of birth. Danish is chosen to make the conversation more fluid and relaxing for the respondents, this in order to obtain more detailed explanations and answers to the questions, and thus a more comprehensive empirical data. The questions in the interview are semi structured. The way the interview guide is conducted is around the topic areas and is furthermore theoretically founded. The questions under each topic have been formulated to help get around the topic but are more a guide than a structure to be followed (Bryman, 2009: 442-443). The questions are based on Kvale's nine types of interview questions, where introducing-, direct-, indirect- and structured questions are used in the formulation of the questions in the interview guide. For instance the interviewer is asking an indirect question first such as *"Who has influence on your CSR projects in Ghana?"*, and if they do not get the answer they need they follow up with a direct question; *"Have the Ghanaian government and the locals influence on the choice of your CSR initiatives?"*.

The questions are supplementary, so that the respondent gets to elaborate further on an answer, used ongoing in the interview, according to what the interviewer assessor will bring maximum benefits. These are questions that are probing-, follow-up-, and interpretive questions as well as knowing when silence is the best way to get the respondent to talk further about a topic (Kvale & Brinkmann, 2009: 155-157). An example of a follow-up question is when the question: *"So you have had a positive experience towards your work down there"* (Lorenzen 1, 2014: 6). Where Lorenzen elaborates her answer further and the interviewer received both the negative and positive perspective of the subject, instead of only the positive aspect of the theme.

## Interview guide

The following introduces the interview guide. The questions are additional designed as a guarantee to cover all the elements that may be within each theme. The interview guide is divided by an introduction to Toms' CSR initiatives to get an easy and comfortable start on the interview and then move forward to the theoretically themes such as: Stakeholder theory, poverty reduction, sustainable development, dependency theory and ends with overall questions about aid.

### Toms CSR initiatives:

- Why did Toms start their CSR policies / initiatives?
- Are your CSR policies / initiatives here to stay?
- What is the overall approach to CSR in Toms (in terms of whether it does any good?)
- How much money does Toms put into its CSR initiatives?

### Stakeholder theory:

- Who has influence on your CSR projects in Ghana?
- Do the Ghanaian government and the locals have influence on the choice of your CSR initiatives?
- How much influence do the multilateral organizations have such as Ibis, etc. on your CSR initiatives?

### Poverty reduction:

- What sets your objectives within CSR work (poverty reduction, MDG)
- Do the international standards influence your objectives of your CSR goals?

### Empirical evidence / stakeholder theory

- Can you give some examples as to what the Ghanaians think of your CSR initiatives? Both ongoing and finished projects.

### Sustainable development:

- Can you see a development in Ghana since you have begun your CSR initiatives?

- Do you still keep an eye on the finished projects in relation to how they go?
- Do you think the initiatives Toms have started will continue to run after Toms pulls out again?
- Will there be new CSR initiatives in the regions Toms have been?
- What does Toms think that the Ghanaians obtain from Toms' CSR initiatives in Ghana?

Dependency theory:

- Does Toms think that the Ghanaians rely on your help?
- Do you think the Ghanaians could develop on their own or do you think they depend on the help from Toms and the other organizations? (Here in relation to the projects Toms has been running in Ghana)

Aid:

- Why does Toms use resources and money to help Ghana?
- Do you think Toms' CSR work is the best way to help Ghana?
- What reactions does Toms have in relation to their CSR initiatives in Ghana? (Here means both from the media, consumers, government and population of Ghana)

Ending question:

- Would you tell about your visits to Ghana and your meeting with the farmers in Ghana?

The Methodological considerations gave an introduction to the chosen approaches and insight as to why some choices have been made. The next chapter presents the concept of CSR which is the core focus of this thesis. It contains a historical clarification and definition of CSR. The centre of CSR in developing countries will be introduced. Finally, positive and negative views of the concept of CSR and Toms are presented.

## 5. Corporate social responsibility

CSR is a concept which from its origins in the 1950s and until today is still being discussed widely and is still under a persistent development which has not found a common definition nor even a label. The reasons for this are plenty, one main driver is the growing globalization bringing both benefits as well as disadvantages worldwide, this because the growing economic development and the role of business is taking an even more crucial role of society. Forward business is affecting communities not just at a national level but also globally because of increasing globalization where business workplace are all over the world (Visser & Tolhurst, 2010: xxvii).

The way to look upon CSR has changed from a narrow economic point of view where the focus point was to make as much profit and Gross national product as possible to a wider perspective where responsibility is more than just earning money. This thesis uses the definition of CSR from the Michal Hopkins point of view. Hopkin's focus in his studying of CSR is whether business is the solution to international development in line with this thesis problem area. The definition is:

*"CSR is concerned with treating the stakeholders of the firm ethically or in a responsible manner. 'Ethically or responsible' means treating stakeholders in a manner deemed acceptable in civilized societies. Social includes economic and environmental responsibility. Stakeholders exist both within a firm and outside. The wider aim of social responsibility is to create higher and higher standards of living, while preserving the profitability of the corporation, for people within and outside the corporation"* (Hopkins, 2007: 15).

Even with different definitions and discussions about the concept of CSR, Business and profit is still According to Hopkins one of the most important aspects in manner of being sustainable. (Hopkins, 170: 2014). The reason why it can be so difficult to fine one definition of CSR is that corporations have different motives behind their CSR strategy. It could be with different focus on internal or external drivers. Where the internal drivers mainly are focus on: socio-economic priorities, cultural tradition, crisis response, political reforms, governance gaps and market access. External drivers on the other hand focus on: supply chain, investment incentives, international standardization and stakeholder activism. According to developing countries, it is important to be responsible for creating an ideal business environment, this through an optimal social-economic and political landscape (Visser, 2008).

### **CSR in developing countries**

In the above section the history of CSR was told and definition on CSR was defined. Further it briefly mentioned the importance of having an active CSR policy operating in developing countries, but has not covered the field of CSR in developing countries. According to Hopkins, there is a growing interest in the field and the academic literature about CSR has exploded. So there is an increasing interest in CSR in the developing countries, but what the concept means from country to country, in different companies and in the public in general varies across the world (Hopkins, 2007: 170). Different culture and tradition within the different view on the concept is important to keep in mind because the concept can be understood in different ways by the home country and the corporation operating in the country (Kuada & Hinson, 2012). This is a challenge for the corporation in order to collaborate with the stakeholders from a country with a different culture.

### **CSR in a positive and critical perspective**

CSR is a controversial topic both among the academic literature and media, which also entail both critical and positive views on the application of CSR which are presented in the following.

Those who are advocates of a critical approach towards CSR are sceptical about the fact that MNCs have a positive impact on reducing poverty. They postulate that developing countries are consumers and producers of primary agriculture products, where the corporation only seeks profit and is damaging poor countries. MNCs undermine local economies by marginalizing the local small-scale competitors and entrepreneurs and thereby the traditional employment in the communities. Further critics are of the opinion that the MNCs capture all income because when their products are manufactured they are selling the patented products back to the poor countries which get nothing in return (Hopkins, 2007: 118-120). As mentioned in the introduction, the media also often put MNCs in a poorer light and have a bit of control over MNCs.

Conversely, positive attitudes towards the concept from investors and corporation executives see CSR as foreign direct investment. From their point of view, the country benefits from CSR initiatives. Jobs are created and the MNC helps the specific field towards improved skills and expertise. With the improved skills the host country is being integrated into the global economy and has better chances of reducing poverty (Hopkins, 2007: 118-120).

According to Hopkins, there are examples worldwide both of country and communities suffering because of the negative impact of CSR initiatives and others who have benefited from the CSR initiatives and therefore where CSR has impacted positively. As Hopkins is stating, the big issue is the lack of a universal definition of the concept CSR, because the problems with defining a joint concept, brings up a widely defined concept understood differently from one individual to another (Hopkins, 2007:119-120). That led down to the next section where the importance of the corporation's CSR profile will be presented.

### **Importance of CSR profile**

Corporations define their CSR profile differently but it is important to have a well-defined CSR profile. Corporations are competing with other companies for instance in relation to catching the home country's interest. Especially when it is in a developing country it wishes to operate in a well-documented CSR policy are essential. Furthermore, the interest in CSR is increasing both when it comes to the customers and the often critical media. They contribute to creating a certain image of the company. In doing so, they also have a bit of power in the decisions the company takes when it comes to their CSR policy (Hopkins, 2007: 9-14).

The introduction to CSR gave an insight into the history of CSR, CSR in developing countries and showed both positive and negative opinions about CSR, which will be used in the analysis section which are looking upon whether Toms creates dependency or succeed in counting in all stakeholders. The newt section presents the Empirical evidence.

## 6. Empirical evidence

The empirical evidence gives an introduction to Ghana, the cocoa sector and the cocoa districts. Afterwards the chosen MNC, namely Toms, and its CSR strategy is presented. Further is the evaluation, the report and interview introduced and at the end of the section there is a short presentation of the key actors; MNCs, Multilateral organizations, NGO as well as the government and local population in Ghana.

### Ghana

Ghana is geographical placed on the west coast of Africa and is part of the group of Sub-Saharan countries. Ghana's estimated population is 26 million people distributed in over 100 different ethnic groups with each its own language. The official languages is however English, because of the colonial time when Ghana was a British colony. Ghana was the first country in Sub-Saharan Africa to gain independence in 1957 and is known as a peaceful country in a rather chaotic region of the world. When it comes to politics and economy the country is one of the most upcoming countries in the continent because it has a democratic regime and increasing economic growth. The largest source of income to the country is agriculture, mainly cocoa which employs around 60 % of the working population and ensures 38 % of the Gross domestic product (GDP). (Ghana web, 2014).

### History of Ghana economically and politically

Ghana has in general developed positively since its independence in 1957. In the 1980s it developed an economic recovery program with the World Bank (WB) and International Monetary Fund (IMF) to reduce its debt. This decision ensured growth for three decades and improved the economic situation in the country. Ghana is for that reason known as a frontrunner when it comes to economic growth. Furthermore, Ghana has improved in relation to the Gross National Income (GNI) pr. capita from 390 US\$ in 2004 to 1760 US\$ in 2013 and the GDP has as well seen a fourfold increase pr. capita in the same period of time. The official development assistance (ODA) inflow has been increasing stably throughout the years as well. This positive progress has led to a change in category of income, from a low income to a lower middle income country in 2010 (WTO, 2012).

Ghana at the same time has been doing sufficiently well in regard to its policy. Electoral democracy was established in 1993 and Ghana for the first time switched from a military to a pluralist regime (Dafflon & Madies, 2012: 111-112). Furthermore, it is a peaceful and stable

Country to live in and do business with (World Bank, 2014). From a summary on the World trade organization (WTO) homepage Ghana is also counted as an reliable investment Country as it states; *“(...) as a result of its abundant raw materials, good governance, and policy reforms, Ghana stands out as one of the best locations for investment in sub-Saharan Africa”* (WTO 1, 2014: 7). This shows that Ghana now and in the future therefore will be seen as a relatively easy country to do business with and will attract foreign direct investment (FDI).

Even though the country, as mentioned in the last section, is improving on several areas, Ghana still struggles with some difficulties. Corruption is still a source of concern as Ghana in the corruption perception index in 2013 is number 63 of 177, Where 1 is least and 177 are highest corrupted (Transparency International, 2014). Even though there have been improvements when it comes to income per capita, over a quarter of the population still lives below the poverty line of US\$1.25/day (WTO 1, 2014).

### **Cocoa Production**

In Ghana the Agriculture industry has grown significantly since 2007 and cocoa is one of the major plants. In six of the ten regions in Ghana there are about 800,000 cocoa farmers. These numbers make Ghana the second largest producer of cocoa in the world. The price of cocoa is increasing worldwide and Ghana exports over 2 billion US dollars annually in foreign exchange and is a main supplier to government revenue and GDP in Ghana (WTO 1, 2014: 2) (Ghana Cocoa Board, 2014).

### **District**

The focus regarding cocoa farmers is in the western part of Ghana, namely in three districts: Sankore, Bibiani and Sefwi Wiaso, these three districts are chosen because the western part of Ghana contains the largest area of cocoa producers and Toms mainly gets its cocoa from those districts.

In the above, Ghana's historical situation was mentioned, the economic and political were also introduced which will be looked later in the analysis regarding sustainable development, in order to elaborate on whether Ghana meets the conditions required to ensure sustainable development. In the following, Toms' CSR initiatives are presented.

## CSR at Toms

As mentioned in the *Corporate social responsibility* section media can be very critical towards a corporations' image and Toms has as well been through a tough publicity from the media and has thereby also faced some skeptical customers. This makes it more obvious that they need to continue their focus on their CSR policy and initiatives both national and international when they operate in developing countries.

## The reason why CSR is important

At Tom's the 'good taste' is more than just the taste. For them engineering is also concerned their social responsibility. This both nationally on food safety, quality and processing in Denmark and internationally, where it is about social and environmental sustainability and respect for human rights. Internationally which is this project core focus, Toms are using traceability to find the most innovative, competent and as well responsible suppliers in Ghana. This means that Toms focus as well on CSR as they do to find the most sustainable supplies at Toms. For that reason CSR is likewise resulting in good business for Toms. Toms CSR Manager Lene Lorenzen is also stating why they chose an active CSR policy *"we do it because of ethical reasons, but sometimes we do it as well because we have to, but we did it before you had to do it, there is also a win win over it, because all our customers in supermarket chains do also have interest in these things and would also like to choose their supplier, where there is an ethical process so it is also being for commercial reasons as well, plus that one anticipates that there may be lacking of cocoa in some years* (Lorenzen 1, 2014: 9). It is for these reasons different interest in having a CRS policy.

## Toms CSR policy

Tom's business is based on an extensive supply chain. This means that there are many processes toms must consider both in terms of their influence and their social responsibility. Toms CSR is based on the UN Global Compact and its ten principles in human rights, labour, environment and anti-corruption. Toms expect therefore the suppliers to meet the requirements asked in their Supplier Code of Conduct (Toms 2, 2014) (Code of conduct, 2012) Toms' traceability procedures can be divided into three parts: education for Farmers and their children, supply chain, suppliers, environment and sustainability. Tom's partners help them to ensure innovative and relevant solutions that work in the local area. One of their concepts according to their CSR policy and traceability is what Tom calls: 'Tracing the good taste'. By this

means, that the traceability of where their cocoa comes from is very vital. This in order to find the cacao farmers, give them a better life and ensure good quality chocolate for Toms' customers as well, and thereby consumers of chocolate around the world (Toms 1, 2014).

When cocoa is traceable, it means that Toms has collected information about which district and villages' sacks of cacao come from. When cocoa is traceable Toms can help precisely those areas that provide cacao to Denmark such as:

- *" Helping cocoa farmers to more efficient production*
- *Helping cocoa farmers to increase income*
- *Contribute to improving education for children and adults*
- *Ensure a more sustainable production*
- *Develop methods to more, better and more tasteful cocoa beans"* (Toms 1, 2014).

The five mentioned areas is the Core of Toms CSR initiative in Ghana, Toms' work with traceability is going to be introduced more precisely in the section about Toms' program for the cacao farmers.

### **Toms project towards improved Education**

In the last section, Toms' CSR policy was introduced and one of the goals is to *contribute to improving education for children and adults*. This is trying to be achieved through a public-private partnership between Ibis, Amajaro, Toms and DANIDA.

The project, with the goal of strengthening the education sector in the areas of Ghana where the cocoa producing districts are in particular, began in May 2007. The project is set for a period of three years and the partners in the project are IBIS, Toms and DANIDA, and the project was evaluated in 2010. The focus is to improve the quality of basic education in general and particularly in the cocoa growing communities. The development objective is that children can achieve a basic education at a level where the quality is good. More precisely the goal is to ensure that 15.000 pupils have access to quality education. This is possible because 330 teachers have been giving economic help to finish their teacher training. Furthermore, 400 teachers have obtained training in methodology and curriculum while primary schools at the same time have

been given access to sufficient teaching materials. School management committees are established in the communities both to engage the families to send their children at school and to deal with issues such as children labour, such as campaign against it. Likewise 100 rural communities are now aware of the children's right to have access to education. Advocacy campaigns are also arranged to put light to the issue of child labour and childrens' right to achieve education this to reach out to people both at a public as well as a governmental level (Odonkor & Dupont, 2010: 1-3).

### **Toms' Programme for the Cocoa Farmers**

In 2006 Toms was signing up to UN Global Compact, at the same time they started their ambition of getting full traceability of their cocoa supply chain in Ghana. The reason why Toms wanted full traceability of their farmers was first of all to know where their suppliers were located and who they were, in order to " *Helping cocoa farmers to more efficient production, Helping cocoa farmers to increase income, Ensure a more sustainable production, Develop methods to more, better and more tasteful cocoa beans* and thereby reach the goal in the CSR policy as well. By 2009, Toms in cooperation with their partners Ibis, DANIDA and their trader Armajaro/ Source trust established full traceability in three districts namely; Sankore, Bibiani and Sefwi Wiaso in Ghana. To help make the farming sustainable Toms pays the not-for-profit organization Armajaro/Source Trust for each bag of traceable cocoa. Through this there have been established two village resource centres in Sankore and Bibiani. There were furthermore supplied 5700 malaria bednets and finally 11 boreholes and 9 hand-dug wells (Lorenzen, 2014:1-4). The project further has the training of the farmers in focus where Cocoa Research Institute of Ghana (CRIG) helped to introduce their methods and techniques. CRIG has developed a better-quality fermentation method for cocoa which was presented in a training form for farmers which will benefit the farmers both on the social as well as the quality level. This will affect the farmers in a positive way such as:

- *"better working conditions for the farmers through less heavy work*
- *shorter fermentation time*
- *shorter drying time*
- *less pressure on the environment as a much reduced number of plantain leaves are used*
- *more even and high quality fermentation resulting in cocoa beans with a higher quality and finer taste"* (Lorenzen, 2014: 5).

From 2013-2015 a partnership between Toms, ISIS, Armajaro/Source Trust and DANIDA was founded and a program should improve cocoa yields and the livelihoods for farmer families, the program also included quality education for children and to combat child labour, but this section focuses on the two first mentioned as education is already pointed out in the evaluation. The DANIDA Business partnership program is of huge importance for Toms in relation to maintaining and being sure of a sustainable supply chain in the future. To ensure improvements of the farmers' skills and therefore cocoa production a lot of work has been put into this project such as:

- *“mapping each farmer’s farm area and agricultural needs,*
- *providing new and improved cocoa trees,*
- *farmer training*
- *access to inputs such as fertilizer, chemicals etc.” (Lorenzen, 2014: 7)*

As a result of the program, 3438 of Toms' 4800 farmers have been trained in the fields.

Furthermore, Demo farms have been established in 10 places in the district in order to improve the farmer training. These demo farms are managed by farmers and on one side they are using the new methods, they have learned through the program and on the other side they are using the old methods as a demonstration of how to well manage the cocoa fields to get more cocoa pods on the tress. Furthermore, new planting material such as enriched cocoa seedlings are a part of the plan as a lot of the farmers have unproductive cocoa trees. To help the process even more, a seedling nursery site was established in 2013 with around 40.000 seedlings for farmers and will be ready in 2014 (Lorenzen, 2014: 7-8). The evaluation and Toms program for farmers is going to be used in the analysis in order to elaborate whether Toms' CSR projects are helping in the case of reducing poverty and ensuring sustainable development. The following will introduce the interview with Toms' CSR manager.

### **Interview with Toms' CSR manager**

Toms' CSR manager Lene Lorenzen was interviewed to get more knowledge about Toms' CSR activities and Toms in general. Furthermore, she has visited Ghana a few times and has therefore experience with the locals. She is the expert on CSR within Toms.

From the beginning of Toms' CSR activities, the Ghanaians did not understand why Toms did not just send some money to the district. They did not get the concept of CSR in the way Toms was

attending to implement it. After a while the locals realized that Toms was not there to bribe them with money, but to help the communities, combating child labour and to develop both farmers and teachers and the locals accepted Toms and recognized them when they came to visit. In relation to the implementation of CSR initiatives, it is Armajaro/ Source trust and Ibis which have the primarily responsibility in Ghana. This is because Ibis are experts in the educational field and have contact with Ghana Educational Service (GES) and at the national level the authority who formulate policies on child labour, where Armajaro/ Source trust has contact with cocoa authority, Cocoa Board. Lorenzen explains that Toms trusts the NGOs when it comes to the implementation of Toms' CSR activities, as they are experts in the field.

Lorenzen tells about three success stories she has taken careful note of. The first one is about the farmers and children labour

*"(...) we have several examples from farmers in villages where Ibis and Armajaro has been teaching and they understand now that child labour is not good, then they found out to get together and help each other to reap on another's land, so they no longer need to have children" (Lorenzen 1, 2014: 5).*

The second story is about positive progress from the teachers which have received education through the education program.

*"(...) they [the teachers] have received much more understanding to put children in the centre, before they maybe just read from a book and let them guess what the meaning was and let them read it. It was not really learning by pedagogical methods such as start by singing a song to get children's attention (...) all sorts of things that we take for granted. Also that we should not hit children" (Lorenzen 1, 2014: 5).*

The third story is about a farmer who was involved in the project called "demo farms" where one part of the farm is treated by the improved methods and methods learned from the project and the other one is left as it was before the training started to demonstrate the improved result of the techniques and *"in principle, he should leave the other half be, but when he saw how many fruits were coming in on the [improved] half he did it on the other half as well" (Lorenzen 1, 2014: 6).*

These stories put light on the progress Toms' CSR activities have had in the communities. In the analysis, the CSR will be tested against a poverty reduction strategy to see if they are ensuring sustainable development together with the evaluating and the cocoa program. The next section will give an introduction to the different actors in play.



Picture: Toms

## The actors

The actors are important to introduce in order to understand the situation in the districts in which Toms is operating. The key actors are namely: Toms, multilateral institutions within the NGOs and finally the Government and locals. The section includes all viewpoints from the different actors such as their role and perspective of Toms' CSR activities.

## MNCs Toms

MNCs are often perceived as the evil actor from the surrounding world. A portion of MNCs have been in the spotlight of the media in relation to causing great damage to the areas in which they operate around the world. (Finlay, 2014: 2-3). Toms as well has been subjected to critical media attention in April 2001 where they were one of the corporations accused of failing to take social and human responsibility and more and more cases about child labour emerged (Madsen, 2003: 8). All this media attention led to the developing of Toms' CSR strategy.

Since 2005, CSR has been an integrated part of Toms and was finally finalized in 2009. The main focus has been the concept "Traceable cocoa" where Toms can trace the cocoa so they know which buying station the cocoa is from. The Ghanaian cocoa comes from three districts namely Bibiani, Sefwi-Wiaso and Sankore in Ghana. The traceability system makes it easier to address the farmer's challenges, and fit the initiatives to help the farmers and the communities they live in (Toms, 2009: 15). Toms has provided a code of conduct. This to ensure truthful suppliers and correct working environment for farmers, as the supplier and subcontractors must comply with 10 principles that are in the code of conduct, drawn from the UN Global Compact's 10 principles (Toms, 2012: 5).

Toms Corporation is not an expert in development. For that reason they have a partnership with a variety of different multilateral organizations and NGOs which have expertise and competences within the areas Toms' CSR initiative is focusing on. In the analysis it is going to be elaborated whether Toms is succeeding with their CSR initiatives and all actors have a voice or if they are creating dependency.

## Multilateral Organizations and Non-governmental Organizations

Toms' CSR strategy and code of conduct is developed in line with the international standards developed by multilateral organizations; for instance, UN Global Compact's 10 principle focusing on human rights, labour, the environment and anti-corruption. The purpose of the UN Global Compact is to provide a framework for corporations to operate within and play their part to influence the values to be considered in the corporation business strategies (UN global compact, 2014). Toms has, as mentioned, partnerships with organizations and institutions and is active in a broad numbers of international organizations which are involved with the aim of accelerating cocoa sustainability. They are part of the working groups in CEN/TC415<sup>4</sup> and are attending the meetings. Furthermore, they are active members and work with World Cocoa Foundation (WCF)<sup>5</sup> and International Cocoa Initiative (ICI)<sup>6</sup> and are partners with DANIDA and Coop. To achieve the best results, Toms is in co-operation with NGO- namely IBIS specializing in school development and the reduction of child labour and Armajaro/Source Trust<sup>7</sup> training farmers in better techniques, working conditions and better ways of working (Lorenzen, 2014: 3-4).

Although the multilateral organizations perform a wealth of beneficial tasks, they are not always spoken highly of. This is because many of the standards are not legally binding but just a set of rules that should be followed, and therefore not as powerful as they could be. Likewise it should be kept in mind that NGOs have their own agenda working in the communities. The section about multilateral organizations and NGOs will be discussed in the analysis with focus on the stakeholders' different interest and power relations and whether MNCs creates dependency. The next section introduces the two actors government and local communities.

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<sup>4</sup> CEN group is creating an international standard for sustainable and traceable cocoa (Toms, 2012: 16)

<sup>5</sup> *"WCF promotes a sustainable cocoa economy through field programs based on multi stakeholder partnerships, cocoa research and convening the international cocoa community biannually"* (Toms, 2012:18)

<sup>6</sup> *"ICI, is an independent, multistakeholder foundation composed of industry companies and civil society organizations"* (Toms, 2012: 18).

<sup>7</sup> Source Trust is "a Not-For-Profit organization which in accordance the UN millennium Goals allocates and implements social investments in the three districts" (Toms, 2009: 15).

## The government and local communities

### The government

The Ghanaian government is establishing a more suitable environment to work in in the western region of Ghana. The government is *“making investment policies, building infrastructure and creating a stable macroeconomic framework giving the private sector the right environment to find opportunities to invest and create businesses that will provide decent jobs and incomes for the people”* (Ghana government, 2014). Furthermore the government is planning to *“expand the road infrastructure of the region”* (Ghana government, 2014). The government is doing all of this initiatives to attract investment to the region.

The Minister for Trade and Industry, Hon Ekow Spio-Garbrah is further stating that the region is important for Ghana’s economic development. He is saying that Ghana is the second-largest cocoa grower on account of the hard working farmers who work in the western region of Ghana. Still, the western region is in need of attracting investment, this in order to create new jobs and wealth. To promote investment and regional development it requires *“a partnership between government and the private sector”* (Ghana government, 2014). As a final statement Hon Ekow Spio-Garbrah has a positive attitude towards the government’s initiatives and in this regard the western region would: *“(…) strongly work with the chiefs and people of the region, as well as the local government leaderships to launch initiatives to stimulate and diversify the economy”* (Ghana government, 2014).

The Ghanaian government is, due to the facts in the above mentioned, interested in attracting investment to Ghana and especially to the western region of Ghana. Nevertheless it is still the government which has the monopoly on cocoa procurement, pricing and export (WTO 1, 2014: 2). The government established the Cocoa Marketing Board (now Ghana cocoa board (GCB) in 1947 as they have discovered how essential cocoa was for the development of Ghana. The GCB is responsible for the development of the industry (Ghana Cocoa Board, 2014). Furthermore, the government and 12 of the largest cocoa companies have signed a joint agreement in May 2014. This is a strategy to make cocoa farming sustainable in Ghana. The Plan called CocoaAction, calls for:

*“building a rejuvenated and economically viable cocoa sector through increased cooperation between industry members and the Ghanaian government Through CocoaAction, the companies will work closely with the Ghanaian government and other national institutions to provide improved planting materials, fertilizer and training to cocoa farmers, while promoting community development through education, child labour monitoring and remediation, and activities to enhance gender empowerment” (PRNewswire, 2014).*

The WCF will as well develop some indicators which will be a part of the CocoaAction strategy as well. These strategies makes it clear that the government sees the cocoa industry as an important Ghanaian export and are making efforts to improve the working conditions and ensure a sustainable production. The agreement will make it more difficult for MNCs to exploit cocoa farmers and avoid taxes. The analysis will keep the different stakeholders’ interest and power relations in mind, analysing whether MNCs create dependency and include all stakeholders including the government.

### ***Local Communities***

The cocoa industry is one of the professions many farmers in Ghana and specifically in the western part of Ghana are employed within and therefore their main resource of income. The challenges in the cocoa sector are; low production, marketing challenges, pests and diseases, environmental concerns and access to education. (World Cocoa Foundation, 2014).

The locals in the districts where Toms is in operation are aware of the hazardous child labour where children are used to carry heavy loads and where some of the children have “banned taboo days” where they do not attend school because they are porters on market days (Odonkor & Dupont, 2010: 11-12). To halt this unsustainable development of child labour, the locals have high expectation towards MNCs. According to the impact of Toms’ CSR initiative toward child labour, one member of a district education office said *“I was a Circuit Supervisor a year ago and I observed more children labour than there is now”*. This shows the progress of Toms’ CSR initiative but at the beginning the locals were not too sure about Toms’ intentions and as Toms’ CSR manager Lene Lorenzen tells after her visit to Ghana, they literally just ask why she did not send down some money (Lorenzen 1, 2014: 6). The locals are used to getting aid and support from foreign countries but the districts were not used to the kind of aid Toms and its partners were willing to give.

Therefore there was a necessity to talk about the framework the project involved and the locals to understand the concept. Since districts were already badly affected in terms of: their production of cocoa, getting their children away from the hard work in the fields and to participate in school, they were not additionally critical towards Toms' and their partners, they just need to understand the concept of aid. The analysis will look deeper into the question of dependency, namely if the local are becoming dependent on Toms' CSR initiatives or the locals have something to say.

The section of actors introduces some important stakeholders. Their relation to each other, when it comes to interest and how powerful they are, the analysis sight more light to. In the next section is the theoretical framework used in the thesis presented.

## 7. Theory

The theoretical section is presenting the chosen theories to explore whether Toms by their CSR initiatives can help reducing poverty and ensure sustainable development. The theories are two strategies one to reduce poverty and another to ensure sustainable development. Furthermore the two theories stakeholder theory and dependency theory are described.

### **The connection between CSR and poverty**

As mentioned in the introduction, MNCs are gaining more and more power internationally.

Alongside this increasing power as well comes a certain responsibility as MNCs now are an easy target for the media to criticize. Besides companies also compete with other companies about getting a patent on a product from particularly good districts where the price is low and goods are of high quality. Therefore MNCs are increasingly using guide lines from the UN Global Compact to create a CSR strategy that suits the country they operate in. But where does poverty fit in? Poverty has been a matter for the government for many years, but after Africa became independent and thus new reforms were established it is no longer the reality. Now a lot of the responsibility for solving issues at the social and environmental area is moved over to the private sector. This is where companies come in, since MNCs develop their CSR strategies according to The Millennium Development Goals (MDG) (Visser, 2008). These two concepts are closely linked and it is therefore interesting to examine whether Toms' CSR activities have an impact in the matter of reducing poverty and ensure sustainable development in Ghana.

The next section will give a presentation to the concept sustainable development and a strategy which presents the aspects a country must meet if they want to ensure that development is sustainable.

## Sustainable development

The focus on sustainable development and the need to address the issue was one of the highlights at the Stockholm Conference in 1972. In 1992 The United Nations Conference on Environment and Development (UNCED) gave an analytical approach to the conception of sustainable development being the first of its kind. Likewise in 2002 the World Summit on Sustainable Development (WSSD), took one step further and provided its analytical tool (Economic Commission for Africa, 2012).

Sustainable development is a relatively new concept but has been developing since its origin. In the beginning of the 1950s and 1960s the concept of sustainable development was mainly focused on the economic parts such as economic growth. That changed in the beginning of the 1970s in connection with the increasing focus on the development agenda. This to develop the concept of sustainable development to the three bars focusing on: the economic, social and the environmental part. The concept of sustainable development is described as: *“(...) development that meets the needs of the present without compromising the ability of the future generations to meet their own needs”* (ECA, 2012: 5). To ensure that future generations can meet their need the development has to be sustainable and that can be a big task for developing countries like Africa. The biggest Challenge for Africa in the matter of ensuring sustainable development is poverty. Without reducing poverty there is a long way to ensure sustainable development in Africa. A path to reduce poverty is introduced in the next section in the form of a poverty reduction strategy. Nevertheless in 2001 the African head of state adopted the New Partnership for Africa’s Development (NEPAD) which can help Africa in the right direction of ensuring sustainable development.<sup>8</sup> This partnership provides:

*“(...) a framework for sustainable development to be shared by all Africa's people. It emphasizes the role of partnerships among African countries themselves and between them and the international community, and proposes a shared and common vision to eradicate poverty through sustained economic growth and sustainable development”* (Sustainable Development, 2014).

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<sup>8</sup> NEPAD is: *“(...) a comprehensive and integrated development plan for the continent that makes peace, security, democracy, good economic and corporate governance preconditions for sustainable development on the continent”* (sustainable development,2014).

For not only promoting sustainable development, NEPAD have been developing a framework on how to achieve sustainable development through some inscribed goals. Sustainable development can be reached if the conditions below are ensured;

- *“Peace and security*
- *Democracy and good, political, economic and corporate governance*
- *Regional co-operation and integration;*
- *Capacity building”* (Economic Commission for Africa, 2012: 20).

These are the overall goals but in order to have a more concrete approach the following is more detailed for which areas to be deployed:

- *“Agriculture*
- *Human development with a focus on health, education, science and technology and skills development*
- *Building and improving infrastructure, including Information and Communication Technology (ICT), Energy, Transport, Water and Sanitation*
- *Promoting diversification of production and exports, particularly with respect to agro-industries, manufacturing, mining, mineral beneficiation and tourism*
- *Accelerating intra-African trade and improving access to markets of developed countries*
- *The environment”* (Economic Commission for Africa, 2012: 20).

Further to accomplish the described goals and ensure sustainable development the resources must be mobilized by:

- *“Increasing domestic savings and investments*
- *Improving management of public revenue and expenditure*
- *Improving Africa’s share in global trade*
- *Attracting foreign direct investment*
- *Increasing capital flows through further debt reduction and increase ODA flows.”* (Economic Commission for Africa, 2012: 20).

These are the chosen conditions which have to be established to ensure sustainable development in Africa and in this case, Ghana. Furthermore, there are provided guidelines for what should be obtained and how to achieve it. The focus in the analysis, questioning whether Toms' CSR activities will support Ghana to ensure sustainable development will be in the overall goals and how to achieve them. Where the concrete approaches, mentioned above, is the main focus related to poverty reduction which is going to be introduced in the following section.

### **Poverty reduction strategy**

Reducing poverty became an international concern and of high interest again at the beginning of 1990s. (Mosley, 2012: 3) Yet there is still no adopted international agreement or guidelines for measuring poverty. The attempt to make a definition of poverty is countless as it differs from theorist to theorist and is influenced by the specific society. Poverty is commonly defined in relative or absolute terms. Absolute poverty does not measure poverty from an overall level of inequality in society, such as social and cultural needs. It measures poverty from the amount of money necessary to meet basic needs such as food, clothing, and shelter. Relative poverty is based on a person's economically status in the society. That defines poverty to be when people live under societal standard of living. If we take the international Standards set by the United Nations (UN), individuals live in poverty if they get less than 1.25 dollar a day (UNESCO, 2014). Even though the absolute term are lacking in measuring inequality, social and cultural needs it is the chosen definition in this thesis, because it is not an opportunity to measure the economically status of the locals in Ghana.

As mentioned it is difficult to define poverty, but to find solutions to poverty is even harder. This proves the variety theoretical, policies and international standards attempt to develop a strategy to end poverty. There are general strategies which attempt to work globally, strategies on Africa which were introduced in the section of sustainable development and then there are strategies on the specific country. In this thesis, a poverty reduction strategy for Ghana will be used. This has been chosen for several reasons.

First of all, the international monetary fund (IMF) and the World Bank (WB) have since 1999 required governments to produce a Poverty Reduction Strategy Paper (PRSP)<sup>9</sup>, this as a condition for debt relief. The principles for Poverty reduction strategy (PRS) are for countries to manage their own development agendas so they can meet the Millennium Development Goals (MDG). Further is the principle for PRSP that “(...) countries should direct their own development agendas, as policy reforms and programmes are unlikely to be sustainable without full country ownership” (UNFPA, 2014). Based on the information on how PRSP is designed and the support of scholars who believe it is most optimal to use a more specific poverty strategy for each country, I choose to use Ghanas’ PRS as the poverty reduction strategy in this thesis.

The PRS was formed by the national development planning commission in 2010. The main focuses are to: accelerate employment creation and income generation for poverty reduction and shared growth.

The poverty strategy will be focusing on the following priority sectors:

### **1. Ensuring and sustaining macroeconomic stability**

**Overall goal:** *Monetary and financial sectors; Fiscal policy management; Economic policy management, International trade management; and Employment, unemployment and wage policies*

**A. The Medium-Term Macroeconomic Growth Targets and Underlying Assumptions:** *The population growth rate will not exceed 2.2% per annum; Inflation rate is contained within single digit; and Stable foreign exchange rates.*

**B. Structure of the economy:** *Over the medium-term, the structure of the economy is projected to change significantly in favor of services and industry sectors. The development of infrastructure , salt-based industry, and petro-chemical industry to support oil and gas production; the development of an integrated aluminum industry on the back of adequate and affordable energy supply, etc. all hold great prospects of long-term industrial transformation of the economy.*

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<sup>9</sup> The PRSP is developed via a dialogue between United Nation Population Fund (UNFPA) and the policymaker, which are collecting the newest national and international data about, the population, health, poverty and so on. This in corporation with important stakeholders such as: groups and non-governmental organizations (UNFPA, 2014).

## **2. Enhanced competitiveness of Ghana's private sector;**

*Private sector development; good corporate governance; development of viable and efficient micro, small and medium enterprises (MSMEs); accelerated industrial development; development of the tourism industry; and the promotion of the Creative Industry.*

## **3. Accelerated agricultural modernisation and sustainable natural resource management;**

**A. Accelerated agricultural modernisation:** *focus of agriculture development, over the medium-term, will be to accelerate the modernisation of agriculture*

**B. Sustainable natural resource management:** *Improving cross-sectorial environmental management; adapting to the impact of, and reducing vulnerability to climate variability and change; maintaining and enhancing protected areas; addressing loss of bio-diversity; promoting sustainable extraction and use of mineral resources; integrated water resource management; enhancing community participation in environmental governance and natural resource management as well as mitigating the impact of natural disasters, among others.*

## **4. Oil and gas development;**

*Application of an environmentally-friendly approach and benefits of best practice in ensuring sustainable development*

## **5. Infrastructure and human settlements development;**

**A. Infrastructure and energy:** *science, technology and innovation; information and communication technology development; human settlements development; recreational infrastructure; and water, environmental sanitation and hygiene.*

**B. Human settlements development:** *towns and villages are undertaken in a planned and spatially determined manner in order to enhance socio-economic development and equity.*

## **6. Human development, productivity and employment;**

**A. human development:** *well-educated, skilled and informed population, raise living standards and productivity, in the education sector; human resource development, productivity and employment;*

*health promotion including HIV/AIDS and STDs; population management, including migration and development; youth and sports development; ageing; disability; poverty reduction and social protection*

**B. Productivity and employment:** *Enhancing productivity and creating employment opportunities especially for the youth*

### **7. Transparent and Accountable Governance;**

*Deepening the practice of democracy and institutional reforms; local governance and decentralization; public policy management and public sector reforms; enhancing development communication; participation of women in governance; corruption and economic crimes; rule of law and justice; public safety and security; access to rights and entitlements; national culture for development; domestic and international relations; migration for development; and evidence-based decision making (Poverty Reduction Strategy Paper, 2012: xii-xviii).*

The above mentioned poverty strategy to reduce poverty in Ghana, is going to be analyzed against Toms' CSR initiatives to some extent and see whether the company is helping towards achieving some of the goals been set to reduce poverty. In the following section there will be an introduction to the Stakeholder theory.

## Stakeholder theory

The term “stakeholders” was used for the first time in 1963 (Freeman et al, 2010: 30-31).

Freeman’s classical definition of stakeholders is defined as groups and individuals who are either benefitting or harmed by the corporation in focus. The best possible version is when the rights of these groups and individuals are respected by the corporation (Freeman: 41). Now there is a clarification of what stakeholders are, the next question is who the stakeholders are. According to Freeman, there are two definitions labelled on stakeholders. The first definition is *narrow* which includes the ones who are vital for the very success of the corporation. The other definition is *wide*, as the word indicates it is all that either in some way affect or are affected by the corporation. According to the narrow definition the stakeholders are: owners, employees, suppliers, customers, locals, or the management. Where the wide definition includes the ones mentioned above and pretty much everyone affecting or who is affected by the corporation for instance the public in general, the government, media, future generations, business partners, and competitors, you name it. (Freeman: 42-44) This thesis uses the *wide* definition, because the government, the media, business partners and the public in general are also important to keep in mind as active stakeholders, which have influence Toms’ decisions towards their operation in Ghana even though it is the management, multilateral institutions, NGOs and the government and locals which are the core focus in the analysis. Finely Freeman states that a company” *has to benefit all stakeholders in order to be sustainable in the long run; if any stakeholders are missed out it will have negative consequences for the company at a later stage* (Melé, 2008).

The classic stakeholder theory by Freeman is criticized for lacking a guideline for more specific use of the term. Likewise, a method on how to apply the strategy is missing. Freeman turns this criticism down by pointing at the fact that the theory is just produced as a practical managerial mind set (Freeman & Purnell, 2012: 2). Aware of this criticism I will still use Freeman’s stakeholder theory and just expand the part with Charles Blattbergs<sup>10</sup> thoughts about *conversation* and *negotiation*. *Conversation* is a key notion in the stakeholder theory. By conversation, it is meant all of the stakeholders are able to meet in a discussion and find agreements in order to achieve the maximum benefit even though there are different needs and expectations. Blattberg is very sceptical about the concept of *conversation*, as he believes that the various stakeholders will

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<sup>10</sup> Charles Blattberg is Professor of Political Philosophy University de Montréal (Blattberg, 2013).

always fight in favour of their own interest and benefit. Blattberg therefore believes that it is necessary to have a debate about the different needs each of the stakeholders may have. To ensure that these needs are respected in a negotiation Blattberg states that the government should make a law ensuring that all stakeholders are heard and that no one is left behind (Blattberg, 2013). The analysis of stakeholder theory will focus upon whether the stakeholder theory makes it and all stakeholders are taking into account because it helps Toms one step further in succeeding with their CSR initiatives. The following section is a presentation of the dependency theory.

### Dependency Theory

Dependency theory is a theory established many years ago by Raul Prebisch<sup>11</sup> in the late 1950s when the attention on international relations was in focus. Dependency Theory emerged as a counter reaction to modernization theory, as a way to explain how some countries development was increasing while others stood still. More specifically many were concerned about the element that economic growth measured in the industrialized countries did not in the same way lead to growth in less developed countries (Ferraro, 2008: 58-64). Over time and from one theorist to another there are different opinions on the intuition of dependency theory, but the core propositions of dependency theory are close to each other. Likewise the definition of the theory is plenty, but the chosen one describes the core of dependency theory as:

*"(...) an historical condition which shapes a certain structure of the world economy such that it favours some countries to the detriment of others and limits the development possibilities of the subordinate economics...a situation in which the economy of a certain group of countries is conditioned by the development and expansion of another economy, to which their own is subjected."* (Ferraro, 2008: 58-64).

The traditional explanation to the fact that some countries were falling behind was that they either had an incorrect economy or were corrupt. The dependency theory is trying to explain it otherwise from three concepts: First of all the international system is contained in two sets of states, dominant/dependent, centre/periphery or metropolitan/satellite. This thesis is using the

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<sup>11</sup> Raul Prebisch was in that period director of the United Nations Economic Commission for Latin America.

dominant/dependent definition. Where the dominant state is in favour of the progressing industrial economy and therefore is developing increasingly, the dependent is a country which is still dependent on a single commodity export, has a low Gross National Product and which stays underdeveloped. Secondly the external forces are of great importance in regards to the economic activities in dependent states. These external forces could be foreign assistance and MNCs which represent their economic interests in a foreign country. Thirdly, the relationship between the dominant and dependent state is dynamic because the interaction strengthens and intensifies the differences between the two states (Ferraro, 2008: 58-64).

Dependency Theory is being criticized as being more multidimensional than economic dependence and is more likely to be a power dependency, this is because it differs noticeably among underdeveloped countries. (McGowan & Smith, 1978: 96, 213) Furthermore, it is not updated and the world structure may have changed. At the time dependency theory was developed it was colonial rules the countries were dependent on. Nowadays, multinational corporations have gained power and therefore are the ones which in some cases maintain the system of dependency. That is the main reason to take into account the dependency theory in this thesis when exploring whether Toms is creating dependency or sustainable development by their CSR activities in the western part of Ghana.

The theoretical section shed light to the chosen theories which are going to be elaborated towards the empirical evidence to find out if Toms' CSR initiatives helps to reduce poverty and ensure sustainable development this in the following section which is the analysis.

## 8. Analysis

The analysis is going to analyze the correspondence between the collected empirical data and the selected theoretical perspectives. In the following there is a section about whether Tom's CSR activities at one hand are helping to reduce poverty and if they on the other hand ensure sustainable development in Ghana. After that a section dealing with the three actors, namely MNCs, multilateral organizations, NGOs as well as government and the locals in Ghana is presented. Followed by a discussion about whether Ghana depends on MNCs aid implementing the critical vies on CSR. The structure for the analysis is that the correspondence between the empirical data and the theoretical perspective is analysed in the sections about poverty reduction, sustainable development, development or dependency and stakeholder theory and in the end of each chapter supplementary comments on the subject is taken into account. The last section is a discussion where the critical vies on CSR and the dependency vs the stakeholder theory is discussed.

## CSR and Poverty Reduction

The chosen poverty reduction strategy formed by the national development planning commission in 2010 has a focus on reducing poverty in Ghana specifically. To reduce poverty, Ghana has to fulfil or put extra effort into the priority sectors introduced in the theoretical section presenting the poverty reduction strategy. In order to conclude whether Toms' CSR initiatives can contribute to decreasing poverty in Ghana this section will look deeper into whether the sectors of priority correlate with Toms' CSR initiatives in Ghana described in the empirical evidence.

The priority sectors are in widely differing areas but the first deals with human development as the main theme. One of the priorities is to become *well-educated* and that is one of the main subjects of Toms' CSR strategy- to contribute to improving education for children and adults. 2,250 children in 15 basic schools are getting access to education in the Asunafo South, Bibiani and Sefwi Wiawso Districts. The main focus in Toms' projects for children is to improve their reading, comprehension and writing skills.



Picture: Toms

More teachers are getting training and individuals who are taking the courses to become teachers are sponsored so they can finish the program. This is looked deeper into in the next section on the aspect of *skilled and informed population*. The programme to get more

qualified teachers provided 400 teachers who were already qualified in-service training by St. Joseph's College of education, Bechem. Additionally, 330 teachers at the Untrained Teachers' Diploma in Basic Education were financial supported. This makes improvements in relation to the skills of the teachers and heightens the quality of the teaching the children receive. Along same line, the percentage of those who fail has decreased from 44% in 2006 to 12% in 2009 and the pass rate increased from 58,7% to 88% while the school is now the third best in the country

instead of number 24 in the same period of time . The citizens in the communities also highlighted education as “*one of the best livelihood options*” (Odonkor & Dupont, 2010: 13-14). A more *skilled and informed population* is further improved by the capacity-building of School Management Committee (SMC) where 50 SMCs were achieving training.

A lot of the individuals from SMCs made it clear that they first understood their role when they, because of the program, received training. The SODIA/IBIS training and sensitization of SMCs and community members has made the SMCs role clearer and one of the members said that the community has been strengthened in their contact with the authorities; “*if you are going to the government for something, it’s not easy to go alone. But if you go in with an NGO, they know there is something backing you*” (Odonkor & Dupont, 2010: 7-10). This training informed the citizens about their options and they are now involved with the decision-making when it comes to the capitation grant - this because of Ibis sensitization. Now the SMC has planned the capitation grant twice and in 2009 it finances a classroom build with voluntary help from the community and the materials were funded by the capitation grant and they have further held a campaign about the hazards labour in their communities (Odonkor & Dupont, 2010: 12).

Mentioning the hazards labour led to the important priority of raising the *living standards*, which for children is raised by having access to school. Furthermore, Toms’ project is focusing on the elimination of the worst forms of child labour in the cocoa fields, where the awareness about child labour through farmers’ education is a way to reach the farmers at their level. The farmers, according to Toms’ CSR manager Lene Lorenzen, are currently helping each other with the harvest, where the children were an essential help before they now let the children go to school (Lorenzen 1, 2014: 5). Toms is as well planning to develop a program so that children in the cocoa-growing areas and which do not participate in the school can be integrated in the school system (Odonkor & Dupont, 2010: 5). At last the training of the farmers is as well a raise in living standards, which is being introduced later in the section. *Health promoting* activities have reached the communities’ awareness and they take action against child labour, where the residents of the communities declare that the children nowadays are at school and there are more girls attending school. Furthermore, the children do not have a weekly day off to go at the market and they are informed that they need to get an education if they do not want to end up on the street. In addition, the communities and farmers are informed that children should not lift heavy cocoa sacks and

children under the age of 18 should not work overtime. In relation to promoting good health, there have been good achievements, such as starting a girls club; this is in regard to reducing teenage pregnancy, personal hygiene and knowledge about HIV (Odonkor & Dupont, 2010: 24). In line with the importance of help promoting activities *water and environmental sanitation* is essential to improving conditions for the population in Ghana and helping to reduce poverty. Armajaro/Source trust fund which is operating in Ghana in cooperation with Toms has facilitated the improvement of sanitation as they have delivered 5700 malaria bed nets and completed 9 hand-dug wells and 11 boreholes. When the boreholes are completed a committee is created to take care of the borehole. They have the responsibility for maintaining the borehole and fundraising if something needs to be fixed (Lorenzen 1, 2014: 8). In the same context, the trust fund also contributed a bit to a better *information and communication technology development* as they established two village resources IT centres in Sankore and Bibiani which makes communication easier and makes it possible to search for information.

From human development the focus is proceeding to the priorities of areas such as agriculture, productivity and employment. The first priority is *modernization of agriculture* and that is the greatest priority of Toms in relation to training farmers to use improved technology and production methods. One of the methods is developed by CRIG to improve the fermentation of cocoa called “tray fermentation” which the farmers are introduced to through training. These new improved fermentation methods are affecting the farmers both in regards to improving the quality of the production and social benefits. The farmers achieve better working conditions as the work is not as hard and the farmers get the advantage of their production being faster as the cocoa beans need shorter fermentation and drying time. This is resulting in high quality beans with a better taste, and therefore more valuable. The new updated techniques are more environmentally friendly as well because the use of plantain leaves is reduced significantly (Lorenzen, 2012: 7). By extension, the improvement of the farmers' methods and techniques and the fact that they are being modernized makes the mineral resources more sustainable which is the next priority namely: to *promoting sustainable extraction and use of mineral resources*. One of Toms' goals by training their farmers is to achieve enhanced sustainable results and improvements in the farmer's productivity when it comes to their cocoa production. To fully reach

improvements, a mapping of each farmer's farm area and their particular agricultural needs are created. This is to be able to provide them with the training they need to ensure sustainable results (Lorenzen, 2014: 8). The following priority to *enhance productivity and employment* is also a result of improved and new methods and techniques, as this provides more production and higher production can be expected to lead to an increase in employment. A further action by Toms in that context is to create what they call demo farms, where one part of the farm is held as farmers usually do while the new improved methods learned by training are applied to the other part, this in order to show other farmers the results of the new method by the visible demonstration in order to make them use those methods instead.



Many cocoa farmers have unproductive cocoa trees because they are over aged and need to replant improved seedlings. Therefore, a seedling nursery site was established and the seedling will be ready in 2014 (Lorenzen, 2014: 9). In connection with that the increasing lack of cocoa entering the next couple of

years will be able to get more farmers at work following the implemented method. Toms' CSR manager, Lene Lorenzen, was in Ghana earlier this year getting more farmers to enter into an agreement where they will be trained to use the new fermentation method which will enhance the productivity and get more farmers at work (Lorenzen 1, 2014: 11). As the conditions for farmers in the three districts where Toms operates are improved and the farmers are getting trained to improve seedlings by new methods and techniques, the quality of the cocoa will increase profits. This revitalizing of cocoa farming will make it more appealing for young people to get into farming. *Creating employment opportunities especially for the youth* is as well a high

priority compared to reducing poverty. Those who do not choose to work in agriculture have increased their chances to get an education as the children have gained access to school and hence create a brighter future for themselves. The last priority where Toms contributes to a reduction of poverty is by *reducing corruption* as Ghana has trouble keeping it down. Toms has recently carried out initiatives when it comes to corruption even though the initiatives are still at the starting point. According to Lorenzen, Toms has access to a corruption database, where providers and stakeholders end up, if they have been given bad publicity or have done something not in line with the acceptable behaviour. Toms has in this way the possibility to monitor their suppliers in terms of meeting Toms' code of conduct.

The above section elaborated upon the sectors of priority where Toms' CSR initiatives contribute to getting around some of those areas which have to be improved in order to reduce poverty in Ghana. Even though Toms meets part of the requirements, there are still some areas left where Toms does not meet as many of the measures required to reduce poverty. Such as *ensuring and sustaining macroeconomic stability*, which more or less are of governmental concern. Toms does not meet the requirement to *enhanced competitiveness of Ghana's private sector*- that is more a task for direct foreign investment, such as MNCs which have their headquarters placed in Ghana. Where Toms only co-operates with their suppliers in Ghana, it is areas such as better working condition and improvements in the production rather than enhancing the competitiveness of Ghana's private sector they can contribute to, because they are not really a part of the private sector.

To some extent Toms contributes to reducing poverty in those districts in which they are operating their CSR initiatives and therefore not to reducing poverty in a way which includes all people in Ghana, but with Toms' help on the way towards a better future for them they are provided with training for both children and adults. It is however difficult to measure if the poverty reduction by Toms CSR activities is equally distributed. According to Michael Hopkins, MNCs can contribute to reducing poverty but it is not the poorest of the poor which benefit from CSR initiatives because it is more likely to be the ones with high skills which obtain the jobs. The way in which MNCs help the poorest are indirect. For example worst paid work will be for the suppliers of suppliers, so the poor are helped by a trickle-down effect. The demand for MNCs can also contribute to the

reduction of poverty as many MNCs create their CSR initiatives or policies from expectations set by international standards such as the UN Global Compact which to some extent benefits the various stakeholders. These demands can ensure long-term profitability. The third factor in relation to reducing poverty is both demand and supply where MNCs develop their own CSR initiatives directly suited to the poor (Hopkins, 2007: 130-133). In relation to Hopkins' study about MNCs CSR initiatives effect on poverty, Toms fits within the frame because they are mapping their farmers so the CSR initiatives fit the farmers and their societies, with that in mind Toms manage to reduce poverty equally to some extent. The next section will seek deeper into the area of sustainable development in Ghana and if Toms through their CSR initiatives can ensure a sustainable development.

### **Sustainable Development**

According to Economic Commission for Africa' (ECA) strategy or guideline on how sustainable development can be reached there are some conditions which have to be fulfilled. Both there are requirements which have to be well functioning in the society and mobilized in a certain way to ensure sustainable development in Ghana. This section will analyze whether Ghana meets the conditions required to ensure sustainable development, and if Toms' CSR activities help to meet some of the requirements so the projects will have long term benefits.

### **Requirements to Ensure Sustainable Development**

*Democracy and good, political, economic and corporate governance* are some of the fundamental conditions for achieving sustainable development in society. Ghana was the first sub-Saharan country to gain independence in 1957 and has subsequently succeeded in developing and building a stable society in continuation. They are also known as front runners when it comes to politics and economy. The first multiparty election in Ghana was in 1993. Economically Ghana has grown from 1980- to now as they in corporation with WB and IMF developed an economic recovery program in favour of reducing their debt. The growth pr. capita has as well increased fourfold between 2004 and 2013 and the GNI pr. capita has increased significantly from 390 US\$ to 1760 US\$ in the same period of time. In light of all the positive progress Ghana has achieved it changed status from being a low income to a lower middle income country in 2010. It looks like Ghana is making progress economically and politically. The following will put light to the conditions of *Peace and security* in the country. If you look at sub-Saharan Africa in general, Ghana is one of the

most peaceful countries in the region. The Ministry of Foreign Affairs & Regional Cooperation states that Ghana will continue its effort to keep regional peace and avoid conflicts with other countries in the sub-Saharan region as well. Furthermore, Ghana is participating in the United Nations Interim Force in Lebanon' (UNIFIL) peacekeeping missions to secure the country (Peace FM, 2014). Although Ghana is relatively peaceful and safe, it must still be borne in mind that corruption is a persistent problem since it is number 63 of 177 on the corruption perception index in 2013. Ghana has scored all from number 62-70 on the corruption index since 2003 which indicates that it is on the right track. In addition to ensuring security and peace in the country, it is important to have a good relationship with the countries bordering Ghana which led down to *regional co-operation and integration* condition which can have a major impact on the progress in the country both socially and economically. According to the Ministry of Foreign Affairs & Regional Cooperation, Ghana is striving to have good and friendly relations with the West African sub-Saharan region as the countries can get mutual benefit from cooperation and strengthened connection. Ghana is at the same time very open to the rest of Africa and is the first country in Africa to join the NEPAD. Furthermore, it contributes positively to economic development and puts efforts into regional integration. (Peace FM, 2014). The last precondition is *capacity building* and if you take trade capacity building, a country has to keep adding value when it comes to its agricultural products and the product has to be of high quality, certainly if they are meant for the export market. Furthermore, the products have to fulfil international trade requirements as well. The United Nations Industrial Development Organization had in corporation with funding from the State Secretariat for Economic Affairs (SECO) developed a project where the national infrastructure is strengthened. This in order to improve access to the markets and the procedures before the products are exported. The locals in Ghana have from the project obtained an improvement of their products' quality to meet international standards and hereby are better capable of selling their products (UNIDO, 2013). Toms is contributing to capacity building by their development projects in Ghana as well more precisely the training of farmers in modern methods and techniques leads to an increased quality of cocoa with a higher value.

The requirements to ensure sustainable development have been elaborated in the section above. However to achieve the described goals and fully ensure sustainable development the resources must be mobilized in a certain way which is sight light to in the following section.

### **Resource mobilizing**

If we take a look at the first example of mobilizing resources, it is through *Increasing domestic savings and investments*. The Gross Domestic Saving (GDS) in Ghana has been increasing since 2004 when the GDS % of GDP was at 7% and improved to 19 % in 2013, however the percentage varies greatly, as the GDS % of GDP in 2012 was measured to reach 28% (World Bank data, 2014). According to investment, Ghana is to a high extent dependent on income from exports, but the fact to take into account is that it is often from foreign exchange earnings and therefore not domestic produced. Foreign exchange is certainly a constraint on investment and growth; this is because most of the tradable capital goods are not being produced domestically. The Ghanaian government both has certain objectives and current work when it comes to *Improving management of public revenue and expenditure*. Some of the current work regarding revenue management measures are: “*Recovery of loans owed to Government, establishing of the Revenue Agencies Governing Board and to Form a national tax audit team*” (Ghana government 1, 2014). The government also have a vision for the future to improve the management in the tax department to become more efficient. They further have visions about generating a tax policy process, a better tax statistics and lower recovery costs. According to *Improving Africa’s share in global trade* the Ghanaian government has pronounce that they want “*to establish a Ghana International Trade Commission (GITC)*” (Agritrade, 2014). As globalisation and consequently trade liberalisation brought in unfair trading practices, the DITC is being established to “*take advantage of the remedies on piracy, anti-dumping and countervailing measures*” (Agritrade, 2014). President John Mahama said that the aim for GITC is as well “*to boost [Ghana’s] domestic and international competitiveness*” (Agritrade, 2014). This is of the highest importance, to establish the commission as Africa's share in global trade is still just around 3 % because of competition on the market. The fact is that trade has increased almost three times from a period of ten years but Africa’s share in world trade has only been declining since 1980 (UNECA, 2013). When it is about *attracting foreign direct investment* Ghana is one step ahead of other sub-Saharan countries. Foreign direct investment increased steady between 2005 and 2011 (Index Mundi, 2014) and as the WTO

pronounces Ghana as a venerable country when it comes to location for investment both because of raw materials, their policy reforms and good governance which will attract foreign direct investment (WTO 1, 2014: 7). The fact that Ghana is a rather peaceful and stable country is attractive for MNCs. Further The Ghanaian government is as well making investment policies, building infrastructure and creating a stable macroeconomic framework giving the private sector the right environment to find opportunities to invest and create a business. Corruption, however, remains a factor that may affect the firms' decision to start an established business in the country. Compared to the other sub-Saharan African countries Ghana is, however, more optimal when it comes to concerns about corruption. Ghana has in the past ten years been ranking between 62 and 70 on the corruption index scale and is now ranked number 63<sup>rd</sup>, so they have improved since 2003 where it was 70. The following way to mobilize resources to ensure sustainable development is by *Increasing capital flows through further debt reduction and increase ODA flows*. The IMF and WB wanted to address debt problems in developing countries by the enhanced Heavily Indebted Poor Countries (HIPC) initiative. To support Ghana they made a debt reduction package in 2006 worth approximately US\$3.7 billion counting in all creditors getting debt release (World Bank, 2002). Since 2006, Ghana has not increased further markedly capital flows through any forms of debt reductions. The Official Development Assistance (ODA) however has increased steady since 1960 from an amount of US \$2,940,000 until 2011 where Ghana received as high as an amount of US\$1,815,490,000 from ODA (Index Mundi, 2014).

On the subject of fulfilling the requirements and mobilizing resources in a way which ensures sustainable development, Ghana is doing a fine job. However, there is still room for improvement especially when it comes to domestic investment and improving Africa's share in global trade. The United Nations resident coordinator Ruby Sandhu-Rojon stated in 2012 that Ghana's achievements according to ensuring sustainable development are mixed. She thinks Ghana needs to reorganise and focus on long-term development planning and policy making. The Rio+ 20 can give Ghana guidance on how to complement long term solutions to ensuring sustainable development (Ghana web, 2012). Nevertheless in 2013, the UN nominated Ghana as one of the 30 countries to develop sustainable development goals which are an accolade to Ghana as the UN hereby considers Ghana as a country which has something to offer in terms of sustainable development (Vibe Ghana, 2013).

The section about ensuring sustainable development by certain preconditions and mobilizing the resources in a certain way revealed Ghanas' chance of creating sustainable development which is acceptable and Toms CSR initiatives could contribute to the capacity building. However the section did not focus on how the specific initiatives are implemented in order to ensure development instead of dependency which will be elaborated in the following section.

### **Development or dependency**

Development and dependency are two concepts with very different outcomes. In the construction of CSR activities, it is important to focus on the initiatives set in motion so they do not create a culture of dependency, i.e. the community continuing to develop even though the company withdraws. This will be look deeper into in the following, whether Toms' CSR initiatives ensure development or create dependency.

To be able to analyse whether Toms' CSR initiatives create a culture of dependency or ensure long- term development it is necessary to look deeper into Toms' initiatives. First of all, Toms is operating according to international standards such as the UN Global Compact and by cooperating with DANIDA. This means that there are specific requirements to be fulfilled and laws to be observed. Furthermore Toms' CSR activities are developed in collaboration with IBIS and Armajaro/Source Trust Fund which have more knowledge and experience in those areas. IBIS is implementing the work to get the children to school whereas Armajaro/ Source Trust Fund is more involved in the development and education when it comes to cocoa farmers. Both partners have contact with the authorities working in the specific field to ensure that those CSR initiatives Toms initiates are consistent with those areas the authorities want to improve. This is the first step towards creating development- by considering CSR activities carefully before determining which initiatives matches the specific country and their level of development. The following is going to put light on the specific initiatives.

One of the initiatives related to livelihood improvements is, as mentioned in the section analyzing poverty reduction, better sanitation conditions which are established in the communities such as: getting 5700 malaria bed nets and the finalization of 9 hand-dug wells and 11 boreholes. When the boreholes are completed a committee is created to take care of the borehole and they have the responsibility of maintaining the borehole and fundraising if something needs to be fixed

(Lorenzen 1, 2014: 8). In regards to education, around 4000 children who did not attend school before are now registered. A further 400 educated teachers are getting training in modern teaching methods that are more pedagogical and receiving improved tools for teaching children in writing and reading. In Addition, 330 teachers at the Untrained Teachers' Diploma in Basic Education were financial supported to complete their education. In order to ensure development, Toms' CSR manager, Lene Lorenzen, is saying that *"one can say, when a teacher is being educated [through Toms program] the teacher is still educated afterwards [when Toms' program ends]* (Lorenzen, 2014: 7-8). A further initiative where sustainable development is in focus is through the capacity-building of SMCs, which in fact is a governmental aim to get going, this to strengthen the communities by awareness of their role in society and their rights. The farmers are being trained in modern methods to ensure sustainable development of the cocoa beans, as the training provides the farmers with greater productivity and higher quality beans which are easier to sell and likely to provide a greater income. The farmers will have the capacity to keep sustainable development when it comes to the production of cocoa.

The Initiatives mentioned seem likely to create development instead of dependency. However, as Toms' CSR manager Lene Lorenzen states, even though Toms as mentioned has established some committees to ensure the long term development of the communities, it is up them to keep it going, so it is up to the community whether it should die out or be maintained. In line with that she is saying that the communities *"(...) by principle have to create their lives, we [Toms] can send resources down creating the conditions for it but it is not sustainable if it depends on money"* (Lorenzen 1, 2014: 7). This shows the paradox when it comes to development and dependency because the MNC can create the CSR initiatives with good motives in regards to its sustainability which theoretically sticks because of the way the initiatives are carried out, but the responsibility stops in a way at that point as it is the community's responsibility to ensure the further development. But if the MNC, according to the theory of stakeholders, succeed in counting in stakeholders there will be a better chance of sustainable development as the stakeholders feel more connected to the project and therefore responsibility to maintain it even though Toms has withdrawn from the project. Michael Hopkins states as well that the improvement of individual skills is one of the best ways of creating development. Where the government focuses on national training, MNCs on the other hand, cooperating with partners, can contribute more to the private

sector such as creating training for specific needed skills in selected fields and districts (Hopkins, 2017: 231).

The above shows examples of how Toms performs their initiatives to ensure further development. It also shows an indication of the importance of including all stakeholders in the process to ensure the optimal development and avoid building a culture of dependency, which will be further elaborated in the next section.

## **Stakeholders**

Being able to prioritize through the long list of stakeholders and how to please them is an important property of a business as they often have conflicted interests and it is in the corporation's best interest to balance the interests of several stakeholders to prevent a possible conflict. The following will introduce the three core stakeholders chosen to look deeper into in this thesis. First of all there is the MNC- Toms, then the multilateral institutions and NGOs and last, but not least, the country is represented by counting in the government and the locals in Ghana. The focus will be on the different interests of stakeholders and therefore teams as power relations, exploitation, conflicts and as well positive connections to explore the impact stakeholders have when it comes succeeding with their CSR activities and a reduction of poverty and sustainable development.

## **MNC**

Toms is an important actor itself, being the organizational stakeholders such as directors and employees. The CSR strategies are produced based on the company's framework and policy with the aim to be their public face. The company may, as mentioned in the empirical evidence however, be divided on the need for a CSR policy and this should be primed before they can take into account other stakeholders. The process when consensus on a policy is obtained on the final fulfilment of the CSR activities is important. The company is in fact expert in the pivotal labelled profit and expansion of the firm. However, the company is not expert in the field which is in focus in their CSR initiative (Prieto-Carrón et. al., 2006: 984). Therefore, it is important for the company in relation to achieving success with their CSR activities to favour stakeholders and be aware of its own strengths and weaknesses.

### **Multilateral institutions**

Multilateral institutions are an international player when it comes to aid, poverty reduction, and development and are setting the international standards. The multilateral institutions are important actors as they represent the global framework for MNCs to fulfil. They form the articulation of what is right and wrong as well. For that reason it effects some of the other stakeholders such as consumers, employees, the general public, the media and government and local in the country the company operates in. Besides the multilateral institutions, NGOs are important actors as they often have knowledge and contact to the government and local communities. Furthermore, they are more specialized with subjects as aid, sustainable development and poverty reduction and are strategically located in Ghana. This facilitates the possibility of getting in touch with the appropriate authorities to ensure that initiatives are carried out in accordance with Ghana's objectives in the area.

### **The government**

The Ghanaian government is important even though it does not have a substantial financial impact on the company itself and is not a formal part of it. It is, in the form of a societal stakeholder which is good to have a good relationship with since the government still regulates cocoa prices. Furthermore, the government is relatively strong as it has developed positively when it comes to politics and economic improvements. This makes the government strong as it cannot simply be bribed for a more favourable agreement as would be possible in a more corrupt developing country.

### **Local communities**

In line with the government, the locals in Ghana are a societal stakeholder as well and are often known as the critical stakeholder towards MNCs. The locals have high expectations of the MNCs; this because they are accustomed to benefitting from the MNC in terms of money. For that reason, it is important for MNCs to get a good start and have a good relationship with the locals. This will make it easier to operate in the areas the company operates and avoid conflicts. It is important to count in the communities in the development of CSR initiatives and implementation process to ensure the sustainable effect of the development initiatives. The good relationship with the locals makes them feel more comfortable with the MNC and their partners which improves

the chances of success when it comes to the implementation of the CSR activities and for them to continue when Toms withdraws.

The above presentation of the multiple stakeholders shows the importance for MNCs of including all or the important stakeholders in order to succeed with the CSR initiatives and to some extent reduced poverty and ensured sustainable development in Ghana. Something of equal importance is to ensure that the implemented CSR initiatives do not creating a dependency culture but form a basis for the involved communities to ensure long term development. Therefore, it is important to have the different power relationships between stakeholders in mind. Even though Stakeholder management often is portrayed as an equally distribution between power and where all stakeholders are represented yet, Prieto-Carrón et. Al state that some particular stakeholders often are missing, namely the ones without a voice in society from developing countries. Furthermore, if they are participating it is still them in a stronger position of power shaping the initiatives and taking control of the situation (Prieto-Carrón et. al., 2006: 984). In line with the focus on power relations, it is important to use guidelines to know what is a task for the government and where can MNCs with their initiatives contribute with something. This so that the governmental regulatory system is not taken over and ruled by MNCs and their CSR initiatives (Prieto-Carrón et. al., 2006: 986). MNCs then have to be careful when it comes to power relations and prioritizing stakeholder's interest. It is of highest importance that they do not create a culture of dependency mentality instead of sustainability and ensure that they count in all stakeholders (Visser, 2008).

The introduction of the stakeholders illuminated the different power relations one has to be aware of if MNCs' CSR initiatives are to provide the greatest benefit. By taking locals and government into decisions in relation to the specific CSR initiative, the chance of solving actual problems in the country is greater. Considering that the CSR initiatives have the greatest success of creating sustainable development if the locals are able to continue projects without being dependent on MNCs assistance. The rather highlighted question whether MNCs are creating dependency or succeeding counting in all stakeholders will be further discussed in the following section.

## Dependency or Interest of all Stakeholders

The stakeholder section pointed out the power relation between the stakeholders and gave a glimpse into the more critical point of view when it comes to succeeded in including all stakeholders and prioritizing them at the same level. The critical view on CSR is further going to be implementing the next section concerning whether MNC count in all stakeholders or create a dependency mentality in Ghana, this by bringing a discussing including dependency theory and the critical views on CSR vs stakeholder theory and some positive views on CSR.

## Multilateral Institutions and NGOs

The multilateral organizations have an important say in Toms' CSR initiatives, as Toms set its framework based on international standards. Toms keeps getting more information about new standards that are optimal to follow. Respect for the multilateral organizations standards ensures as well more satisfied customers and keeps down the critical eye of the media. Some of Toms' projects are founded by DANIDA as well so they are dependent on the multilateral institutions to do good when it comes to succeeding in their CSR initiatives. To ensure development instead of dependency, the CSR project has to be implemented in a certain way and Toms has been cooperating with IBIS and Amajaro/ Source trust. As the key NGO managers on the projects in Ghana, the following will analyze whether it creates dependency or ensures poverty reduction and sustainable development by counting in all stakeholders. When it comes to the role of NGOs in the communities, David Chandler and William B. Werther, Jr have a rather critical perspective towards NGOs *"(...) the reality is that the very nature of the NGO saves it from having a real stake in the communities it affects through its activism. It can blow through town like a hurricane disrupting development and then be gone* (Chandler & Werther, 2014: 430). Chandler and Werther are critical about whether the NGO involvement in a local community would be to reduce poverty and ensure sustainable development, since they can be gone before having proved that the projects are sustainable to generate further development and people just become dependent on their help. In relation to the criticism concerning the lack of sustainable development and a real reduction of poverty, we will look deeper into Toms' and the NGOs' implementation of CSR projects. To ensure the success of Toms' CSR initiatives in a sustainable way, Ibis has connection and cooperation with GES and at a more national level they have contact with the individuals formulating policies on child labour. The project is based on Ibis' experiences from working in the

educational sector and extensive studies at the area as well (Odonkor & Dupont, 2010: 6-7). Amajaro/Source Trust, which is the other NGO, is in contact with the national Cocoa Authority Board (Lorenzen 1, 2014: 6). This means that in terms of their processes they ensure that the projects which are being implemented are important national projects in Ghana. Ibis is further evaluating the project by interviews with locals in the communities and the teachers, to follow up on the priority of the project is understood and that the project is implemented in an optimal way so the locals benefit from them. This shows that there is a better chance for the CSR activities to succeed as they are created in a way so they most optimally will reduce poverty in the districts and ensure that the development is sustainable when Toms, Ibis and Amajaro/Source withdraw because they have focused on including the government and the locals.

### **Government**

Wayne Visser draws attention to one of the elements that can be dangerous if a country is becoming too dependent on MNCs. He states that the country in some cases compromises on the required standards such as ethical, social and environmental standards if it becomes too dependent on a MNC, this in order to maintain the MNC in the country (Visser, 2008). The Ghanaian government is however relatively strong and the economic growth in Ghana has increased substantially over the last three decades which makes them a little less dependent on the MNC. When it comes to dependency it is rather complex as they both to some extent are dependent on each other. The MNC is dependent on the government in the form of good cocoa prices and ensures a good relationship with Ghana in entirety because Ghana is Toms' main supplier of cocoa. Furthermore, with the new joint agreement CocoaAction strategy the standards for the farmers will raise and MNCs have to be even more responsible working within the cocoa fields in Ghana. The government, on the other hand, depends on MNCs in terms of getting taxes from the traders. Toms demands that the traders comply with international standards and thereby also pay taxes. In order to ensure this, Toms has access to a corruption database where corrupt traders will be listed. Similarly, the government is maintaining a lot of jobs and gets more people into work because of the demand for good cocoa. CSR initiatives ensure better working conditions as well and the training of farmers ensures more sustainable cocoa and a continuation of production.

## Local communities

From a critical view towards MNCs and their CSR activities, locals are often sat in the position of being victims of MNCs exploitation and that communities are on the losing end of the bargain. A more positive appearance of CSR from Chandler and Werther is that the locals in developing countries themselves are not entirely innocent as they sometimes want to be exploited so they can get some money in return. Chandler and Werther are further pointing out that even though the developed countries see it as exploitation of poor individuals the poor people from developing countries sees it as an opportunity compared to the alternative within the country (Chandler & Werther, 2014: 430). Whether it is right or wrong, good or bad is out of this thesis' scope to look deeper into but Toms' CSR manager is experienced in the starting period of the CSR initiatives in Ghana. It is an expectation from the locals in relation to getting money from Toms as the locals said: *"So why don't you come with some more money"* (Lorenzen 1, 2014: 6). She further experienced that it required some discussion before they understood why Toms was in their community and the fact that they should help to improve the situation as well. It shows that Ghana in general and the locals in particular are used to get support and foreign aid and easily would be dependent on Toms' aid. So in order to prevent the locals from becoming dependent, it is important to establish a dialogue with the locals and be clear of expectations and limits of each other if the CSR initiatives should ensure a sustainable development and reduce poverty in the district. As Lorenzen says: *"in principle they have to create their lives, we can send resources down and the basis for it. It is not sustainable if it depends on money"* (Lorenzen 1, 2014: 7). The locals will to some extent always be dependent on someone else; be it the Government, MNCs or the chief of their town as long as they are poor. One can perhaps talk about the degree of dependence, because the power relations are strong but there are different ways of being dependent. Toms, via its CSR initiatives is trying to give the communities a bigger voice by the establishment of SMC and teach them how to reduce child labour by sending children to school and training the farmers to be more sustainable in the long run. Toms is unlike other major MNCs working directly with the development of the supply chain and therefore with the bottom of the production chain. The way they are implementing the initiatives and involving the locals it is more likely to ensure sustainable development and the reduction of poverty than dependency. So the locals are dependent on aid in some way, but Toms' CSR initiatives are an attempt to make the aid more sustainable and of greater value for the locals in the long run.

This above shows that there first of all is a good chance for Toms' CSR activities to succeed as they are created in a way so they most optimally will reduce poverty in the districts and ensure that the development is sustainable when Toms, Ibis and Amajaro/Source trust withdraw because they have been focusing on counting in the government and the locals by conversation. Even though the government is involved, MNCs and the government to a certain part are dependent on each other. When it comes to the locals they are in some way dependent on the aid from Toms and their initiatives however Toms' way of implementing the initiatives and the way they involves the locals makes it more likely to ensure a long-term development.



Picture: Toms

## 9. Conclusion

By globalization bringing MNCs to a more powerful position and the media in a position where they critically in a way can decide how the MNCs' image should be, corporate social responsibility has become of high importance for the MNCs. This continues to be a priority if MNCs would maintain to keep out of the media and consumers' critical spotlight. What this thesis therefore wishes to examine is whether this increased focus on having a social responsibility can help the highly prioritized international issue of reducing poverty and ensuring improved development. Therefore the main question is: *To what extent do Toms' CSR initiatives in Ghana help to reduce poverty and ensure sustainable development?*

Toms is relatively successful when it comes to a poverty reduction as they meet part of the requirement set by the Ghanaian national development planning commission to overcome the poverty issue in Ghana. However, it cannot be concluded that by operating in three districts helps to reduce poverty throughout Ghana. It can for that reason be concluded that Toms through its CSR initiatives have led to a reduction of poverty in Sankore, Bibiani and Sefwi Wiaso.

Nevertheless, whether the poverty reduction is equally distributed cannot be measured so one can say that the individuals who have been a part of Toms' CSR work have seen an improvement in living standards, which might have a spill over effect, however, that cannot be concluded. On the subject of fulfilling the requirements and mobilizing resources in a way which ensures sustainable development, Ghana is doing a fine job. However, there is still room for improvement especially when it comes to mobilizing resources. Toms' CSR initiatives contribute to some extent to fulfilling the requirements to ensure sustainable development by their training but when it comes to mobilizing resources, Toms does not contribute to this part in the sustainable development plan which will be more likely for direct foreign investment, such as MNCs which have their corporation placed in Ghana. However, Toms is succeeding in making the CSR initiatives sustainable by the way they are implemented. The initiatives are more likely to create development instead of dependency. When it comes to the question about dependency or succeeding in counting in all stakeholders, it can be concluded that Toms is involving the different stakeholders, which limits the creating of dependency and in turn makes the initiatives more sustainable in the long term. However the analysis of the actors showed as well that they to a certain level are dependent on

each other to make the chance for the CSR initiatives to create development instead of a dependency mentality.

In regards to MNCs contributing to a reduction in poverty and ensuring sustainable development, it requires efforts both from the MNC in regards to well implemented CSR initiatives and the involved stakeholders to ensure that the initiatives will keep going when the MNC withdraws and from the country in form of suitable preconditions and mobilization of resources which is crucial for the projects to have long-term prospects when it comes to ensuring sustainable development. When this area about MNCs' opportunity to help the highlighted issue to reduce poverty and ensure sustainable development have been clarified, a lot of questions which continually have been brought up have not been answered as it was out of this thesis' scope such as: The MNCs are running a company where profit is important so where is the line when it comes to CSR? How can the power relation between stakeholders be met? Are MNCs taking over the government's role and whose responsibility is that? Can foreign MNCs who operate and run a business in Ghana do more to reduce poverty and ensure sustainable development than MNCs who buy products in Ghana? How can MNCs' CSR initiatives be successful in a less developed country than Ghana?

These questions could be interesting in a further investigation. This thesis explored a new alternative way to the traditional way of aid. However it doesn't bring light to the conflicting debate on the big question if aid contributes to an improvement when it comes to poverty and ensuring sustainable development. Therefore the next section will open up the debate about aid in a broader perspective.

## 10. The concept of aid in a broader perspective

The debate about why foreign countries are giving aid and whether it is a good idea has been going on since aid first was given in the twentieth centuries. Scholars have debated whether it is given for diplomatic purposes, national security and economic interest from the country providing the donation, or if it is mainly to help the receiving country with better human conditions.

(Lancaster, 2007: preface) The questions, opinions and speculations about aid are plenty and they range from neutral and positive to negative viewpoints of the concept. As the thesis' aim is to look at one kind of aid, it could be interesting to open up for a discussion about the concept of aid and why. The following section will bring light to the positive and negative opinions on aid.

Jeffrey Sachs is in favour of aid. In his view, aid will be able to break the poverty trap; the essence of the poverty trap is that people are trapped in poverty as their individual income just goes to staying alive. Foreign aid which comes from official development assistance from his point of view: *"helps to jump-start the process of capital accumulation, economic growth, and rising household incomes"* (Sachs, 2005: 262). When it comes to foreign assistance, Sachs does not believe it is a welfare hand-out, as someone might see it, he sees it as the necessary investment to break the poverty trap (Sachs, 2005: 262). His book, "End of Poverty", includes the way to end poverty by 2015 with the UN MDG. While Sacks is positive in his approach to foreign aid and reaching the MDGs, William Easterly is rather critical when it comes to reaching any of these goals as he states: *"The Big Utopian Dreams about ending world poverty, such as the UN Millennium Development Goals hold nobody accountable"* (Easterly, 2006). Easterly does not think that aid, as it has been given to date, will end poverty in developing countries, nor will it ensure development. He believes that *"Economic development happens, not through aid, but through the home grown efforts of entrepreneurs and social and political reformers"* (Easterly, 2006). He states that the two key elements of highest importance if aid should work are feedback and accountability as they in the past have been shown to make aid effective. For these elements to be set in motion is a more difficult goal as this will imply the need for *"truly independent scientific evaluation of specific aid efforts"* (Easterly, 2006). For that to happen, the multilateral institutions and development banks such as World Bank according to Easterly should not be a part of the evaluation team evaluating the implemented projects as they have specific interest in the outcome of the initiatives this towards positively improvement. The most important for Easterly is that the aid agencies face the

truth which is that aid, as it has been given for several years, is not the solution to economic and political development. Once that is achieved, Easterly states that they could start focusing on how to fix the system of aid which hasn't reach its goals yet as he feels that *"It's a tragedy that so much well-meaning compassion did not bring these results for needy people"* (Easterly, 2006). Robert Calderisi is, like Easterly, critical when it comes to foreign aid and they agree upon the fact that there is too much attention on the amount of money given in aid worldwide instead of how and if it works. Calderisi further states the problem that aid is not a matter of quantity in focus, this with Africa as an example as he brings light to the fact that *"(...) Africans need breathing space much more than they need money. Not a Marshall Plan, but real backing for the few governments that are fighting poverty, plus political support for the millions of Africans who are resisting oppression and violence in the rest of the continent"* (Kristof, 2006).

These different views of aid bring a lot of questions in mind. Is aid doing anything worthy and if so, who feels the benefits from it and will it ensure poverty reduction in the future and ensure a sustainable development? Or do we need to take a closer look at aid as it is today and put some new structures in place to reach the common goal to end poverty in the world and ensure countries' development?

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## 12. Appendix:

1. Transcription of Expert interview with Lene Lorenzen CSR Manager at Toms

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2. Evaluation: Odonkor, M. & Dupont, C. (2010): "Strengthening the Education Sector in Cocoa Producing Districts in Ghana - A PPP project by Ibis/Toms/DANIDA"

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