Mainstreaming Corporate Social Responsibility (CSR) in Public Policy in Ghana: The Threats and the Opportunities

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INTRODUCTION

Corporate Social Responsibility (CSR) is now part of the national and corporate landscape of the national and corporate landscape. In Ghana, CSR has been firmly etched in the lives of companies, organizations and individuals (SEM International Associates, 2006, Ofori & Hinson, Rockson, K, 2008, Ghana Business Code, 2007). While CSR related activities have become common, the scope is still limited, in terms of the general “drivers” of CSR or the “core priority issues”. In recent times, the Ghana Business Code (2007) has strived to provide a rather refreshing perspective on the CSR phenomenon, based on a 10 point format, originating from the UN Global Compact (UNGC). This blueprint goes beyond the limited scope and focuses on human rights, labour standards, the environment, anti-corruption and general ethical business practices. The challenge in Ghana, where there has been no fervent mission to integrate CSR into public policy has led to organizations virtually isolating certain aspects of CSR and using it as a means of promoting their image, with the goal of looking good more than doing good. It has been simplified to the populist proposition of “giving something back”. For some corporate entities, CSR is essentially a one-off box-ticking endeavour, cash hand-outs or even in recent times the practice of volunteering basically unskilled person hours for photo opportunities. The whole idea of giving back to society needs to be scrutinised from the angle of the big picture. Sometimes the mere stature of a corporate entity carries with it the benefits of economies of scale, supply chains, lobbying and advocacy capabilities, prime products and services, networks and general physical and social infrastructure.

In the advanced economies, there is emerging a keen desire to extend the frontiers of CSR beyond “philanthropy” to an elevated focus on stakeholder and community engagement, corporate governance, sustainable development etc. There is this example of legal practitioners who earn £300 per hour, utilizing their core skills and offering charities free legal aid, rather than painting park beaches, which attracts attention but is definitely an aspect of misplaced CSR activity. Apart from such professionals or their consultancies offering their expertise, some multinationals are shifting from token charitable donations to the leveraging of their resources like staff, supply chains and networks for distribution of medicine, food and malaria nets. CSR in sum, has always been equated with charity and basically at the global level, this mission has always been influenced by religious or social pre-requisites, or in some cases ethical considerations. CSR was also handled as a peripheral activity as far as general corporate strategy was concerned. Recent developments in the study and practice of CSR clearly show that this phenomenon should not be equated with philanthropy.

This paper’s thrust will be based on three assumptions:

a) CSR is critical for Ghana
b) The executive has a lead role to play in “driving” CSR
c) CSR has to be mainstreamed in public policy
DEFINITIONS

CSR has been described in several ways like corporate responsibility, strategic philanthropy, corporate ethics, corporate citizenship, responsible business, business in society, social enterprise, social opportunity, social responsible investment, sustainable development, corporate social investment, triple bottom line, sustainability and in some cases, corporate governance. The World Business Council for Sustainable Development (WBCSD) Stakeholder Dialogue on CSR, states that “Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large” (WBCSD, 1999). Rockson (2008) describes it as “corporate behaviour hinged on socially agreed ethical guideposts, in order to meet the varied needs of shareholders, stakeholders and legally imposed requirements”. Another definition provided by Rockson (2009) is “a planned and systematic framework for social accounting, auditing and reporting, beyond the organization’s mission statement/charter which strives to meet the needs of all stakeholders and social imperatives in a transparent and sustainable manner.”

The next major concept is public policy which is basically a description and explanation of the causes and ramifications of government’s actions. They are grounded in the nation’s history, laws, traditions, and social structure. They provide a direction on how challenges and issues are defined and constructed and how they are positioned on the policy agenda. Sometimes public policy investigates the basis for a government’s pursuit of a course of action. The concept can also be seen within the framework of reacting to a specific situation which could be on inequality, poverty, human rights and the general obligations of a nation-state to its citizens. The need to encourage development in a sustainable and equitable manner brings to the fore the need to appreciate public policy’s role especially in CSR. The strategic role of public policy is in a way, public sector driven. Basically, CSR activities dovetail into public sector priorities. For instance, broad CSR categorisations like economic, environment, social and corporate governance can be aligned within the realm of public sector priorities like the role of the private sector, infrastructure development, general social services (education, health, poverty alleviation, environment etc). In specific terms, it could cover Ghana’s Poverty Reduction Strategy (GPRS), Vision 2020 or the Millenium Development Goals (MDG), Highly Indebted Poor Country (HIPC), among others.

Fox et al (2002) in providing the “enabling environment” for CSR, believe it should be a policy framework which encourages business activity that minimizes environmental and/or social costs or impacts, while maximizing the economic benefits. They further show the four major public sector roles which describe the nature of public sector engagement which are mandating, facilitating, partnering and endorsing. The belief is that CSR can be encouraged generally or within the framework of a particular “driver” or core priority issue by using a single or mix of various mandatory (legislative), facilitating (guidelines in content), partnering (engagement with multi-stakeholder processes) and endorsing (publicity) tools.

The issue of public policy which is in some cases enforced through designated public sector platforms also creates opportunities for actualizing CSR goals in the society. Specifically key agencies/oversight
bodies like the National Communications Authority (NCA) can oversee the issue of licensing, regulating and ensuring a minimum standard of quality of service. The Public Utilities Regulatory Commission (PURC) will also be responsible for ensuring excellent customer service and general service delivery for all utility companies. The Environment Protection Agency (EPA) has a huge role in this direction because of their strategic position as regulators for industrial players brunt when it comes to waste management “greening” and spillage. Other bodies which perform core oversight functions are Ghana Standards Board (GSB), Food and Drugs Board (FDB) local licensing authorities at the district and regional levels, Ghana Investment Promotion Centre (GIPC) etc.

THEORETICAL UNDERPINNINGS

Although several theories can be used to explain CSR as a social phenomenon (Rockson, 2009), two theories, Social Responsibility and Stakeholder Theory will be utilized for this paper. Social Responsibility combines ethical and ideological factors in theorizing about CSR. Corporate organizations have an obligation to the society to resist or act in any situation depending on the organization in question. States as entities are expected to ensure normal rights for the citizens, while the citizens on their own, should abide by the national laws for social harmony.

The Stakeholder Theory is a theory for organizational management and business ethics (Philips and Freeman, 2003) and it analyses the morals and values in managing an entity. The concept was originally proposed by Freeman (1984), when he identified and modeled the groups which are stakeholders of a corporation and provided approaches management can deal with, in the interest of these groups. Stakeholders cover all types of organizations, associations, groups, local communities and any other players as far as an entity is concerned. They are linked with the organization and connected with its existence.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Six key areas under CSR will be treated in order to contextualize the phenomenon and place it within the parameters of public policy. The areas are:

- Core CSR Issues
- Obligations of Organizations
- Measurement
- Risk Management
- Ensuring Compliance
- CSR Reporting
Core CSR Issues

Anti – Corruption Measures

Corporate entities should avoid extortion or bribery, reposition and cronyism.

Improved Access and Affordability or Certain Products & Services

Sometimes public policy instruments need to be used to determine which products or services should be subsidized or exempt from taxes and duties. This can range from medicine for health conditions like tuberculosis, malaria HIV/AIDS to access to education, water, electricity or energy.

Human Right Abuses

Human rights abuses in some cases occur at workplaces.

Supply Chain Issues

Better endowed entities are expected to influence positively stakeholders at the supply chain level as far as the economic, social, legal prerequisites and environment are concerned.

Ensuring the Credibility of Corporate information

One key ethical requirement is for entities to ensure that the data on CSR that they release to the public or their stakeholders are authentic.

Social Accountability

Medium to large companies are expected to set up an internal auditing mechanism. CSR functions can be assigned to the Internal Auditor, Internal Audit Committee or a CSR Committee or even a Board Member.

Corporate Governance

This covers all human resource, accounting, auditing, quality of service obligations, management accountability, stock exchange listing requirements, among others. It should also include the public reporting of activities.

Fair Labour Practices

These are internationally inspired by the International Labour Organisation (ILO) conventions, covering freedom of association, right to collective bargaining, no forced labour, minimum age, no discrimination and equal remuneration.
Quality of Service

Companies are expected to deliver on the minimum standards when it comes to their goods and services. Regulatory/Oversight agencies are expected to provide the benchmarks for specific activities of entities which operate within their purview.

Legal Prerequisites

The general social responsibility role of corporate entities call for a strict adherence to CSR core issues and all the legal requirements, covering statutory payments like tax, social security and value added tax obligations among others. It also includes the need to apply for licenses and permits and meeting the requirements of the Stock Exchange, Bank of Ghana or EPA, as the case may be.

Waste Management

The issue of waste is of critical concern in any society with this issue covering human, Industrial and e-waste management. The issue covers sanitation, eco-efficiency and climate change (saving the planet).

Safety Standards

A number of products and services have CSR implications because of the need to meet some basic safety benchmarks. These cover food products, pharmaceuticals, waste management, operation of x-ray facilities. There are bodies whose mandate it is to handle specific safety issues.

Stakeholder Engagement

One crucial relationship matter for all organizations is the need to identify all the key internal and external players and engage with them in order to meet a core CSR obligation.

Community Rights

Certain types of industries, especially the industrial/manufacturing, construction and extractive types in the course of their activities have some environmental impact on their communities. For some industries the challenge is how to improve on impact mitigation on host communities.

Obligations of Organisations

There are three main types of organizations/entities, namely profit-making, non-profit making and public sector regulatory/oversight organizations. While the first two can meet core CSR obligations in terms of the requirements generally, the last group is expected to enforce the rules.

Measurement

Due to the expected mileage, organizations aim at when positioning themselves as CSR-compliant entities, there is always the tendency for exaggerations or in a few cases, fabrications. All such reporting are done without any attempt to provide data which can be authenticated by the public.
The issue of the reliability and validity of the data becomes paramount since the indicators shown can be used for ranking the various organizations.

Some indicators are:

- Fair Labour Practices
- Apprenticeship/Work experience
- Mention of CSR in Mission/Vision/Core Values
- Mention of CSR in Annual Report/Other Documents
- Availability of a CSR Report
- Mention of CSR on Website
- Time and/or Resources to Community (Health Education, Poverty Alleviation, Environment)
- Impact Mitigation
- Human Rights
- Supply Chain Relations
- Engagement of Stakeholders
- Community Engagement
- Internal CSR Monitor/Officer
- Designation/Ranking of CSR Compliance Officer

Risk Management

One core CSR issue is the matter of risk management because of the form it takes which can range from reputational, operational, financial, infrastructure to business risk. For organizations, risk can emanate from CSR core priority issues like corruption, corporate governance, environment, spillage, quality control, human rights etc.

Ensuring Compliance

CSR in an emerging economy can be hinged on the extent to which organizations comply to “best practices”, laws and regulations, some local, others national or international. Recent developments have shown that the public sector, through effective, efficient and legally enforceable public policy instruments may mediate where two organisations/entities come into conflict or disagreement. While powerful forces in civil society including investors, consumers, labour have spearheaded reform and
compliance, in the emerging economies, public sector organizations definitely need more legal and/or administrative muscle to make erring or recalcitrant organizations fall in line.

**CSR Reporting**

The issue of reporting on CSR performance is an important component of authenticating the compliance and commitment level of corporate entities. There are guidelines which range from globally generated frameworks, principles and indicators to simple reporting indicators, some of which have been captured under measurement.

**The State as a Public Policy and Public Sector Driver**

The overarching goal of this paper is to demonstrate in unequivocal terms the extent to which CSR can be mainstreamed in public policy and the process managed through the public sector especially through statutory bodies. The state at the national and decentralised level has multifaceted positions and responsibilities. First, for an emerging economy, the government is the premier development agent and facilitator. Its control over the oversight/regulatory agencies make the obligations still more pronounced. It is expected to have the power to enforce the rules through these specialized bodies for general public policy purposes and particularly for CSR.

There is the overwhelming responsibility of actualising a nation’s agenda generally and for CSR through specific agencies/bodies like the oversight/regulatory. Specifically there are key “social responsibility” issues, like waste management, quality of service, corporate governance, safety standards, legal pre-requisites, ethical practices, security services among others. Some of them may come under the umbrella of constitutional bodies like Commission for Human Rights and Administrative Justice (CHRAJ) and in some cases, National Media Commission (NMC), Environmental Protection Agency (EPA), National Communications Authority (NCA).

Fox et al (2002) believe that governments have a wide range of roles to play in creating an “enabling environment” for CSR, a policy framework which encourages business activity that reduces the environmental and/or social costs and impacts while maintaining or creating economic gains. In further discussing public sector roles, among others, they show documents which look at “emerging market economies” and “developing countries” and identify public sector roles:

- Setting targets and enforceable minimum standards
- Facilitating stakeholder partnerships and voluntary initiatives
- Promoting internalization of costs
- Participating in codes of conduct (local and international)
- Ensure innovative and adaptable core standards
- Guidelines for reporting
• Stimulate dialogue on roles and responsibilities of actors
• Build internal capacity to participate in partnerships
• Ensure transparency and accountability of business

Petkoski and Twose, (2003) believe that the government needs to offer an effective legal and regulatory system and also delivery mechanism for public services. They suggest specifically:

• A special ‘board’ or agency for CSR activities and monitoring.
• Clarifying expectations and finding ways of determining responses to such expectations.
• Leading by example through good procurement practices and raising investors’ awareness.
• Eliminating bribery and corruption and encouraging transparency in relations between government and business.
• Providing tax benefits and other mechanisms so that CSR becomes a benefit and not cost.
• Creating a vision and strategy for CSR and allowing business to work with government towards that strategy.
• Focus on gaps in CSR agenda.

THREATS

Ensuring Compliance

The very tenor of this issue shows the importance of fully appreciating the “voluntary versus regulatory” debate. Ensuring CSR compliance starting from the development of codes of conduct, mission/vision, charter, core values and the need to report on CSR based on clear guidelines is a tall order. Second, the state through public policy enforced through a highly committed public sector should produce laws and practices that are enforceable and organizations can adhere to, is also a big challenge in the absence of sustainable policies and legislation to guide CSR.

Poor Appreciation and Commitment to CSR

The poor understanding and commitment to CSR has led to the emergence of the “philanthropic CSR” or “the Santa Claus way” which is not sustainable. This has led to the emergence of a cadre of receiving communities which do not even have the wherewithal to take over a facility set up for them like a educational or health facility. The media the public sector and other key stakeholders do not appreciate neither are they committed to CSR in its complete form. In the case of CSR as an academic discipline it appears even academics are not giving it the due recognition and do not see it as a full area outside business.
Lack of Commitment of Key Stakeholders and/or Poor Appreciation of Their Rights

Key stakeholders like labour and consumers and other vulnerable sections of the society do not appear to appreciate their strategic role as far as certain core CSR issues are concerned. Also the marginalized communities do not have the wherewithal to organize and tackle specific issues as far as their rights are concerned, in terms of waste management, spillage, supply chain and stakeholder engagements, and human rights.

Compliance/Enforcement Roles of Key Oversight/Regulatory Bodies

There are real threats to achieving the goals of CSR due to the actions and inactions of regulatory bodies. The multiplicity of interests of the various stakeholders within the realm of CSR creates conflict, especially when such public sector agencies avoid stepping on toes.

Producing a General or Sector Specific CSR Framework

There is the challenge of producing an effective general and sector specific CSR frameworks to tackle core CSR issues at all levels which will then grapple with issues encompassing every sector.

Credibility of Entity-Generated CSR Data

One key threat in enforcing CSR is the inclination on the part of an entity to either exaggerate or fabricate data to make them look good or provide opportunities for coverage or to “greenwash” their image.

Lack of CSR Consultancy Expertise

As a nascent professional/practical and academic area CSR specialists at the consultancy and academic levels are now gradually emerging. This shortfall is not only at the national level but also at the global level. This will pose serious challenges for producing reporting formats, frameworks and the measurable benchmarks for assisting in creating a cadre of CSR compliant organizations using criteria which are reliable and valid.

OPPORTUNITIES

Set up a National CSR Framework

One of the ways in which CSR can be become fully institutionalised will be through the setting up of a national framework for CSR. First of all it must engage the attention of all stakeholders, especially political parties, and then for the state to establish an Office, Directorate, Department in a Ministry (Trade and Industry or Finance and Economic Planning) or a Commission under a Ministry or the Office of the President. This body should be composed of distinguished persons from business, consultancies, key stakeholders (communities, labour, consumer associations), academia, NGOs, government and the public sector.
Create General Awareness, Knowledge and Goodwill

Create general awareness, knowledge and public relations goodwill about CSR and enforce it by introducing a CSR Week. Fox et al (2002) show that in the Philippines, they have the Presidential Speech and Annual CSR Week in the first week of July. In 2002, the President at the Asian Forum on CSR stressed the importance of collaboration between government, private sector and civil society in the country’s poverty reduction strategy. They also cite another example of the Green Business Award, Taiwan, to “commend industrial organisations that have made a contribution to environmental protection.” The Taiwan EPA exhibits practices from award-winning companies and holds high profile award ceremonies and arranges for winning companies to meet with the President and “receive his personal words of praise”. Finally, consumer demand can be stimulated through endorsement schemes for sustainably or ethically produced goods and services or to create pro-CSR consumers differentiation.

An enabling environment for nurturing a “green” or “ethical” consumer markets can also be created in addition to the vigorous promotion of cause-related marketing “all for pro-CSR marketing and investments.

Create a Public Policy Framework including Legislation for CSR

There is the need to create the appropriate policy and legal backing for CSR. The first approach will be the identification, review and updating of all CSR related laws and put them under one legal mechanism to facilitate implementation, while providing opportunities for the judiciary, the state and the bar and key stakeholders as part of education and re-education on CSR. Using “best practices” as a principle, several principles and legislations worldwide could provide guideposts in this quest. An example mentioned by Fox et al (2002) where they refer to Social Responsibility Agreements, Ghana which came into operation in 1998 where logging companies are required to secure a “Social Responsibility Agreement” with the customary owners of the land. Another example is the 2001 French law requiring mandatory disclosure of social and environmental issues in companies’ annual reports and accounts.

CSR as an Academic Discipline and Professional Area

One way in which CSR can become fully integrated in society is through a deliberate plan to make it a full course or study area. Also as an academic course it should be treated fully and not an appendage of a Public Relations or business course in a semester. Where CSR is seen as a social science or a labour market pre requisite, it will be given the necessary attention in terms of its treatment, and the need to make it part of other areas of social sciences like Political Science, Political Economy, Sociology, Economics and Law, Governance, Public Policy, Finance, Marketing, Auditing, Globalisation etc.

CSR Professional Platform

Another way in which CSR can be institutionalized is through the creation of a professional platform like an institute or professional body, which will promote professional standards and practices. A body like this will be responsible for the promotion of “best practices”, advise on curriculum development, liaise
with any national body on CSR and assist in generally promoting professional standards in CSR and advise on consulting tasks. This professional body will be in the vanguard in the area of CSR auditing or providing advice or blueprints/codes of conducts for organizations, a sector or the nation as a whole.

The Four Public Sector Roles in CSR

The Public Sector through public policy has a huge responsibility in nurturing the right environment for utilizing CSR through mandating, facilitating, partnering and endorsing. The mandating role incorporates legislation, regulators and the introduction of legal and fiscal penalties and rewards. The facilitating role covers “enabling” laws, capacity building, creating incentives, funding support among others. For partnering there is the need to combine resources, stakeholder engagement and dialogue while the endorsing responsibility entails political support and finally publicity and praise (Petkoski & Twose, 2003).

DISCUSSIONS

As was stated at the onset this paper is hinged on three assumptions as identified earlier. In the case of the first assumption, there is no doubt about how critical CSR is in this country. The drawback is essentially how CSR is practised and the extent to which it meets the comprehensive demands of this phenomenon and the role of the public sector. It follows then that the analysis also reflects on the alignment between the public sector priorities and CSR activities. Despite the recognition of the role of CSR globally as a societal imperative it has been associated more with profit-making organizations. The last two assumptions place the emphasis on public policy and the public sector as instruments for prosecuting the CSR agenda. Meanwhile, a crucial component of CSR is the core priority issues most of which evolve around some stakeholders.

The challenge in some cases, especially in the area of natural resource management are the issues of competition and conflict. For instance a community’s understanding of natural resource management is likely to be at variance with a profit-making organization’s mission. The situation can be compounded if the arbiter either through the public sector agency or through a ministry or state is unable to intervene, is ambivalent or turns the other way if the weaker stakeholder, the community is being poorly treated. Still on the role of the public sector, the multiple responsibility like enforcer, facilitator and leader by example mean that this sector has a key strategic duty to promote CSR.

Finally a categorization of CSR into four areas: economic, environment, social and corporate governance can provide the likely alignments as far as a society’s priorities are concerned. The range of public sector activities can range from trade and foreign investments, setting minimum standards for business, fiscal and monetary policy, poverty reduction, to infrastructure development, among others. Despite the presence of threats as far as public policy and the public sector are concerned, there are opportunities which can create the path for mainstreaming CSR.
CONCLUSIONS

CSR can thrive in an environment where the public sector, private sector and civil society work in concert to meet public sector–driven goals. The public sector goals can be met if there are well articulated and championed public policy initiatives. While promoting this approach as a normative imperative, there are undercurrents of smaller players/actors who could easily be submerged in the process like the SMEs, government at the decentralized level, and the confidence and commitment of public sector institutions to provide the leadership, especially where tensions emerge when the interests of the big stakeholders and the smaller ones clash. There are real threats if a society is to attempt to utilise in an optimal all their resources. The opportunities can override the factors labeled as threats if the whole society decides to put its shoulders to the wheel to mainstream CSR as a public policy for accelerated development in the country.
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