

## **The Transformative Potential of Corporate Social Responsibility in the Global Cocoa-Chocolate Chain**

*Insights from sustainability certification practices in Ghana*

**Key words:** Corporate Social Responsibility, Cocoa, Ghana, Sustainability Certification, Global Value Chains

This study engages with the implications of an expanded Corporate Social Responsibility (CSR) of Transnational Corporations (TNCs) in their supply chains, which many practitioners and academics alike see as an important contribution to global sustainability governance. Taking the case of an UTZ cocoa sustainability certification project in Ghana, the study examines the implementation process of a transnational CSR intervention and its local outcomes. In contrast to most existing studies, this research does not look at CSR as a neutral approach of global governance but as a concept and strategy which reflects power struggles in global production fields.

The Global Cocoa-Chocolate Chain (GCCC) is facing complex sustainability challenges, most notably the extreme poverty of millions of cocoa farmers and environmental degradation in production areas. Hence, the transnational cocoa and chocolate industry is concerned with the future sustainability of its production base. Starting from this, the overarching question of the present study is on whether CSR helps TNCs to broaden their sphere of influence in their supply chains in such a way that it allows them to improve their governance and achieve control over the fragmented local production base. To answer this overriding question, a research framework has been developed which combines Global Value Chain Analysis with a neo-Gramscian perspective on global governance. This consent and control framework provides a distinct set of governmental dimensions which enable the capturing of industrial governance activities and more subtle forms of governance. The study assumes that TNCs from the GCCC use CSR to (1) change the local institutional environment to improve their control over production and enables the modernization of the sector, and to (2) shape perceptions of cocoa farmers in a way that prevents them reorienting themselves towards other livelihood strategies.

The assessment of CSR in its current prevailing form of voluntarism is important because much hope for the improvement of social and environmental conditions in global value chains is attributed to it. But often enough, this hope lacks a sound knowledge base on the various structural effects CSR may cause in its target areas. The study seeks to contribute to the discussion of CSR as a tool for improved value chain sustainability by providing in-depth insights in transformations at the local level of the GCCC linked to it. The discussion bases on an empirical study conducted in Ghana in 2015 and 2017. One project of UTZ cocoa sustainability certification implemented by the transnational agri-food company Cargill was selected for case study. Semi-structured key informant interviews were carried out (N=127) with representatives from different institutions of the cocoa industry, such as cocoa farmers participating and not participating in the selected certification project, project implementors, representatives from the public regulatory body Ghana Cocoa Board (COCOBOD), as well as from NGOs and certification organizations, industry associations, and transnational processing and manufacturing companies. Subsequently, a qualitative content analysis was conducted and results discussed against the background of the guiding consent-and control framework.

The findings indicate that transnational CSR in the form of cocoa sustainability certification, when implemented by transnational cocoa processors, helps to increase TNCs governance capacities and to reach down to the local level of cocoa farmers, to whom in the case of Ghana, they did not have a direct link to before. Several institutional transformations resulting from the

observed. New forms of sector organization include a privately-run extension system, new alliances between stakeholders, new mechanisms of sector monitoring and sanctioning, extended traceability schemes, the entering of TNCs to the internal marketing segment, and new marketing relations, among others. While cocoa farmers enter contractual relations with the TNC, which in the conventional cocoa chain in Ghana do not exist, smaller local Licensed Buying Companies face pressure due to increased competitiveness linked to certification schemes. In addition, the role of COCOBOD in the sector changes and a tendential reduction of its sovereignty can be observed. While all these institutional changes potentially support the

their future in cocoa farming seem to not to be much affected by their participation in the certification project. This, most likely, is due to the persistence of the severe poverty they are living in as cocoa farmers. Based on these findings, the study suggests to engage in the harmonization of multi-scale efforts to improve the sustainability of the GCCC instead of claiming more voluntary CSR of TNCs.