COPING WITH THE LEGALIZATION OF NEO-LIBERAL EXPLOITATION: THE CASE OF CSR IN TANZANIA

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ABSTRACT

The so-called mutually beneficial relationship between free market economy and common good in Corporate Social Responsibility (CSR) has always been contested issue. CSR was born out of the failure to harness corporations by governments, resulting into corporate self-management and thus seen by some Marxist scholars as an attempt to justify the oppression and exploitation of the corporate world. This paper looks at CSR from the eyes of the subaltern publics, revives the dependency theory and uses it to look at how local communities in Tanzania cope with liberalism in their areas as corporation try to soften the pain of exploitation by using CSR. The author shows that in CSR, the devil and the saint co-exist; that corporations enter a local community through one door, destroy the livelihood of the people, and then come in through the other door and pretend to offer help in the mess they created or worsened. This paper, however, shows that some local communities in Tanzania are starting to realize the evil behind the veil behind of some CSR projects and have started to reject CSR initiatives as a way to cope and send message to the corporate world and the government of their country. Instead of receiving the little offered by CSR, the cry is now, for more or nothing. The paper concludes that neo-liberalism, represented by international corporations in a number of local communities with resources, is proving difficult for the natives, forcing them to come up with coping mechanisms, some of which prove to be fatal as they lead to violence and sometimes deaths. The paper recommends that corporations should stop using CSR as a means to make exploitation and oppression of liberalism acceptable, instead use it to create inclusive growth for the people around areas of their business operations.

Keywords: Corporate Social Responsibility (CSR), liberalism, exploitation, corporations, local communities.

1. INTRODUCTION

The world is multicultural. However, despite this multicultural fact, there are certain hegemonic values that are universal and are held and accepted as such, they collectively are known as human rights. In such a cross-cultural world of business, issues have to be prioritized, keeping always the aspects of human rights, compassion and justice at the forefront. Thus, every age in history has tried to find the symbiotic relationship between the economic man and the social man (Sage, 2015; Chatterji, 2011). Corporate Social Responsibility (CSR) is one of such symbiotic relationship.

CSR or sometimes also referred as simply Corporate Responsibility (CR) is not a modern discovery and certainly not something that can be accredited to the economically developed countries. Long before the coming of the white people in many parts of Africa and Asia, donation-to-community culture has been a practice (Chatterji, 2011). The concept once known as “noblesse oblige” (nobility obliges) has experienced rigorous resurgence since 1950s (Mintzberg, 1986). At the dawn of the 21st century, however, CSR has become one of the most influential topics both in the academic world and in the real-life practices (Satci and Urper, 2013; Anwar, 2007; Greider, 1997).

CSR has its history in an unsuccessful international attempt to regulate Multinational Companies (MNCs) under the General Agreement on
Tariffs and Trade (GATT) and continues to fail under World Trade Organization (WTO). This international failure left MNCs activities to be regulated by the individual states where these companies operate. Whereas in the 1970s many national governments had sought to regulate the activities of MNCs, the 1980s was a decade of deregulation and increased efforts to attract foreign investment. The 1990s saw proliferation of corporate codes of conduct and emphasis of corporate responsibility because of the development of 1980s, which saw a major shift away from the social democratic and Keynesian interventionism of the post-war period in the North and from import substitution industrialization and static economy in the South. The change of the role of the state and reliance on the market under capitalism always necessitated for some kind of “certain rules of the game” which were found in self-regulation of CSR to avoid being subjected to the “law of the jungle” (Jenkins, 2001). CSR therefore, is what Fontaine (2013:111) defines as:

…a form of corporate self-regulation integrated into a business model. CSR policy functions as a built-in, self-regulating mechanism whereby business monitors and ensures its active compliance with the spirit of law, ethical standards, and international norms.

In fact, in the era of a globalizing world, voluntary codes of conduct range from vague declarations of business principles applicable to international operations, to more substantive efforts at self-regulation. These tend to focus on the impact of MNCs and national companies in two main areas: social conditions and the environment. The increased significance of brand and corporate reputation has made companies vulnerable to bad publicity that could affect their business (Jenkins, 2001). MNCs and national companies have adopted a trend to use local and global components of business, which has come to be known as glocalization. Glocalization relates to global or international business practices having the ability to target local consumers or markets (Maynard and Tian, 2004). MNCs and national companies employ CSR to respond to the sometimes conflicting and other times cohering expectations of domestic and global stakeholders, political actors, and home and host country institutions (Prakash and Griffin, 2012).

In an attempt to gain legitimacy to operate in some communities such as Malaysia, MNCs are building public housing and income supports (Greider, 1997). In India, this attempt is in the form of religious grants, building wells, rest houses and commissioning relief work in times of disaster so as to gain social status, developing infrastructures, education, arts and culture, public welfare, and many others (Chatterji, 2011). In places like Ghana, Zambia, Kenya and Tanzania, CSR manifests in programs dealing with health care, water and electricity supply, job creation, sale of good quality but cheap products, social and recreation clubs, building schools, dispensaries, giving scholarships, sponsoring sports and local NGOs, donations to vulnerable communities such as people living with disabilities, victims of disasters, minorities, and many other ways (Lungu and Mulenga, 2005; Barrick, 2010; Diallo and Ewuse, 2011; Lunogelo and Mbilinyi, 2009; Mbowora, 2005; Kivuitu and Yambayamba, 2005; Chikati, 2010).

In a mutual benefit relationship, society turns to companies for help with major social problems, such as poverty and urban affliction. Companies then reward by providing the society with knowledge and skills of carrying out business and understanding modern societies in a more organized way. CSR is of mutual benefit to the companies and the local communities that are beneficiaries of projects started as CSR activities. However, CSR has to go beyond philanthropy and business agenda. Business therefore, has the responsibility either to be extra vigilant to keep away catastrophes or take advantage of the familiarity with unethical behavior to pursue unethical activities (Mayor et al., 2015).

Friedman (1970) argues that corporation, as an artificial person cannot have responsibility even in a vague sense, since the only responsibility of business is
profit. Drucker (1984) suggests that corporate social responsibility and profitability are not incompatible but social opportunities that can in fact be converted to business opportunities. He further notes that corporations could turn social problems into economic opportunities and benefits and ultimately into wealth. Though, companies are pressed by one concern, survival of their businesses, they might, however, find it to their interests to go beyond the requirement of the law and in so doing corporations actively shape their stakeholders’ environment (Egels, 2005; Lombardo, 2011; Reinhardt, 1999; Kreitner, 1995). In this case, it is more progressive to think of environmental sustainability, which is part of CSR as a shared responsibility of business and consumer (Brinkmann, 2004). CSR is therefore corporations’ way to construct and influence consumers’ behaviour and market. Creation of taste for environment protection and sustainability is one way of shaping customers’ demand for their products (Crouch, 2006; Lombardo, 2011). Lungu and Mulenga (2010) argue that corporations should see CSR as good for business since it can enhance the sector’s “social license to operate” because it reduces risks to production posed by disputes and tensions by maintaining good relationship with the local communities around their business activities.

As good as CSR may seems, companies at times misuse it. In India, for example, CSR started as early as the time of merchants who were doing temple charity and yet used temple grants to increase their businesses. It was a practice for merchant families to keep some of their profit for charitable purposes. Since they were respected and trusted as a result of their charity works in the communities, such merchants came to occupy important social positions, which again made their business more profitable. Charity and indeed CSR was and still is being used by some companies and business people to penetrate into new localities and create respectable social identities and which again further helps to entrench authority over commercial enterprises (Chatterji, 2011). Again, in Malawi a company called Paladin was accused of going around in communities making direct payments to village chiefs thus putting local leaders on the company payroll so as to undermine local decision-making (Rajat, 2007). This use of CSR to local communities to undermine or get political careers is not a new practice. In India, for example, merchant gifting has been a trend as a strategic ploy to gain political influence and easing relationship with rulers (Chartteji, 2011). Therefore, Jenkins (2001) argues that CSR codes of conduct should be seen as an area of political contestation, not as a solution to the problems created by the globalization of economic activity. However, despite the recent proliferation of CSR codes, their implementations remain relatively limited and at times are used as a way to evade criticism and reduce the demand for external regulation. In some cases, codes have worsened the situations of those they are supposed to benefit such as undermining the position of trade unions in work places and other stakeholders in the communities (Jenkins, 2001). It is because of such practices scholars have argued that CSR is nothing but Public Relations (PR) attempts by companies after harm has been to the community that would or has destroyed the company reputation. Since this kind of CSR is conceived not to help but whitewash or also known as green wash (Gupta and Sharma, 2009; Littler, 2009) to wash away the company sins (especially those sins of pollution), it tends to neglect participation of the beneficiaries in the whole process of planning, management, monitoring and evaluation.

Companies in Tanzania under the flagship of CSR have been doing different projects that offer employment to local communities and dedicate resources to solve their socio-economic problems. However, there is growing evidence that some local communities in Tanzania are disappointed with CSR or refusing to cooperate in CSR projects while others directly rejecting these initiatives. This trend leaves one wondering why communities are disappointed with programmes that are geared to help them, leading to negative responses. While industrial mining has been
said to promote economic development and thus, a potency for improving the living conditions of affected communities, its contribution to local development in developing countries, especially those in Sub-Saharan Africa (SSA), is highly debatable (Wilson, 2015). It is in this background that, this qualitative study was conducted among mining communities of Lindi-Mtwara, Geita, Mwadui and Kahama. It used questionnaires, in-depth interviews, Focus Group Discussions (FGDs) and observation to collect data and Dependency Theory to analyse the local communities’ perceptions on CSR projects by mining companies and their responses as a way to cope with neo-liberal exploitation in the present global economy and globalization. This aimed at finding out how local communities perceived and reacted to the extractive companies’ CSR programmes, and hence develop local mechanisms of coping with neo-liberal exploitation of globalization. The study also looked at how local communities were or were not engaged in CSR programmes by the extractive companies. This was to fill analytical gap between CSR claims made by the companies, and the experience of grassroots people on the ground.

It is important to note that though corporations and companies mean different things, however, in modern CSR literature the term company is used to denote both corporations (both MNCs and national) and organizations (D’Amato et al., 2009; Utting and Marques, 2010, Idemuda, 2010; Salleh, 2013). The term “company” in this paper, therefore, is used to refer to domestic (national) as well as Multinational companies. The term “participation” as it is used in this paper means inclusion or involvement as a necessary circumstance, condition, or consequence and implication or to entail. It is engagement of relevant stakeholders or employment, which is meant to affect something desired and accepted within the scope of operation for a purpose of achieving accepted outcomes (Deloitte, 2014). Therefore, participation and involvement are used interchangeably. Participation as a concept allows the researcher to find out the extent to which beneficiaries (end-user) played either leading or passive roles at the different levels of the project (problem identification, designing problem intervention, resource mobilization or financing, implementation, and monitoring and evaluation) of the programmes. This definition of participation is in line with stakeholder theory, which demands that there should be participation of stakeholders in projects (Freeman, 1984), absence of which creates dependency of the project’s beneficiaries.

2. LITERATURE REVIEW

CSR has been an evolving concept with different meanings to different groups, sectors and stakeholders (Votaw, 1972; Carroll, 1994). These multiple meanings make CSR concept difficult to pinpoint (Moon, 2004; Carroll, 1994). The evolution of CSR is coupled with the growth of number of lobby groups (Kumar and Balakrishnan, 2011). To some, it is legal responsibility or liability, to others it is socially responsible in the ethical sense; still to others is that of responsible for in a causal mode, and to many it is simply a charitable contribution (Garriga and Melé, 2004). Edmonds and Hand (1976) argued that a good number of executives believe profit maximization and social involvement are not contradictory. Consumers too believe that corporate obligations to shareholders must be in balance with contribution to the public in terms of offering jobs to ensure sustainable livelihood, making philanthropic donations, and going beyond what the law requires to avoid pollution and any other negative impacts generated by business activities (Goedhart et al., 2015; Chatterji, 2011). Chikati (2010) went further by saying that corporations have to promote proactively the public interest by encouraging community growth and development and voluntarily eliminating practices that harm the public sphere, regardless of their legality. He further noted that CSR is essentially deliberate inclusion of public interest into corporate decision-making, and the honouring of the bottom line, represented as the three “Ps” which are people, planet and profit. In line
with this definition, this study used Dependency theory to analyse the relationship between firms and local communities where these firms operate. This theory is chosen because of its power to explain and analyze the capitalistic relationship that exist between corporations and the local communities.

Dependency school includes scholars such as Furtado, Andre Gunder Frank, Graffin, Sunkel, Dos Santos, Szentes, and others. Dependency theorists are concerned with the relationship between developed (core countries) and developing (periphery) countries. They argue that developing countries are incapable of following an alternative path because their decisions are conditioned by the developed countries. They therefore, suggest breaking the cycle of economic and political reliance on dominant capitalist nations. Some of the dependency theorists sprang from Marxist analysis and these are the Neo Marxist being led by Paul Baran (1957), who can be rightly called the father of Neo Marxism. These scholars argued that dependency is a result of capitalism and internalization of the conflicts in the developing countries. For others the analysis started from the Latin America discussion on development and underdevelopment. These were led by Furtado and Andre Gunder Frank. However, it can be said that dependency theory sprang from Prebisch Raul discussion on Import Substitution Industrialization (ISI) on the late 1950s (Ferraro, 1996). The latter claimed that developing countries cannot move from traditional society to high mass consumption as Rostow argued since the countries are no longer traditional, thus underdevelopment is a result of capitalism which breeds dependency and exploitation of these poor nations.

Dependency is defined as a conditioning situation in which the economies of one group or of countries are conditioned by development and expansion of others. Dependency is an explanation of the economic development of a state in terms of the external influences in political, economic, and cultural on national development policies (Sunkel, 1969). Dos Santos (1970) argued that dependency is a condition whereby the expansion of one group/country is a reflection of the other’s expansion. He later as well wrote that dependency is:

...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 economies...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 (Dos Santos, 1971).

The central argument of dependency school is that dependency generates underdevelopment. This view is against the Western economists of 1950s such as Rostow. Dependency theorists say that the existence of developed countries has affected developing countries, as a result the latter are no longer at the same stages as the previous stages of the West (North). What the Dependency school is saying is that the economies of developing countries cannot be analysed in isolation from the developed countries’ economies because the developed countries determine the nature of economies in developing countries. Frank argued that underdevelopment is not an original stage but a created condition; here he gave examples of British de-industrialization of India, slave trade, and the destruction of Indian civilizations in central and South America.

Dependency theorists contend that to break the dependency is possible and it is here that dependency scholars differ from the Marxists who deny this possibility because the change at the Centre (Core) would make change at the periphery too. Despite much criticism Dependency theory still functions as catalyst and a way for alternative development today in developing countries. Dependency theory is the most valuable contribution to modern social science. This theory fits more for this study because it can critically analyse the capitalistic relationship of production of corporations and its effects upon the local communities in which they operate. CSR is a result of global
capitalism, which in recent times has found ways to exploit by investing in low tax regions of the world where environmental regulations are not as stringent as in the North.

Ferraro (1996) identified three common features in the dependency definitions. The first one is that dependency characterizes the international system with two sets of states, the dominant and dependent, also described as the core and periphery. The dominant states are the advanced industrial nations while the dependent states are those states of Latin America, Asia and Africa which have low per capita GNPs and which rely heavily on the export of a single commodity for foreign exchange earnings. In this study we took the corporation as one representing the dominant part and the local community as the dependent part. This helps to demonstrate how the two interact and how their interaction leads to underdevelopment of the dependent part (the local community).

The second common feature is that, both definitions take the assumption that external forces are of singular importance to the economic activities within the dependent states. These external forces include multinational corporations, international commodity markets, foreign assistance, communications, and any other means by which the advanced industrialized countries can represent their economic interests abroad. In this research we show how the external forces of MNCs become one important factor to the economic activity of the local community after MNCs confiscated land and displaced people and thus left the community without tangible alternative for survival.

The third common feature in the definition is that all definitions indicate that the relations between the core and periphery states are dynamic. The interactions between the two sets of states tend to not only reinforce but also intensify the unequal patterns. Therefore, dependency is a deep seated historical process, rooted in the internationalization of capitalism. Dependency is thus an ongoing process. The exploration of the MNCs in the low-income markets in Africa in search of legitimacy and new growth opportunities is an historical process rooted in the internalization of capitalism, which recently sees MNCs investing in these regions of Africa, Latin America and Asia in an attempt to run away from high tax and stringent environmental regulations in the core countries. The capitalist system has enforced a rigid international division of labour which makes many parts of the world underdeveloped. The dependent states are the suppliers of the primary goods. The dependent states supply cheap minerals, agricultural commodities, and cheap labour, and also serve as the storehouses of surplus capital, old technologies, and manufactured goods. Money goods and services flow in the periphery nation but its allocation is determined by the economic interests of the core country (Ferraro, 1996). Ferraro asserts that largely the dependency models rest upon the assumption that economic and political power are heavily concentrated and centralized in the industrialized countries, an assumption shared with Marxist theories of imperialism. If this assumption is valid, then any distinction between economic and political power is spurious: governments will take whatever steps are necessary to protect private economic interests, such as those held by multinational corporations.

It is this above truth that leaves countries in the North silent on atrocities done by their companies in the low-income markets. The local communities in the low-income markets at some point were undeveloped but with the coming of the MNCs there were made underdeveloped. Undevelopment would mean an area whose land is not actively cultivated on a scale consistent with its potential, but underdevelopment refers to a situation in which resources are being actively used, but used in a way which benefits dominant states and not the poorer states in which the resources are found (Ferraro, 1996).

There is some kind of relationship between capitalist companies and CSR. Capitalist companies want to show
that they are not just soulless ugly giants milking profit from the poor but also allies of government and Non-Government Organization (NGO) also known as Not for Profit Organization (NPO) (Bakan, 2004; Chatterji, 2011). Subhabrata Bobby Banerjee (2007) was concerned with the power relations under the level where we see the good face of CSR. To Peter Newel (2008) CSR is a machinery to gain public trust and confidence in the wake of corporate irresponsibility. The argument here is that CSR is not for the society but for legitimizing harmful results of capitalist economy, thus Akbas (2012) argues that CSR like globalization is nothing new but result of neo-liberal political economy. Chatterji (2011) noted that corporations and Non-Governmental Organizations (NGOs) also known as Non Profit Organizations (NPOs), and Intergovernmental Organizations (IGOs) have one thing in common which can be harmful to the local communities in which they operate. Just like companies that look for profit and forget the priorities of the communities so can NGOs and IGOs that can be so concerned about the donors' demands of addressing social issues that are priorities in their countries of origin or fashionable among the rich, while the priority social causes in the countries where NGOs and IGOs are operating get ignored (Akbas, 2012).

Leslie Sklair and David Miller (2010) argued that the harmful consequences of capitalism are presented in CSR as problems to be solved and not crises. In other words, in CSR the devil and the saint are the same. Societies are made poor and then are bailed out by the very system that created poverty amidst them. Thus for Sklair and Miller, CSR is an ideological movement of global capitalism, therefore finding better ways to implement CSR is contradictory since CSR is an offspring of a devil (capitalism) to be overcome. CSR in this case is understood as sustainability of economic growth and not sustainability of the planet as it claims to be.

Carrying the above argument further, one finds that the idea asserting CSR could be improved presupposes that there is interdependence relationship between the company and the community and in fact this is the contention behind CSR as presented by the globalization theorists. Globalization theorists under liberalism claim that CSR exists because there is a relationship of mutual benefit between corporate world and the society; corporations need the society to buy its products and services, and the society needs corporations to produce products and services. This argument of pro-CSR ignores the power relationship that exists between corporations and the society, and assumes that corporations and society meet as equal players, but closer look at CSR would reveal that there exists unequal relationship, that resembles that of a core country and a periphery country (Banerjee, 2007). It ignores the fact presented by Munshi and Kurian (2007) that non-consumers do not matter in CSR, they are simply used for publicity. A number of CSR initiatives become paternalistic step when stakeholders are not consulted, and Munshi and Kurian (2007) give an example of Dick Hubbard who decided to take his employers to Samoa to celebrate 10th anniversary of the Hubbard Foods Ltd. Munshi and Kurian argue that so long as that decision was taken without consultation if such holiday was an appropriate reward then it amounts to paternalism.

CSR is only useful for a company doing it if it is made observable and it connects itself with NGOs and IGOs so as to legitimize itself in the society (Akbas, 2012). CSR objective is to ease the social discomfort, to make capitalist exploitation acceptable. CSR makes displays and directs power relations in favour of the corporate world thus making local communities docile and unable to complain; complain to whom since the government which was to defend the society is either part of that accumulation by milking the poor or is rendered powerless in front of the mighty power of corporations. To Marx what defines social relations is the capitalist relation of production. Capitalists with their firms buy social capital in the form of state, NGOs and IGOs and this is partly done through CSR. Just like any relationship in capitalism, CSR relationship becomes
quantitative from its qualitative initial form (Dant, 1996; Akbas, 2012).

CSR legitimizes the accumulation of neo-liberal political economy with legitimization of the state, NGOs and Intergovernmental Organizations (IGOs). It is the powerful companies, including banks that play role in elections funding which makes them have direct connection with the state actors (Lenin, 2006; Harvey, 2005; Akbas, 2012). When the government, NGOs and IGOs have been taken aboard as allies of capitalism, the only hope for the common man relies on civil society. Capitalism in CSR comes as both, the devil and the saviour (Akbas, 2012). They first come to create a mess that they latter come to offer help in cleaning it up. In their alliance with NGOs and IGOs, CSR weakens the buffer that existed between the state (which is already controlled by capitalistic production) and the non-state actors (the NGOs, IGOs, etc). If this buffer succumbs to CSR incorporation then the society is in an era no different from that of one party and military rule. The corporate world will have no one to criticize neither from above (the state-actor) nor from below (the non-state actors), it will only have victims to exploit and oppress and allies to please. In this case, both the state-actors and non-state actors are made to believe that they cannot exist without the firms (corporate world). They thus both become dependent.

The corruption allegations that local communities’ members are not paid or not paid fair compensation for being resettled after their land was taken for mining activities (Emel et al, 2012) are result of this bond between capitalist firms and the state, capitalist firms and NGOs and IGOs, and capitalist firms, state and NGOs and IGOs. The reports of mining companies not paying for this or the other, being exempted from this or that tax, some of which are even against general policies of international agreements such as OECD are common in developing countries as countries compete to attract investors. These investor companies that are at the forefront in CSR would also capitalize on ignorance or desperation of state negotiators to milk further profit (Lungu and Mulenga, 2005). However, NGOs and IGOs can play an active role if they are to work in facilitating social responsibility by joining hands with corporations and government; they can work as the conscience of the corporate world (Chatterji, 2011).

CSR has three basic principles (Crowther, 2008), these are the principle of sustainability (dealing with present and future), principle of accountability (dealing with corporation activities impact on the environment) and principle of transparency (communication of dealings of the firms). Studies show there is reluctance for some companies in Tanzania to share their business reports which includes CSR activities. Study by Emel, et al (2012) confirmed that CSR reports in Tanzania were at times available elsewhere but were not available locally or if they were available locally then they were in a language the local people could not understand. One could even go deeper and wonder, if these companies would not disseminate reports about CSR of which they claim to be for the community, would they talk about those activities that are of pure business but affecting the communities negatively? If companies do not have shady dealings, what are they hiding? Are they really doing CSR or there is more to CSR of these companies than what meets the eyes and what they let the community see? Is CSR a veil covering the rotten part of the corporate world? This lack of transparency as evidenced by Emel et al (2012) presupposes that companies in Tanzania are not responsible to the stakeholders and thus cannot claim to be doing CSR since CSR is about stakeholder accountability which deals with management and reporting of social and environmental performance to both internal and external stakeholders (Katsulakos, 2006:16; Diallo and Ewusie, 2011).

While hiding their dealings or displaying unwillingness to disclose their business activities and yet claiming to be social responsible, one question is left looming large, to whom companies in Tanzania owe responsibility? CSR then becomes a brain washing
venture to cool critical, aggressive elements in the society where firms operate. It is hypnotizing needle to make effects of capitalism production appear attractive and thus accepted in the society (Newel, 2008; Akbas, 2012). Though Dependency theory has been critised for being more outward oriented and thus blaming the external than internal problems, thus in this case can be corrupt leaders in the communities or reluctance to learn new things of members, the theory still alerts us to be aware when planning for CSR so as to avoid dependence. In thus doing so prompts us to find a way to formulate and implement meaningful CSR that will be “school of learning” for the society so that local communities can stand on their own and be creative in solving their societal problems. Dependency explains how and why major decisions on CSR activities are taken by the core (companies) alone while the decisions affect the periphery (local communities), a process which imbue behaviour of resentment, rejection or indifference on company’s CSR activities by the local community. To make CSR timely and meaningful, we need to go back and analyse the relationship that exist between corporation and the society (thus local communities), analyse the motives of CSR beyond what corporations say and do. Therefore, unlike popular theories of CSR, dependency theory has the power to describe, explain, analyse and offer an alternative path for CSR programs that will bring local communities’ development.

3. METHODS AND DATA COLLECTION TECHNIQUES
This is a qualitative case study of communities served by CSR of four extractive companies. This allowed for the in-depth study of the four communities in their real settings. This study only dealt with one type of stakeholder, the local communities, especially those who are left behind by the hegemony of ruling elite and elitist texts, or the deliberately ignored other at the bottom of the heap, who Munshi and Kurian (2007) and Drebes (2016) called the subaltern other.

In order to collect secondary data, this case study used documentary reviews, and used questionnaires, in-depth interviews and in addition, five FGDs were conducted in the local communities of Kahama, Geita, Lindi and Mwadui. Local communities’ leaders were used to identify members for FGDs and each group involved ten to eighteen members who were divided according to their age groups and sex. to collect primary data. At the initial stage, the research relied heavily on documentary reviews. It involved analysis of published materials on CSR and Corporate Governance. Corporate Governance is defined as the laws, codes, structure, and processes put in place to run a company as well as the means by which a company conducts itself (Crowther and Seifi, 2011; Chatterji, 2011; Kapinga and Sinda 2012). Different company laws in Tanzania were studied, such as Companies Act, Cap 212 (the CA) and the Capital Markets and Securities Act of 1994, modified in 2002, which guides Corporate Governance in Tanzania. These laws recommend best practices in corporate governance. They were developed to promote standards of self-regulation in order to bring the level of governance in line with international standards (Kapinga and Sinda, 2012). The companies were purposively selected from the list of 100 companies that were the highest tax payers in the country. Care was taken to make sure that companies spread from top, middle and the bottom of the list. Selected companies were visited and the people responsible for CSR in those companies were consulted, who then named their CSR projects and the
communities that were beneficiaries of those projects. Communities were visited and leaders of the communities were consulted and they named members of the communities with more information who were included in interviews, filling questionnaires and FGDs. Respondents were also purposively selected based on the information they possessed, thus only those considered knowledgeable stakeholders.

Articles published in different professional journals of development, business, environment, ethics, and economics, and books written on the subject of CSR were substantively consulted. This started by approaching the subject from the global level, regional (Africa) and lastly at the local (country) level. At the local level, documents consulted included those at the Ministry of Industries and Trade and Tanzania Revenue Authority (TRA). All protocols for ethics in research were followed.

4. RESULTS AND DISCUSSIONS

The study involved respondents from four companies, which were Artumas Group Incorporated (AGI) operating in Lindi-Mtwara corridor, Geita Gold Mine (GGM) which is part of the AngloGold Ashanti in Geita, Buzwagi Gold Mine (BGM) that was part of what was African Barick Gold and later changed to Acacia and Williamson Diamond Limited (WDL) in Mwadui. The primary data from individual interviews were transcribed and coded then organized into themes according to the objective of the study. Responses from interviews, FGDs, questionnaires and interviews were compared and contrasted to find any similarities or differences.

4.1 Artumas Group Incorporated

Artumas Group Inc. (AGI) was a publicly traded, international energy producer that focused on monetizing its hydrocarbon reserves in the Ruvuma Delta Basin in Tanzania and Mozambique. AGI was based in Canada and was listed on the Oslo Stock Exchange. The Company reported that by exploring, developing, producing and commercializing known petroleum systems, it was poised to deliver a sustainable rate of return for its stakeholders at the same time creating social and economic opportunities for the people of Eastern Africa. In Tanzania, it involved itself in exportation of natural gas and local gas commercialization. In 2010, AGI changed the name of the company to become Wentworth Resources Limited (WRL).

The study of Artumas comprised of 44 respondents, one Manager, one CSR officer, ten village officials, 28 villagers and four religious leaders. Interviews were conducted with the manager, CSR officer, 8 village officials and 12 villagers from villages of Mchepa and Msimmbati, and 2 religious leaders. Questionnaires were distributed and collected from 44 respondents and 2 FGDs were conducted in Lindi and Mtwara.

4.2 Geita Gold Mine

The Geita Gold Mine (GGM), subsidiary mining company of AngloGold Ashanti (AGA) was officially opened in 1999 and it included a special mining license area of 175 km² with seven open pits and multiple tailings piles and ponds (Emel, 2012). AGA has its headquartered in Johannesburg, South Africa, with 20 gold mining operations in 10 countries, as well as several exploration programmes in both the established and new gold producing regions of the world (AGA, 2012). The study at GGM comprised 45 respondents who were the Managing Director, CSR Officer, a taxi driver, Geita District Commissioner, Head Teacher of Nyamalembo Village Primary School, 10 village officials from Nyakabale village and Nyankumbu village, ten village officials from Mtakuja and Katoma villages and 25 villagers from Nyakabale and Katoma villages. In-depth interviews were conducted with the Managing Director, CSR Officer, a taxi driver, Geita District Commissioner, Head teacher of Nyamalembo Village Primary School, 10 village officials from Nyakabale village and Nyankumbu village, ten village officials from Mtakuja and Katoma villages, 15 villagers, one FGD at Nyamalembo village and questionnaires were distributed and collected from 44 respondents.

4.3 Buzwagi Gold Mine
Buzwagi Gold Mine (BGM) is an open pit mine located in Kahama, in Shinyanga. The Mine is part of Canadian Multinational Company known as African Barrick Gold (ABG). Barrick Gold was a subsidiary of African Barrick, which in 2014 was changed to Acacia Mining, a company which focused on the African continent and 64 percent owned by the Canadian gold giant. The study on ABG at Kahama involved 43 respondents. The key informants for this study were the General Manager, Community Department Officer, and one Taxi Driver, 4 business people at Kahama town, 4 village officials and 6 villagers from Kakola village. It also involved one FGD and 46 questionnaires distributed and 43 were collected.

4.4 Mwadui Diamonds Limited

The Williamson Diamonds Limited (WDL) popularly known as Mwadui Diamonds Mine is located 10 miles northeast of the town of Shinyanga, south of Mwanza in Tanzania. It was the first significant diamond mine outside of the mining of South Africa. A Canadian geologist, Dr. John Williamson, established the Williamson Mine in 1940. The government of Tanzania later nationalized the mine after independence. The mine was privatized in the 1990s to be owned by Petra Diamonds that at the time of the research had 75 percent ownership and the government of Tanzania owning the remaining 25 percent share. The respondents comprised of 47 respondents: WDL Managing Director, Safety, Health and Environment Department Officer, Three Headmasters, one District Commissioner, 26 community members and 15 village officials. In-depth interviews were conducted with Managing Director representative, Safety, Health and Environment Department Officer, Kishapu District Commissioner Representative, 4 village officials from Mwadui, 3 Head Masters from Mipa, Mwamalasa and Kishapu Secondary School, 6 community members from around Mwadui and representative of Kishapu District Commissioner. These were coupled with one FGD at Mwadui.

4.5 Community engagement in CSR

Community participation in any community development programme is vital. Communities, majority of which are poor are often excluded and marginalized from direct participation in development initiatives. Participation is identified in decision-making processes such as in problem identification, sharing of costs and benefits, in implementation, and in monitoring and evaluation. When communities take projects on their own the participation of the local people in terms of all the above dimensions is total, otherwise it becomes partial and limited to the need identification and subsequent problem solutions and implementation processes. In many sectors, the participation of the people in different programmes especially in the villages is simply non-existent (Chikati, 2011). It is from this backdrop that this study started by finding out if communities had knowledge on what CSR is, participation of the community on formulating, implementing, monitoring and evaluating CSR. The results can be better represented in Figure 1 below:

![Figure 1: Responses from members of the communities on how they perceive their participation in CSR programmes of the companies involved in the study](image_url)

Figure 1 shows responses from members of the communities on how they perceive their participation in CSR programmes of the companies involved in the study.

In an interview, the Mchepa village chairperson explained that AGI did not consult at the grassroots but only consulted the regional authority.
When they (Artumas) came here they asked the regional administration through Civil Society Organizations (CSOs) to find agricultural project that will help local communities to increase their income but that will also help those Canadians working there (at Artumas) to get natural food that has not been stored for a long time. Therefore, they brought agricultural experts. Even that boy in our office, Kafyanga (not his real name) when he came here, he was the farm manager. He was to utilize his expertise to direct the community members about modern farming methods so that they (community members) could harvest more, so that they can sell since market will already be there, they get food and local community members benefit in selling their products produced in their farms.

The company thus did not consult the local people neither their leaders at the beginning of the project rather consulted the regional offices, it was thus a top-down approach project. The leaders and some community members did not like the project from the beginning and probably it contributed to the low morale towards the project.

There were several commonalities in the mining companies involved in this research. They all had no clear contextual CSR formulation apart from that which was general in the international arena. These formulations had not been reworked to fit the local environment where these companies were operating, the result of which was a failure to see the real needs of the local communities. These CSR programmes were borrowed and imported, as they were, needless to repeat without consultation with the local people. These CSR strategies of companies were developed at the companies' head offices and the local branches of the companies only implement many times out of context of their original formulation which as Charteji (2011) points that these kind of CSR risked achieving something of little or no use to the local communities.

The Standard Model among Mining Development Agreement under the new mining regulations provided that mining companies should participate with local communities through their local government authorities in setting the priorities of the community development projects and social economic factors during the lifespan of the relevant projects (Kapinga and Sinda, 2012). However, the study found out that such participation did not exist on the grassroots. In addition, the study shows that while some of the companies were blowing their horns on ad hoc donations to charities, to NGOs, CSOs, FBOs and communities, there was reluctance in sharing information on CSR or limited sharing or completely no reports were shared in other areas (Chikati, 2010; Emel et al, 2012).

A village chairperson of Mchepa said:
Do you hear? It is necessary that you come first to the communities to know their needs. If I go with those needs, then the communities will be helped and prosper. Now, if you bring cows, dairy cows but the communities do not have priorities in cows, those cows will be lost. It is necessary you go to the households and enquire their problems and needs. What is it that if given will help them; maybe will make your welfare better. If you bring chicken and next day they are not there, whom will you blame! (Literally translated from Kiswahili).

The study found out that companies studied had neither common understanding of CSR nor clear mechanisms to design and implement CSR projects, and in addition, there was no central coordination of CSR programmes from the state. CSR understanding that was mostly used by companies was that of strict stakeholder impacts promoted by many CSR advocates and that involved charitable efforts and volunteering (Porter a Kramer 2002; Diane, 2014; Marines, 2012; Corporate Board, 1994). It was also found out that CSR in the selected companies were based within the business development or PR departments, human resource, or within a separate unity reporting to the CEO or board. In other companies, it was one-man initiative without clearly defined team or programme. This observation concurred with earlier research findings by Chikati (2010).
Since the CSR strategies in extractive companies were not locally developed, it was difficult to engage the local communities. Engaging the local communities would also mean giving them the power to define the concept of CSR, where, how and when to implement the CSR projects. If companies were to do this then there need be enough resources dedicated to carrying out CSR, since real communities’ problems go way beyond philanthropic needs, and solving these problems can be costly.

4.6 Community Perceptions on CSR projects

4.6.1 CSR Perceived as Compensation after Damage

WDL Safety, Health and Environmental Department Officer stated that the company realized that its economic activities were involved in cutting trees therefore the company decided to engage in planting of trees. As its contribution to the reforestation efforts in Shinyanga Region, in 2008 WDL distributed 33,809 tree seedlings to villages, schools and institutions in the region. This was in addition to the trees that were planted within Mwadui town and the company mining areas. The project of planting trees was under Safety, Health and Environment Department. In this project, seedlings were grown and distributed to different villages, primary and secondary schools, and other institutions. This CSR programme was called “Mwadui Mpya” meaning New Mwadui. This indicated that Old Mwadui was without trees and therefore, a need for a new Mwadui with trees. However, where did the trees go? It is not by nature that Mwadui was deprived of its trees, but by design, and that is the mining activities of the company. One influential member of the community around Mwadui said the following in an interview:

I do not see the logic. They (Mwadui Diamonds Mine) are the ones to cut trees to get diamonds and we are the one to replace the trees the company cut, what are we to get in return? Why aren’t they also sharing the diamonds with us? Let them be serious and take responsibility for their bad harmful effects because of their mining. If they (WDL) want to help us, then let them do things that have impacts to the communities. When they (WDL) came here, did they find the place without trees? Aren’t they the one who made the place without trees and thus cause of the drought we experience today?

The communities’ members interviewed and in FGDs expressed opposite opinions on CSR by mining companies. One of the respondents interviewed about Buzwagi CSR, said that the mining companies were trying to win favour from the government for destroying the livelihood of the people in the first place. He said that people had better life before arrival of the companies, and there was nothing the companies could do to compensate. There were a number of dissatisfactions among local people as communities lived in poverty while watching the minerals from their land benefiting outsiders. Vancouver filmmaker Tamara Herman narrated her ordeal in Tanzanian ABG mining area (of which Buzwagi is one) saying that, people in Africa were sitting at the foot of these mines that were generating billions in revenue and they were living in the most poverty-stricken conditions that one can imagine. There was no reason as to why there was so much poverty alongside these huge mines (Lupick, 2013).

The Community Department Officer (CDO) of BGM reacted by saying that the company uses water to reduce the dust from the open pits in the mines, thus, the company made sure that little dust is emitted to the atmosphere. However, a respondent reacted by saying that he does not see why the company should be praised for solving a problem it created. He said the dust is not a natural phenomenon but it was a result of the company activities, so it was not doing any favour to the communities around. The Geita Gold Mine (GGM) Limited Managing Director reported in a discussion that Geita contributed substantially to community projects. He said the company CSR focus was on certain phased infrastructure projects, including that of bringing fresh water supply from Lake Victoria to Geita town. GGM
claimed that no ecosystems or habitats were affected by the usage of water at Geita and no toxic water was discharged into the environment. Water from the tailings storage facility (TSF) was recycled as it was pumped back to the process plant. Water from the washing bay was directed to the evaporation pond and recycled for washing purposes. GGM also claimed that it had a policy on the resettlement and compensation practices even for cultural heritage and sacred sites. In addition, GGM like WDL was a backer of Nyakabale Agro-Forestry, a project that produced vegetables and tree seedlings.

In another incident, GGM mining expansion blocked a road that was used by community members. This made people to travel longer distance and on dangerous path, with threats of robbers. The teachers and some villagers involved in interviews said that distance from the school to Geita town used to be only seven kilometres, after the road was closed people had to go around the mine, and the distance was more than 20 kilometres. The teachers who had to go to Geita to get their salaries and other services had difficulties in managing the long travel after the road closure. The teachers were frightened in using the long route especially when they had to go to get their salaries (because of robberies in the forest) since they were not among those who had gate passes to go through the mining area. The only people with "anytime" passes were the chairperson, secretary and the commander of the village militia (Kamanda wa Sungusungu). The villagers’ argument corresponded with research done by Emel, et al. (2012).

WDL, BGM, AGI and GGM were extractive companies that as such their activities entailed destruction of the environment, which included cutting down of trees to clear for mining activities, disturbance of the soil thus biodiversity and sometimes pollution of water sources. The most visible and hard to escape effect is the cutting down of trees and thus deforestation. Soil erosion, formation of sinkholes, loss of biodiversity, and contamination of soil, groundwater and surface water by chemicals from mining processes are common. There is also, the contamination resulting from leakage of chemicals also affects the health of the local population (Emel et al., 2012). Mining companies, therefore, are required either by law or by ethics to follow environmental and rehabilitation codes, ensuring the area mined is returned close to its original state. All the extractive companies in this study started their CSR after doing harm to the local communities around their areas of operations. These harms came in different forms such as distorting the lives of the local communities by confiscating their personal and community land (such as that of school, roads, etc), polluting communities’ sources of water, disrupting their economic life such as that of small artisan miners, etc. Extractive companies involved in this study painted a gross picture of their activities and hardly discuss the details, not when they could avoid it. Despite the good CSR reports, members of the local communities where the mining companies were doing their businesses complained on the negative results of the companies’ economic activities in the area. Therefore, what was done as CSR after these negative effects accounted to simply reparation after a harm had been done and in most cases, the reparation did not match the damage.

4.6.2 Perceptions on CSR Projects as either Cost or Benefit

Disappointments were running high as local community members were perceiving CSR projects as not helping them. They perceived the projects as helping the companies than they were geared to solve community problems. Respondents were asked to respond if they see CSR as cost or benefit either to the companies or to the communities. The results are as summarized in the tables 4.6, where 128 (71.5%) respondents saw CSR as costing the communities more than the companies and 65 (36.5%) respondents were of the opinion that CSR was costing the companies more than the communities. Again, 117 (65.4%) respondents perceived that CSR was benefitting the companies more than the communities, and only 37 (20.7%) respondents saw that CSR was
benefitting the communities. Lastly, 6 (3.4%) respondents indicated that they did not know if CSR was cost or benefit to the companies and 4 (2.2%) respondents did not know if CSR benefited the communities or not (Figure 2).

![Perception of CSR as cost or benefit](image)

Figure 2 showing responses from respondents indicating if CSR was cost or benefit to companies and communities.

Majority of the respondents were of the opinion that CSR was costing the communities than they benefited them. The argument put forward was that, what the communities were getting from CSR projects is meagre in comparison to what they had and lost with the operations of the companies. This finding is in line with a number of research that found out that most transnational mining companies (TNMCs) contribution to mining communities makes minimal impact (Wilson, 2015; Hilson, 2006; Hilson and Yakovleva, 2007), also the already seen statement by Lupick (2013). While some might argue that there is nothing wrong for CSR being beneficial more to the companies so long as it was still making some impact to the community, such actions may not resonate well with meaningful community development, and can therefore considerably diminish their impact, developmentally, at the local level (Wilson, 2015; Hamann, 2004). In fact, despite the extractive industry being very lucrative, none was contributing to the national development, as it would have been expected; none of the mining companies was among the top ten in the cumulative taxes paid from fiscal years 2008 to 2017 (TRA data, 2017).

AGI reported that it did many CSR activities, among them was hiring of locals, improving access to electricity and Mchepa vegetable farm and community centres (Artumas Group Inc., 2006). Despite this report, the administration of Msimbati village in Madimba ward, which included Village Executive officer and Ward Secretary affirmed that there was no existence of any project from any company to help any of the villages in the ward and even the Artumas project, did not help anyone. The village chairperson said, “There is no such a thing, a project to help the community? There is none, maybe those days Artumas started something but it never helped anything.” In another interview, Village Secretary of Msimbati said:

...you bring few things for two or three people and you are a big company. People (companies) con citizens by building them only one classroom for primary school, you see even a member of parliament despised that it is only one classroom, though we see it as big thing but it is a rather small present. A company like TPDC (Tanzania Petroleum Development Corporation) bought land, thus they are here to stay, they have paid people who owned the land, that is ok; they have paid for what was grown in the farms, though it is not big amount, however, isn’t the land still within the village? They should improve our welfare so that we too can feel good that we have a corporation in our village.

The village officials of Msimbati, Mchepa and Magimba claimed that Artumas Group made similar promises like TPDC but later when they started drilling the gas, they never bothered to fulfil those promises, therefore this time the villages around Magimba, Mchepa and Msimbati wanted a written MoU on those promises. The FGDs revealed that villagers did not consider CSR to be of any benefit to them if it helped only some small groups in the community. Those involved in FGDs came out strongly to say that CSR should be considered
beneficial to the communities if only majority of the community members benefit from it.

The members of communities believed that any CSR should be proportional to the resources the company was getting out of the communities. In relation to this they pointed out that some companies had been taking advantage of communities by taking resources and giving back to the communities in forms of CSR projects that had no benefit to their welfare. The Village Executive Officer (VEO) of Msimbati in Mtwara stressed that communities need to benefit from the presence of the companies operating in their midst and enriched by resources found in their areas.

4.7 Communities’ Coping Strategies

Then respondents were asked how they coped with the situation. An average of 20 (44%) respondents said that they treated the company and their CSR projects indifferently, while 11 (20.3%) said they would treat the project as failed one and thus will have nothing to do with it. Average of 9 (7.5%) indicated that they partially accept the project and the company, and 4 (8.4%) said they reject both the company and its CSR to show that they were unsatisfied. The other 4 (6.3%) indicated that usually communities have nothing to do because companies are more powerful, so they simply accept both the company and what is offered to them (see figure 3).

Local communities treat CSR projects started by different companies

Local communities perceive CSR projects as burden to the community but profitable for the extractive companies. The argument being that what the companies are getting from the communities are more than what is being offered in the CSR. More so, is the argument that what is offered is not negotiated with the community members, and if at all negotiated, then the power relations between the communities and the companies does not allow for the communities to benefit. One of the religious leaders in a community that was served by CSR by AGI said “Why do these people treat us like zombies? We do not want these projects. We boycott them.”

This finding is in line with similar research in Post-war Sierra Leone by Wilson (2015). Owen and Kemp (2013) argue that there is a ‘tacit’ licensing that signals the presence or absence of a critical mass of public consent that according to Owen and Kemp, may vary from reluctant acceptance to a high level relationships of trust. Arjaliès and Péan (2009) agree with Chikati (2010) that while companies had acknowledged the strategic importance of CSR for businesses, they still devote limited resources and time to such concerns. A number of authors argue that when extractive companies are confronted with risk that would affect the profit of their operations, they would change strategy towards an approach which emphasizes greater consideration for the community (Wilson, 2015; Prno and Slocombe, 2012; Parsons et al., 2014).

5. SUMMARY OF FINDINGS AND CONCLUSION

Evidence show that CSR of companies operating in extractive sector was creating a mind-set of dependency. Local communities were complaining to the companies even for the activities that were responsibilities of the state or those that they could do themselves. However, since the state had given the extractive companies a number of tax exemptions, then
the local communities were justified in demanding a kind of direct taxation put as preferential treatment in the form of better, meaningful CSR.

Generally, the study shows that the corporations researched, like other East African countries, did not dedicate much resources to development of CSR in engagement with the local communities. This was partly due to lack of companies’ knowledge on CSR and lack of technical support in CSR development and implementation (Chikati, 2010). Since many CSR projects did not originate from problems of the people in the local areas, the need to involve the local communities should have been more felt but in practice it was deliberately neglected, and this is understandable since a number of the projects were borne out as reparation to a damage done to the end-user in question. CSR projects, thus tended to be cosmetic without any impact to the communities’ welfare. From the moral argument of stakeholder theory, companies cannot and should not decide what is most material to the local communities, but should instead consult widely on the stakeholders’ perceptions and expectations, then go a step forward to prioritize responses that reduce risk and build business value (Gooyert, 2012). It is, therefore, on the companies’ best interest to understand the needs and concerns of local communities and attempt to respond to them, even though there are no laws requiring them to do so.

Lack of regulation was again a challenge that pulled down possibility of CSR to make impact to local communities. To a large extent when it comes to CSR, the state has remained aside leaving the local communities to bargain for themselves without support and the companies to implement projects without expertise, direction and care. Though CSR in Tanzania is still on voluntary basis but when a company engages a local community to start CSR, the government (central or local) needs to help local communities institutionalize the process and the programme.

CSR projects have potency to empower local communities to be independent and stand on their own without depending on the companies that started the projects. However, if a company goes out with CSR already defined, formulated and chooses a community to implement it and the community becomes a passive receiver; there is a higher chance of the project to fail and/or the community to be dependent on the company. That is if at all the community receives and implement the project, otherwise the community would simply reject the project or stand indifferent to the project and in both cases creating temporary or permanent dependence on the corporation that started the CSR project.

REFERENCES


[26] J. Prno and D.S. Slocombe, “Exploring the origins of ‘social license to operate’ in the mining sector: perspectives from governance and sustainability


