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**CREATING AND SHARING VALUE IN GHANA – STRATEGIC APPROACH TO  
SUSTAINABLE BUSINESS IN A DEVELOPING COUNTRY**

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## ABSTRACT

Strategic frameworks like *shared value* or *social impact* creation have been posited as innovative organizational strategies capable of mending the gap between business and society through inclusive sustainability. If their claims are promising, they still face much criticism concerning their relevance and effectiveness. The dissertation investigates how organizations which have endorsed the idea of shared value creation are efficient, or not, at yielding benefits for themselves and their host communities. It uses the case study methodology to explore four SMEs and two multinational companies in Ghana.

The research builds on a multidisciplinary approach to organizational behavior and strategy to dig to ground the pitfalls of strategic action in Ghana, an epitome of the recent *Africa Rising* narrative. It scrutinizes the way local socioeconomic mores affect strategic choices and organizational performance. The major contribution of the thesis is to introduce a revisited version of Crozier and Friedberg's *concrete system of action* for efficiently *embedded* strategies of shared value and social impact creation. With this, the work reveals that local *socioeconomic mores* are dynamic resilience mechanisms of control, collusion, bargaining, and/or resistance, which strategists must take account of in designing sustainable strategies, especially in Sub-Saharan Africa.

**Key words:** shared value, social impact, inclusive sustainability, Ghana, embedded strategy.

## ABSTRACT (ITALIANO)

Approcci strategici come lo *shared value* e il *social impact* vengono considerati strategie organizzative innovative in grado di ridurre il divario fra business e società facendo leva sulla sostenibilità. Seppur motivati da postulati promettenti, essi vengono spesso biasimati perché considerati scarsamente rilevanti o efficienti. La tesi analizza come alcune organizzazioni che hanno sottoscritto l'idea della creazione di *valore condiviso* siano in grado o meno di produrre benefici per loro stessi e per le comunità circostanti. Lo studio usa la metodologia del *case study* per indagare due multinazionali e quattro PMI in Ghana.

La ricerca adotta un approccio multidisciplinare allo studio organizzativo e strategico per esaminare le insidie dell'azione strategica in Ghana. Essa analizza il modo in cui i principi socioeconomici locali condizionano le scelte strategiche e la performance organizzativa. Il contributo maggiore della tesi è l'introduzione di una versione rivisitata del *sistema di azione concreto* (Crozier e Friedberg), per identificare le strategie di creazione di valore condiviso e impatto sociale efficientemente radicate nel contesto. Inoltre, la ricerca dimostra che i principi socioeconomici locali sono dei meccanismi *dinamici* di resilienza messi in atto per mezzo di controllo, collusione, negoziazione e resistenza.

**Parole chiave:** valore condiviso, impatto sociale, sostenibilità inclusiva, Ghana, strategia *embedded*.

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## LIST OF ACRONYMS

**AfDB:** African Development Bank

**AGA:** AngloGold Ashanti

**AGI:** Association of Ghana Industries

**CCLM:** Citizens Capital Money Lending

**CSR:** Corporate Social Responsibility

**CUTS:** Consumer Unity and Trust society

**CWA:** Central and West Africa (Nestlé)

**DRC:** Democratic Republic of Congo

**ESG:** Environmental, Social and Corporate Governance.

**FAO:** International Food Organization

**FDI:** Foreign Direct Investment.

**FSG:** Foundation Strategy Group (consultancy firm)

**GDP:** Gross Domestic Product

**GFG:** Gold Fields Ghana

**IFPRI:** International Food Policy Research Institute

**IITA:** International Institute of Tropical Agriculture

**KPMG:** Klynveld Peat Marwick Goerdeler (Company)

**LSM:** Large-scale Mining

**MLAG:** Money Lenders Association of Ghana

**MOFA:** Ministry of Agriculture (Ghana)

**MOTI:** Ministry of Trade and Industry (Ghana)

**MYOMBU:** My Own Business (Nestlé program)

**NAFCO:** National Food Buffer Stock Company (Ghana)

**NGO:** Non-Governmental Organization

**OECD:** Organization for Economic Cooperation and Development.

**SEED:** Sustainable Community Empowerment and Economic Development.

**SMA:** Small-scale Mining

**SME:** Small and Medium Enterprise

**UNECA:** United Nations Economic Commission for Africa

**UNIDO:** United Nations Industrial Development Organization

**WACAM:** Wassa Association of Communities Affected by Mining

**WHO:** World Health Organization

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## **GENERAL INTRODUCTION**

### **1- Global sustainability and the critique of mainstream economic models of growth**

The 2007 global financial crisis, triggered by the default on sub-primes mortgages and its aftermath, has renewed general interest for the debate about sustainability. It has equally induced major questioning about the way economic thought and policies have been planned and implemented so far. The questioning of the prevailing economic order, which has started as long ago as the second half of the previous century, has endured throughout the different spells of economic growth of the post-war decades. Through hopes and apprehensions, it has, indeed, regained impetus on the aftermath of the financial meltdown in 2007 (Polanyi, 1944/2001; Sen, 1985, 2000; Easterly, 1999, 2003, 2009; Arrighi, 2002; Callon and Muniesa, 2003; Alemayehu, 2003; Mackenzie, 2006; Stiglitz, Sen, Fitoussi, 2009; Atkinson, 2011; Stiglitz 2012; Appadurai, 2013). Today, perhaps more than before, the limits of the old socioeconomic system, underpinned by (neo)classical economic theory with unbalanced liberal market policy, have become visible. A recent development which has, henceforth, rekindled the interest of policy-makers towards finding possible exit strategies from the ongoing recession.

More crucially, the biggest challenge that the crisis has actually posed has summed up in one central concern. Thus, today, the imperative global dilemma rests in anticipating the direction a new economic paradigm should be given, in an attempt to steer away from the obvious social and political quagmire that the unchecked development of the market economy –under its current form– causes (Boltanski and Chapiello, 1999/2007; Ingham, 2008). Borrowing a much-used catchphrase (Beck, 1997/2009), today one of the most central issues of humanity’s socioeconomic project is not merely the “future of labor” and its consequences on human life circumstances; it is

more broadly the future of economic performance and its consequence on human life circumstances.

There is no dearth of research, from as many disciplinary perspectives as one can gather, investigating the effects of the market economy and global capitalism on democracy and social inequalities (Polanyi, 1944/2001; Giddens, 1990, 1997/2009, 2002/2014; Sen, 1985, 2000; Bauman 2009; Stiglitz et al., 2009; Stiglitz 2012, Piketty, 2013/2014). After three centuries of unencumbered market economy, the world has come to the point where we have to redefine new principles of economic advancement inclusive of more social and ethical insight. Correspondingly, a wave of initiatives and approaches have been developed and promoted for some years now, as a way to resist or circumvent the risks posed by an economic order dominated by huge profit-making businesses and financial institutions that have inexorably eroded the powers of the states and local communities. The rise of social and solidarity economy with their many offshoots in the non-profit sector (cooperative movements, third and fourth-sector organizations, barter etc.), and in non-traditional markets sectors (sharing economy, fair-trading, crowdfunding), share a common drive in that they are grounded on the spirit that the economy has to be re-humanized. For their tenants, too many aspects of human life have been over-standardized and over-commodified by the current state of socioeconomic affairs. In other words, the need to reconnect economic action with society has come to be a central assumption to the emergence of new approaches to socioeconomic thinking (Stiglitz et. al., 2009; Caillé, 2012; Salamon, 2014).

The new forms of alternative economy which have emerged from this movement have endeavored continually to promote the values which are considered to have been lost in (neo)classical economic action (Felson and Spaeth, 1978; Harman and Porter, 1997; Borzaga and Defourny, 2001; Anheier and Ben-Ner, 2003; Matten and Crane, 2005). The different perspectives like philanthropy, solidarity and social economy, sharing economy –or whatever their appellations–, therefore, share a common emphasis on values like civic participation, solidarity, trust, empowerment, equality, fairness, sustainability etc. As alternative economy keeps prospering and the legitimacy and preference accorded them by local communities through the years goes on consolidating,

traditional economic actors have started to integrate some “social sensibility” in the business sector as demonstrated for example by the sustainability and development approach introduced by the Brundtland report in 1987, and echoed across many layers of society, government, and business (Roberts Enterprise Development Fund, 2000; Jed Emerson, 2003; Sen, 2003; Alkire, 2008; Stiglitz et. al., 2009; Salamon, 2014.). Henceforth, new perspectives in economic action such as *blended value, corporate citizenship, social return on investment, social entrepreneurship, collective impact, inclusive business, creative or caring capitalism, social impact investment, and benefit corporations* have started recently to bring breath to mainstream business ecosystems by recapitalizing on the ideal of sustainable growth. Similarly, the development of CSR and ESG<sup>1</sup> performance reports, and their integration in the assessment of general business performance have consistently followed the logic of the internalization of the risks provoked by business activities. Besides, they have also addressed the capacity of business to yield mutual benefits between organizations and communities, and by the same token, between businesses and the entire operating ecosystem as a whole. Beyond their diverging approaches to human growth, therefore, both traditional and non-traditional socioeconomic actors, with varying degrees of intentionality, have tackled another no less pivotal issue, i.e. the question of linking economic performance (through the creation of value) with social advancement through inclusive spill-overs.

## **2- New perspectives on global sustainability: the idea of shared value**

At the crossroads of these many perspectives about sustainability, corporate citizenship, and social enterprise, the idea of shared value has eventually emerged as a new approach capable of reconnecting business with society through sustainability. What Porter and Kramer’s project brings to the sustainability debate is ultimately the strategic framework it offers to reconceive sustainability as a by-product of value

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<sup>1</sup> CSR stands for Corporate Social Responsibility and ESG performance stands for Environmental, Social and Governance performance.

creation activities, prevalently but not limitedly in the business sector. To quote Crane, one of the harshest critics to Porter and Kramer's contribution, "one of [shared value's] critical strengths is its unequivocal elevation of social goals to a strategic level (Crane, Palazzo, Spence and Matten, 2014, p. 133).

The premise of the shared value approach is that "a business needs a successful community to create demand for its product and provide critical public assets and a supportive environment". Shared value strategies aim to achieve societal and economic progress by "reconceiving products and market, redefining productivity in the value chain and building supportive network clusters at the industry location" (Porter and Kramer, 2011, p. 7). Shared value initiatives also aspire to mediate the profit versus non-profit dichotomy by blurring the profit/nonprofit line through the creation of hybrid enterprises so as to connect competitive advantage and social issues. But in our eyes, the fundamental issue which makes the shared value approach profoundly innovative is the attention to the redefinition of competitive strategy through the integration of impact creation throughout the entire value chain of an organization. Moreover, overcoming an initial confinement to the corporate world, shared value has gradually been remodeled by its creators and the community of supporters and practitioners to become quite a versatile grid which has come to be applied to a wide range of organizational forms and shapes.

Furthermore, and beyond the merit of raising social goals to a strategic plan by tying them to organizational performance through shared value creation, the two authors widen the scope of value creation to a systemic level of socioeconomic action. As Crane acknowledges, "by framing their contribution in terms of broader system-level problems —problems of capitalism— Porter and Kramer also bring some much-needed conceptual development to debates about 'caring' or 'conscious capitalism' (Crane et al., 2014, p. 133). To say it differently, the shared value ideal holds the promise of purging capitalism of some of its limits by mending the lost connection between business and society. And it does so with a new conception of sustainability which rests upon the indissoluble nexus between value creation, organizational performance and societal advancement.

The importance of this new approach to competitive advantage, and by extension, to sustainability dwells in its attempt to restore the link between business and society by recalibrating the broader node between economic performance and social advancement. Indeed, even if alternative solutions have been consistently pushed forward for decades by critics of capitalism, many of them have soon proved inadequate to challenge the foundation and the relevance of value creation as a means for long-term sustainability. More often than not, businesses and their value creation canvases have been put in opposition with socially-committed organizational models dedicated to the redistribution of wealth, which function with little attention to value creation. However, in a certain sense, the recent history of economy suggests that to actually function on the basis of such little attention to value creation is, in some way, empirically inconsistent with the complexity embedded in socioeconomic action.

For instance, the financial crisis and the following recession tends to demonstrate that, in a global world, without a fair level of economic performance and a sound economy, the social tissue suffers some adverse effects due to the want of means of subsistence. Civic participation, networking and trust appear to dwindle dramatically in times of economic hardship while the risk of exclusion and conflict build up as social discontent spreads (Beck, 2002/2010; Standing, 2012; Putnam, 2016). Besides, many organizations across the profit/non-profit continuum function on philanthropy, voluntary work, individual donations, state subsidies. Even those that engage in –whatever minimal– segment of market activities must still draw sufficient resources from the services they deliver in order to remain sustainable and keep running<sup>2</sup>. To show how

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<sup>2</sup> Though there is not much academic reference on the topic of non-profit performance during recession, a study of the Italian non-profit sector (one of the most dynamic in Europe) undertaken by Luigi Bonatti from the university of Trento has somewhat tackled this issue and has also demonstrated that non-profit organizations fare better in some specific market niches and would not do well in most traditional market activities. His analysis entails that non-profit organizations would hardly provide any sustainable solution across all the social tissue. For further reference, see Bonatti, Luigi (2007), "Optimal Public Policy and Endogenous Preferences: An Application to an Economy with for the Profit and Non Profit Enterprises." *Discussion Paper n° 13*: Università di Trento; and Bonatti, Luigi, Carlo Borzaga and Luigi Mittone, (2002), "Profit versus Non Profit Firms in the Service Sector: An Analysis of the Employment and Welfare Implications." *ISSAN Working Papers n° 18*: ISSAN. Ever since, there has been a rising concern from stakeholders that cooperatives fail to guarantee their workers satisfaction in terms of adequate income and employment security. Besides, non-profit organizations have reportedly been found

sustainability and value creation are strongly wedded together, one could also bear in mind that even ethical endeavors from businesses such as CSR initiatives or corporate citizenship –however peripheral to the core interests of enterprises<sup>3</sup>— remain accountable to the financial health of the firms. Therefore, sustainability appears to be largely tied to the spillover of value activities, which in turn, are chiefly undertaken by businesses and affiliate organizations. Ultimately therefore, in the present state of globalized world affairs, as much as “a business needs a successful community to create demand for its product and provide critical public assets and a supportive environment”, communities equally need successful businesses to create value and foster sustainability.

### **3- Shared value creation and sustainability, the conceptual flaws of a strategic instrument**

An idea so highly regarded by the business community, has obviously garnered consensus and has been endorsed by global multinationals, international institutions, governments, and their respective affiliates. Besides, it is not so far-fetched to assume that another conjunction of global concerns might have accelerated the reach of Porter and Kramer’s contribution. The emergence of such largely endorsed idea in a time when the debate on sustainability and development in the developing world –especially in Africa with the new Africa Rising hype<sup>4</sup>—, has returned to be the cornerstone of the day’s future-of-the world question is quite another significant yardstick. In fact, there is reason to believe that the aftermath of the recession and the global immigration issue,

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ineffective at delivering optimal customer satisfaction, building a self-sustaining business plans and are therefore strongly dependent on public subsidies, tax cuts, and voluntary participation.

<sup>3</sup> Porter, Michael, E. and Mark Kramer. (2011). “Creating Shared Value, how to Reinvent Capitalism and Unleash a New Wave of Innovation and Growth”. *Harvard Business Review*. Massachusetts: Harvard University Press.

<sup>4</sup> The dedicated chapter on the topic will dig to ground the connections between shared value creation, social impact and the new narrative of the Africa Rising hype.

has arguably spurred the endorsement of the spirit and normative canvas<sup>5</sup> of Porter and Kramer's framework, with the ultimate result of making shared value creation THE new fashionable paradigm of many business undertakings in African countries.

Despite the merits of the model as a fairly robust strategic instrument and its promise to bring a new era of inclusive sustainability by leveraging on the social impact of organizational performance, shared value seldom addresses the issue of the context of implementation as a crucial determinant of strategic success. To recall some of the foremost tenants of socioeconomic analysis like Polanyi, Granovetter, Geertz or Selznick and Freeman, economic action is immersed in a complex web of social dynamics in terms of networks and interactions, cultural values, and the preferences they yield (Hartman and Werhane, 2013). Moreover, in the case of developing regions like Africa, especially, the design and implementation of various policy instruments and strategic grids in all the areas of development remains today a most discussed topic in relation to their relevance to the givens of the context; inclusive of factors like socioeconomic mores, formal and informal forms of collective action, cultural orientations, interactional dynamics and power asymmetries. Thus, if the spirit and the normative canvases of shared value are virtually suited to unleash social impact and sustainability, the authors and their tenants' overlooking some of the most significant socio-anthropological attributes of the ecosystem ultimately leave a critical gap in their otherwise momentous contribution to the sustainability debate.

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<sup>5</sup> From our investigation of shared value through the recent years, we posit that the shared value model has come to be expressed in two forms: the shared value strategic grids, which follow the normative canvases developed principally by the authors through the consulting firm F.S.G; and the spirit of the shared value framework, which has come to be indiscriminately applied by organizations and stakeholders in more flexible ways for their vision to create social impact where they operate. These two expressions of shared value will be duly analyzed in the course of the dissertation.

#### **4- Statement of the problem, theoretical proposition, and general structure of the dissertation**

By recalling the concept of embeddedness as an overarching principle for the assessment of shared value and social impact creation, this dissertation draws from a multidisciplinary perspective to investigate the opportunities and pitfalls of shared value creation in Ghana. Essentially rooted in the field of organizational studies, the work integrates some of the most pertinent scholarship in the fields of anthropology, sociology, international relations and development studies in order to enrich the conceptual and analytic framework upon which our idea of embeddedness, and the resulting assessment of value creation and social impact in Ghana is rooted. Concretely speaking, the dissertation builds the argument that the idea of embeddedness remains a most pertinent conceptual framework to understand collective socioeconomic action either within the confines of organizational life or throughout an organization's interaction with stakeholders within the larger business ecosystem. Based on the aforesaid, the dissertation then proceeds to summon the idea of the concrete system of action, as posited by Crozier and Friedberg, in order to challenge and eventually make some suggestions for the bolstering of sustainability through shared value or similar strategic instruments and conceptual frameworks. Frameworks which, despite their virtually promising features, have fallen short of prospects.

Assuming the idea of embeddedness as an analytic lens, and in order to provide a constructive insight into the shared value and sustainability debate, the research questions that the dissertation intends to answer are the following:

- How is shared value actually created between business and society by multinational companies and SMEs in Ghana?
- What are the context-specific factors implied in shared value creation process?

The work is based chiefly on an institutional perspective to organizational studies, and it adopts a case study methodology (Yin, 2014) to investigate the research questions. Here again, the multidisciplinary approach that the dissertation features, informs our choice for a mixed-method design, with a prevalently qualitative structure based on

ethnographic techniques (Geertz, 1963, 1978; Kunda, 1992/2006) and a Grounded Theory perspective (Strauss and Corbin, 1967, 2007; Charmaz, 2006; Tarozzi, 2008/2016), for the collection and analysis of the data. One of the basic assumptions of this research is that understanding and taking account of the context is crucial for strategic thinking and strategy enactment. Therefore, the present dissertation strives to frame the question of shared value and social impact creation within an overarching background encompassing the recent relevant systemic and historic determinants of development and sustainability in Sub-Saharan Africa and in Ghana. Moreover, for every one of the six case studies, the work carries on the same effort to cast the actors' strategic visions and deeds within the givens of a distinctive context. Overall, the data collection and the subsequent analytic work is based on semi-structured interviews, participant observation, and the treatment of archival records<sup>6</sup>.

Structurally, the dissertation is composed of two major parts. The first part is composed of five chapters and investigates the different complementary perspectives which contribute to establish the idea of embeddedness in socioeconomic analysis; introduces the basic terminologies and the central conceptual frame of reference; and eventually connect all these to the spirit and normative grid of shared value. The second part is made of four chapters and encompasses the empirical investigation of the cases, with the relative assessment of their strategies and a closing discussion. The discussion is essentially grounded on the application of a revisited version of Crozier and Friedberg's *concrete system of action*. The resulting analytic grid allows, firstly to sift out the strengths and weaknesses of the strategies in question in terms of their relevance to the context and its particular challenges. Then, it permits to substantiate the proposition that genuinely embedded approaches to strategic planning considerably accrue the possibility to reach their intended goals.

Concretely, in its building blocks, beside the general introduction and the general conclusion, the body of the dissertation is articulated into nine chapters. Chapters one and two of the thesis study the concept of value creation in the domain of development

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<sup>6</sup> A more detailed account of the methodology is presented in chapter 5.

studies, international relations, and cultural studies –mainly through the lens of sociological institutionalism (in the area of political sociology), economic anthropology and cultural studies in general. Chapter three introduces the tenants of institutional theory in organizations studies and connect their contributions to some of the conceptual frameworks of stakeholder theory and shared value, by funneling the discussion through some of the key concepts introduced throughout the literature review on sociology, economic anthropology, and cultural studies in general. Chapter four emphasizes the concept of shared value and discusses the assumptions from which it stems as well as the normative canvas that Porter and Kramer propose. Chapter five eventually presents and discusses the methodology that we have adopted to conduct the empirical section and substantiate the research proposition. Chapter six serves mainly to cast some light upon the complex issue of socioeconomic development in Sub-Saharan Africa, and principally in Ghana. Chapter seven and eight consist in the actual case study reports from the field, with all the context information needed to assess the social impact and shared value strategies planned and implemented by the organizations under study. Chapter nine eventually discusses the findings, integrates the lessons we have drawn from the application of the concrete system of action, and issues recommendations for a genuinely embedded approach to strategy and sustainability.