The Role of the Private Sector in Achieving Sustainable Development

A comparative case study in Ghana’s oil palm sector

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ABSTRACT

Development has been on the international agenda for many years, first with the Millennium Development Goals, and now with the Sustainable Development Goals (SDGs). The role of the private sector has become increasingly important to achieve this development agenda. Goal 17 of the SDGs has placed a particular emphasis on the ‘Global Partnership’ between the private sector, the government and the civil society, attributing the private sector a larger role than previously in leading the way toward sustainable development. However, little research has yet been conducted on how the private sector has been acting out on that role. This research seeks to address this gap and addresses the question of the role that private companies play in promoting sustainable development by analyzing the corporate sustainability strategy of two oil palm companies operating in Ghana and observing how these strategies are operationalized and implemented on the ground. Data was collected and analyzed using qualitative methods: a corporate sustainability analysis was conducted, and in-depth interviews with stakeholders within and beyond the oil palm sector value chain were held. Results show the importance of sustainable certification when drafting and implementing the sustainability strategy.

Findings show contrasting approaches to sustainability between the two companies. The Ghana Oil Palm Development Company, known by its acronym GODPC, relies mainly on the use of sustainable certification, its corporate social responsibility strategy coming as an extra layer on top of the corporate strategy which remains business-driven. Serendipalm relies on the Fair Trade concept and associated social values, which are closely intertwined with its people-driven strategy. From a regional development perspective, both company contribute significantly to the district’s development and to the advancement of sustainable development. The comparative study concludes that, first, private companies have the potential to positively impact sustainable development. Second, the focus is on economic sustainability, but this goes together with other benefits such as access to education, alternative livelihoods and better housing. Third, sustainability certification systems are key to maintaining environmental protection in balance with economic sustainability. The findings imply that environmental and social sustainability need to be integral part of the corporate strategy to avoid them being overlooked.

Keywords: Sustainable Development Goals (SDGs), Private sector, Corporate sustainability strategy, Sustainable development, Economic sustainability, Environmental sustainability, Social sustainability, Ghana, Oil palm industry, Corporate Social Responsibility, Fair Trade, Ghana Oil Palm Development Company (GOPDC), Serendipalm.
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List of abbreviations

3CGS Center for Climate Change and Gender Studies
CPO Crude palm oil
CSP Corporate Sustainable Performance
CSR Corporate Social Responsibility
CSS Corporate Sustainability Strategy
CSV Creating Shared Value
EPA Environmental Protection Agency
FFB Fresh Fruit Bunches
FPIC Free prior informed consent
GAP Good Agricultural Practices
GOPDC Ghana Oil Palm Development Company
ICS Internal control systems
IMF International Monetary Fund
LDCs Least Developed Countries
MOFA Ministry of Food and Agriculture
PKO Palm kernel oil
RSPO Roundtable on Sustainable Palm Oil
SDGs Sustainable Development Goals
SSCM Sustainable Supply Chain Management
UENR University of Energy and Natural Resources
UNEP United Nations Environment Program
WTO World Trade Organization

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Chapter 1. Introduction

1.1 Problem statement and justification of the research

Sustainable Development has been on the international agenda for many years (WCED, 1987), but emphasis has grown ever since the concept was included as the key focus in the UN’s Sustainable Development Goals (UNGA, 2015) (see Annex I). Within the Sustainable Development Goals’ (SDGs) framework, special mention is made of the private sector’s contribution in leading the way toward a sustainable future. This anticipated role is reflected in Goal 17, the Global Partnership that brings together governments, private sector, civil society, the United Nations system and other actors, and mobilizes all available resources to ensure the successful implementation of Agenda 2030 (UNGA, 2015). Some literature, however, questions the ability of the private sector to lead sustainable development unless it undergoes a candid review of its current business model, and argues that business-as-usual is not possible any longer if the private sector is to take a role in moving the SDGs forward (Scheyvens et al. 2016; Agarwal, 2017). Other authors have pointed at the challenges that the private sector faces when attempting to integrate the SDGs into their corporate strategy (Chakravorti, 2017).

The oil palm sector’s efforts toward integrating sustainability in its strategy has attracted growing attention (Basiron & Weng, 2004). Oil palm is a fast-growing sector due to the growing international demand for palm oil (Abdullah and Wahid, Malaysian Palm Oil Board, 2010). This cash crop has great expansion potential in countries like Ghana and carries with it promises of economic growth and rural development as a main job provider in rural areas (Susila, 2004). However, most available research has been focusing on the Indonesian and Malaysian palm oil sectors. This research refers to a case study in Ghana and examines the role the private sector can play in bringing about sustainable development and, by extension, in supporting the SDGs and contribute toward Goal 17.

To date, only a small number of vanguard companies have integrated sustainable development dimensions into their core corporate strategy. In this sense, the present research will be explorative in nature. Studying the corporate strategies of private companies from a sustainability perspective contributes to the literature researching the role that the private sector could play in supporting sustainable development, and formulate recommendations that would be useful for companies that seek a way to contribute to sustainable development and integrate sustainability in their corporate strategy. Making the jump to a corporate sustainable strategy is a challenging one, but research has demonstrated that this choice delivers great return in terms of profitability and growth (Chakravorti, 2017). Furthermore, this research intends to research the private companies’ efforts related to sustainable development and contribute to the broader literature on the role of private companies in supporting the Sustainable Development Goals (SDGs).
1.2 Research objectives

This research aims at exploring the role the private sector can play in achieving sustainable development from an empirical perspective. To that end, it will focus on the oil palm industry in Ghana and more particularly analyze two companies, GOPDC and Serendipalm, selected for their influence on the local social fabric, their displayed ambition to bring about development in the district where they operate, and their differences in size of business and history. The research intends to follow a two-step approach: it will first examine how companies concretely integrate the three dimensions of sustainable development (economic, environmental and social sustainability) into their corporate strategy and the drivers behind the corporate strategy. Second, the study will delve into the implementation of the strategies and explore the perceptions of different stakeholders involved within and beyond the value chain on these two companies’ sustainability strategies. These complementary analyses of the strategies on paper and on the ground will bolster our understanding of whether and how GOPDC and Serendipalm are playing a role in bringing about sustainable development in the district where they operate.

1.3 Research questions

To achieve this research objective, the main research question is:

What role do oil palm companies in Ghana play in promoting sustainable development?

The following sub-research questions will be addressed:

1. What causal and normative relation underlying the companies’ sustainability strategy?
2. How do the companies envisage the implementation of their corporate sustainability strategy?
3. How do the companies integrate the three dimensions of sustainability (economic, environmental and social) in their corporate sustainability strategy?
4. How are the corporate sustainability strategies being implemented in practice?
5. How do actors within and beyond the value chain perceive the impacts of the oil palm companies’ sustainability strategies?

1.4 Thesis outline

The present thesis first provides a theoretical framework in Chapter 2, introducing the main development debates on the role of the private sector in development (inclusive growth, trade-not-aid, green economy and sustainable development) and sustainability strategy discourses usually adopted by private companies
(corporate sustainable strategy, creating shared values, sustainable supply chain management and corporate sustainable performance). The theoretical framework is completed by a section on organizational culture and the relevance of this concept when considering the implementation of the strategy by a company. The key elements of the theoretical framework used for the purpose of this thesis are summarized in a conceptual scheme, offering an overview of the relation and influence between the different concepts. The methodology selected to achieve the goal of the research is detailed in Chapter 3, followed by a presentation of the empirical context in Chapter 4. Chapter 5 consists of a comparative analysis of the sustainability strategies of the two companies, while Chapter 6 elaborates on the implementation of these strategies on the ground and the perceptions of the different stakeholders thereof. Finally, Chapter 7 presents a synthesis of the main findings and a theoretical reflection before giving suggestions for further research and recommendations to the companies.
Chapter 2. Theoretical framework

2.1 The role of the private sector in development discourses

This chapter deals with four discourses on the role of the private sector (Section 2.1) and the different approaches from which companies can choose to draft their corporate sustainability strategy (2.2). Finally, the concept of organizational culture is introduced in Section 2.3.

2.1.1 Inclusive growth

The inclusive growth concept was first advanced by development banks and followed by the International Monetary Fund (IMF) (de Haan, 2015). The rise of this concept came as a response to the “growth-first” period in the 1990s (de Haan, 2015, p. 608). It was believed that development would follow if economic growth was strong enough, based on the “trickle-down” effect. However, “growth alone does not guarantee that everyone will benefit equally” (Rauniyar & Kanbur, 2010, p. 466; Stuart, 2010, p. 4). Moreover, far from bringing the expected benefits, economic growth brought rising inequalities that became a major source of concern for many developing countries. Later studies found that growth could not be sustained in a context of growing inequalities, and that inequalities could in the long-run have a negative impact on social and political stability (de Haan, 2015, p. 608; Rauniyar & Kanbur, 2010; Stuart, 2010). Defining inclusive growth proves challenging as the concept is broad and no consensus has been reached on a single definition (Klasen, 2010; Rauniyar & Kanbur, 2010). The conceptual definition retained by the Asian Development Bank considers growth inclusive “when all members of a society participate in and contribute to the growth process equally regardless of their individual circumstances” (Rauniyar & Kanbur, 2010, p. 457; see also Klasen, 2010, p. 6). Unlike pro-poor programs, the focus is not on welfare policies but on equitable access to economic opportunities. Although the concept of inclusive growth has been adopted by a number of emerging economies, more needs to be done to move it beyond the mere economic dimension and include an inter-disciplinary approach (de Haan, 2015, p. 615).

2.1.2 Trade, not aid

Economists like Easterly (2007) see many flaws in aid: aid is seen as a reminiscence of colonialism; it follows a blueprint, a one-size-fits-all approach, that ends in worsening the local conditions. Instead, a case by case bottom-up approach is recommended (Easterly, 2007; Banerjee & Duflo, 2011). Aid has failed to bring sustained economic growth: all the aid money that flowed to Africa has yielded close to zero per capita growth (Easterly, 2007), while better trade links can give a real chance for economic development (Rugasira, 2017). Another common criticism of aid concerns corruption of the political system, making governments more accountable to their foreign donors than to their people, and creating a chronic aid
dependency that paralyzes local initiatives (Rugasira, 2017).

On the other hand, economists like Stiglitz and Charlton believe that the ‘aid not trade’ idea carries some major flaws as well. They underline that a developing country needs a baseline in order to be able to engage in international trade on a level playing field (Stiglitz and Charlton, 2006). They advocate instead a combination of aid with trade, reflected in the World Trade Organization’s (WTO) initiative ‘Aid for Trade’, started in 2005. In the scope of that program, aid is targeted at improving conditions in less developed countries (LDCs) and enable them to fully participate in trade, such as developing infrastructure and revising domestic and international trade policies like lowering the tariff barriers (Helble & Shepherd, 2017). Proponents argue that ‘Aid for Trade’ has the potential to bring more exports, create jobs, bring technology and knowledge, thereby turning the private sector into an important stakeholder to achieve SDG 8: decent work conditions and sustainable economic growth (Helble and Shepherd, 2017).

2.1.3 Green economy

The green economy concept was, like inclusive growth, born from the realization of the limits of economic growth as we know it. Economic growth happened at the expenses of natural capital, depleting resources and destroying ecosystems (UNEP, 2011; World Bank, 2012). While social goals were intertwined with economic growth, the environment was left out of the equation. The green economy proposes to offer a solution to environmental damage and growing demographic pressure. Green economy aims at an economic transformation that brings social welfare while reducing ecological issues (Kasztelan, 2017, p. 492). The green economy also carries promises to eradicate poverty and overcome social disparities (UNEP, 2011; World Bank, 2012). It is thus seen as the way forward, enabling economic growth “while making it more socially inclusive” (Borel-Saladin & Turok, 2013: 211; World Bank, 2012). Furthermore, organizations like the United Nations Environment Program (UNEP) and the World Bank believe the green economy can make growth cleaner without having to be slower and do not see the need for a trade-off between economic growth and the environment (UNEP, 2011; World Bank, 2012).

All tools to make growth greener however fail to address the bottom-line of the problem: our current unsustainable economic growth pattern. Critics of the green economy therefore accuse it of “green-washing”. There is a fear that “the green economy may not represent a sufficient departure from the current economic system to achieve all-round progress” (Borel-Saladin & Turok, 2013, p. 210). Authors like Cato (2012, p. 1043) therefore propose ‘green economics’ as an alternative. As natural resources are limited, green economists’ final recommendation is to end economic growth and revise the distribution of resources (Cato, 2012, p. 1043); a proposition that opposes the neoliberal nature of the green economy concept.
2.1.4 Sustainable development

Sustainable development was famously pinned down by the Bruntland Commission, and later laid in writing in the Report “Our Common Future”, as development that “meets the needs of the present generation without compromising the ability of future generations to meet theirs (WCED, 1987). It comprises three dimensions, three pillars upon which the Sustainable Development Goals (SDGs) were later built: economic, environmental and social sustainability (Kumi et al., 2013). All three dimensions are interdependent and need to be considered on an equal footing to achieve sustainable development (Hopwood et al., 2001). However, sustainable development is a contested concept, as its breadth makes it difficult to define (Kumi et al., 2013).

Sustainable development, at the core of the SDGs today, is an ethical concept that calls for global action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity (Baumgartner, 2010; Saufi et al., 2016). This framework calls for the participation of the private sector in implementing the SDGs and attributes a larger role to it than in previous years to ensure the successful implementation of the Agenda 2030 (UNGA, 2015). Goal 17 of the SDGs reaffirms the need to “strengthen the means of implementation and revitalize the Global Partnership for sustainable development”, bringing together governments, private sector, civil society and the United Nations system. Private business activity, investment and innovation are major drivers of productivity, inclusive economic growth, job creation and human well-being (UNGA, 2015; Scheyvens et al. 2016). Agarwal et al. (2007) believe business can make a meaningful contribution through investment and innovation, at the condition it agrees to make some fundamental changes to the way in which it operates (Agarwal et al., 2007). Under the SDGs, a complete rethinking of the economy is needed where “business-as-usual” can no longer take place, forcing firms out of short-term goals and asking them to “embrace their wider responsibilities to the societies in which they operate” (Agarwal et al., 2007, p. 1).

2.2 Corporate social and sustainability strategies

Driven by stakeholders’ pressure, market factors and regulations, companies have started implementing corporate sustainability approaches. These approaches consider all three dimensions of sustainable development. A corporate sustainability strategy incorporates simultaneously the economic, environmental and social dimensions, also called the triple bottom-line, into the strategic goals of the company (Formentini & Taticchi, 2014). A successful corporate sustainability strategy (CSS) builds competitive advantage without needing trade-offs (White, 2009). Firms embed sustainability in their corporate strategy, apply the triple-bottom line to their strategy, and report their performance in different ways (Wolf, 2014; Higgins & Coffey, 2016). However, designing a CSS represents a challenge for firms, as this calls not only for a complete re-design of the company’s strategy, but also for a revision of its supply chain (Formentini and
Corporate sustainability represents both a responsibility and an opportunity, the key being to build it into the business and make it integral part of its organizational culture (White, 2009). To achieve corporate sustainability, firms can choose several approaches: corporate social responsibility (CSR), creating shared values (CSV), sustainable supply chain management (SSCM) and corporate sustainable performance (CSP). Each approach has its own specificities which will be discussed below.

### 2.2.1 Corporate social responsibility

There are many different definitions of CSR, and no clear consensus of what it entails has emerged after decades of research (Dahlsrud, 2008; Kolk 2015; Carroll, 1991). Corporate social responsibility programs first appeared as a response to external pressures from different stakeholders – governments, civil society, customers, shareholders and so forth, that held the company accountable for the social consequences of their activities (Porter & Kramer, 2011; Kolk, 2015), to help companies improve their reputation, and to brand their image. The four dimensions commonly used in CSR are: sustainability, morality, reputation and license to operate (Carroll, 1991). The latter dimension refers to the acceptance of a company’s standard business practices by the employees, but also by stakeholders along the value chain and is achieved by building trust with the community in which the company operates. The concept has often been linked to sustainability and the triple bottom-line (Kolk, 2015).

CSR practices are adopted as a voluntary commitment, and added to the strategy as externalities, rather than being enmeshed in it. They are merely a ‘gloss’ added to the company’s ‘business-as-usual’. The driver is ‘do the right thing’ and morality. However, this disconnection with business makes CSR activities hard to maintain over the long term (Porter & Kramer 2011), and undermines the real positive impact that companies could have on the society. Another challenge is that CSR values are too abstract and hard for a company to operationalize, leaving firms in the dark on how to identify and address social issues, often resulting in uncoordinated CSR activities that act as public relations window-dressing but have in fact little social impact. Implemented for the right reasons, with the rights tools and at the right level of the firm, CSR can be an opportunity for the firm, source of innovation and competitive advantage (Porter and Kramer, 2011).

### 2.2.2 Creating social value

As Spitzbeck and Chapman (2012) highlight, a company’s first motivation to adopt a sustainability strategy is risk aversion such as supply failure, fear of brand damage or fear of scandal related to a supplier. The authors further argue that by only looking at the economic dimension of business, firms are blind to the benefits they can draw from integrating sustainability in their core strategy. Creating shared value (CSV) is an emerging field, first disseminated by Porter and Kramer (2011). It is defined as “policies and operating
practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates” (Porter & Kramer, 2011, p. 6).

Porter and Kramer contend that for too long, business and society have been in tension, and sustainability changes have been portrayed as trade-offs to the benefits of social improvements and at the expenses of business. The idea of CSV is to reconcile business success with social progress, ending the traditional dichotomy between both. Porter and Kramer (2011) argue that creating shared value is an opportunity that has the potential to drive innovation and productivity growth, and that sustainability needs not be experienced as an added constraint. Social harms as well as short-term goals can actually become internal costs for the firms, thereby encouraging firms to create social value as part of their business and thinking long-term by redefining their value chain or building supportive industry clusters (Porter & Kramer, 2011). Creating shared value can lead business innovation and growth while improving social conditions, making the concept very close in nature to the concerns of inclusive growth.

2.2.3 Sustainable supply chain management

Managing sustainable supply chains involves practices and processes used by a firm to manage its relationships internally, and with supply chain stakeholders (Formentini & Tatichhi, 2014; Wolf, 2014). Ensuring that supply chains are sustainable is critical in the implementation of a company’s corporate sustainability strategy, as sustainability issues along the supply chain can be used by stakeholders as a pressure point on the company, with the potential risk of damaging the company’s name (Wolf, 2014). Sustainable supply chains (SSCs) integrate economic, environmental and social considerations with key strategic goals between the different business of the supply chain, “in order to meet stakeholder requirements and improve the profitability, competitiveness, and resilience of the organization over the short- and long-term” (Formentini & Taticchi, 2014, p. 1921). SSCs also provide benefits by leading “innovative solutions to environmental and social problems” (Wolf, 2014). It is critical in the firm’s strategy’s long-term goals, anticipating issues such as environmental scarcity and the consequent supply failure.

2.2.4 Corporate sustainable performance

Corporate sustainable performance (CSP) can be measured by means of sustainability reporting (Higgins & Coffey, 2016). Measuring sustainability performance has grown in importance, showing its strategic relevance (Higgins & Coffey, 2016). It helps firms secure their legitimacy, but also brings other benefits: improving the competitive position, reassuring stakeholders, abiding by regulations and making the firm accountable and transparent (Higgins & Coffey, 2016; Keeble et al, 2003). Measuring sustainability performance raises the visibility of the issue among the firm’s managers and helps build accountability. CSP is usually measured against the above-mentioned strategy, assessing how the adoption of these
practices affects the sustainable performance of the company. It takes also into account the “external costs caused by environmental [and] the ratio between value creation and resource consumption (Figge & Hahn, 2003). CSP is driven by a number of pressures from the part of different stakeholders such as government and civil society, investors, customers, and employees (Keeble et al., 2003). The pursuit of the triple bottom-line is seen as representing a company’s performance in sustainability (Saufi et al., 2016).

2.3 Organizational culture

The field of organizational culture studies has emerged in the 1980s following a growing interest in identifying characteristics critical to an organization’s success, how these characteristics influence outcomes and, more broadly, understanding how organizations function (Ouchi & Wilkins, 1985; Zheng et al., 2010). For many years, organizational culture has been an elusive complex concept shaped by several academic fields resulting in several definitions and no strong consensus (Ouchi & Wilkins, 1985). At last, a standard definition seems to have crystallized organizational culture as “a pattern of shared values and beliefs that help individuals understand organizational functioning and thus provide them norms for behavior in the organization” (Deshpande & Webster, 1989, p 4). Culture is powerful, ubiquitous and implicit as Schein (1988) emphasized. Organizational culture is the set of tacit rules taught to new members as the appropriate way to perceive, think and behave in the organization (Schein, 1988).

Deshpande and Webster (1989) argue that examining organizational culture helps understand possible gaps between a strategy and its implementation. Furthermore, Denison and Mishra (1995) found a positive correlation between organizational culture and organizational effectiveness. In his article on organizational culture and strategy, Janicijevic (2012) synthesized the results of empirical researches and found that organizational culture influences the formulation and implementation of corporate strategies. Strategy formulation is influenced by the meaning “strategic decisions makers assign to the occurrences within and outside of the company” (Janicijevic, 2012, p. 138). “Organizational culture influences strategy implementation by legitimizing or delegitimizing the strategy, depending on the consistency between cultural values and the selected strategy”, thus becoming either a stimulating factor or an obstacle to strategy implementation (Janicijevic, 2012, p. 138) If the new strategy and the instruments selected for its implementation are too far from the values, norms and assumptions of the current organizational culture, organizational members will create resistance against the new strategy and the implementation is most likely to fail.
2.4 Conceptual scheme

The main concepts addressed in this study are: development discourses; private sector; corporate strategy, organizational culture and Sustainable Development Goals. The concepts are linked to each other as follows (Figure 2.1):

![Conceptual Scheme Diagram]

**Key:** CSR: corporate social responsibility; CSV: creating shared value; SSCM: sustainable supply chain management; CSP: corporate social performance; SDGs: Sustainable Development Goals

The development discourses (inclusive growth, trade-not-aid, green economy and sustainable development) influence the private sector’s choice for a corporate sustainable strategy (corporate social responsibility, creating shared value, sustainable supply chain management and corporate sustainable performance). The resulting corporate sustainable strategy is interpreted in terms of causal relations (how does the company see the causes of the problem), normative relations (what are the underlying values and norms) and final relations (between objectives and means) (Runhaar et al., 2006). The corporate sustainable strategy is interpreted through the lens of a company’s organizational culture which determines the implementation of activities on the ground. Finally, through this process, the three pillars of the SDGs: economic, environmental and social sustainability are implemented. We observe a feedback loop where the three sustainability pillars influence the corporate strategy, and the corporate discourses of the private sector influence the development discourses.
Chapter 3. Methodology

This chapter introduces the methodology applied in this research and the analysis’ structure. It first starts by describing the research design (Section 3.1); then lays out the operationalization of the concepts (3.2); followed by the units of analysis and observation (3.3) and the description of the study area (3.4). After that come the data collection methods (3.5), the sampling methods used (3.6) and the description of data processing and analysis methods (3.7). Finally, a reflection on the validity and reliability of the research is included (3.8), followed by sections on the limitations of the research (3.9) and research ethics (3.10).

3.1 Research design

This research aims at understanding the role the private sector in Ghana can play in leading the path toward sustainable development. To do so, I took a two-steps approach: I first analyzed the corporate strategies of two companies in the oil palm sector in Ghana, and how the three sustainability dimensions described earlier were integrated within these strategies. Conclusions on the role that these companies seek to play to support sustainable development in the area of their operations were drawn from the data analysis, and a comparison between the two companies’ approach was undertaken. The second step was achieved through interviews of companies’ officials and interviews of farmers working for these companies together with field observations. This allowed me to see how the stakeholders perceived the strategy and how it played out on the ground.

This research follows a qualitative methodology and is essentially exploratory as the field relating private sector and SDGs has remained relatively unexplored to this date.

The corporate strategies of the two selected companies were analyzed using Runhaar’s et al. (2016) policy reconstruction method. This method focuses on the logic behind a policy program by examining three types of relations, which are further explained in the operationalization table in Annex II:

- Causal relations – relations between causes and effects
- Normative relations – relations between principles and norms.
- Final relations – relations between objectives and means

This policy analysis method was applied to the companies’ corporate strategies and focused on the content of the strategies to determine the causal relations and other assumptions underlying the strategies (Runhaar et al. 2016). This method helps explain the success or failure of a policy and was used to shed
light on how successfully the corporate strategies integrated the three sustainability dimensions (economic, social and environmental).

For this part of the research, public strategy papers were used as well as internal documents that were graciously shared with me by the respondents working in the two companies.

The interviews were conducted as a means to see how the strategies were carried out, observe which aspects were given priority, and how the different actors involved in the value chain as well as the actors involved in the district’s development perceived the companies’ strategies. This comprehensive vision served as data triangulation and aimed to ensure the validity of the research.

3.2 Operationalization

Annex II presents how the key concepts of this thesis – corporate sustainability, sustainable development and organizational culture – were operationalized. Corporate sustainability was operationalized using Runhaar’s et al. (2016) three types of relations (causal, normative and final), while sustainable development was operationalized using the three pillars: the economic, social and environmental dimensions of sustainable development. Organizational culture was operationalized as internal culture (values and beliefs) and organizational effectiveness (in relation to the strategy).

3.3 Units of analysis and observation

This research discusses the role of the private sector in achieving sustainable development from a strategic perspective. To do so, it takes two oil palm companies in Ghana as units of observation, Serendipalm Company Limited and Ghana Oil Palm Development Corporation (GOPDC), and their respective corporate sustainability strategies as units of analysis.

Both companies differ in terms of size, structure and approach. While GOPDC belongs to the SIAT Group, a multinational corporation that owns oil palm plantations in five countries in Africa, Serendipalm is a smaller oil palm company working exclusively with smallholder farmers under a Fair Trade and Organic (FTO) project. It has now become the world’s largest FTO palm oil project. Both oil palm companies publicly display ambitions to lead the way toward sustainable development. The SIAT Group displays a strong commitment to environmentally responsible management and has launched community programs in education, infrastructure, potable water and electricity. Similarly, Serendipalm is driven by the idea of fairness and environment preservation and aims at bringing sustainable development in rural Ghana. Both companies provide their workers with social benefits and fair working conditions. In the meantime, they claim to lead community development projects to meet local communities’ needs.
3.4 Study area

Fieldwork for this study was carried out in Kwaebibirem District, in the Eastern Region of Ghana, where the two selected companies are located. Kwaebibirem District is known in particular for its oil palm production, the main economic activity in the district. The town of Kade was used as a base to travel to Kwae Estate where GOPDC’s headquarters are located, and to Asuom where Serendipalm’s headquarters are located. Being based in Kade also facilitated visits to other communities such as Okumaning, Abaam, Abodom and others where the two companies have their operations. The study area is the hub of oil palm production in Ghana and part of the WOTRO-financed Inclusive Value Chain Collaboration project coordinated by Dr. Mirjam Ros-Tonen of the University of Amsterdam.¹

Figure 3.1. Political map of Ghana (Source: ezilon.com Regional Maps 2015)

¹ https://inclusivevcc.wordpress.com
3.5 Data collection methods

Data was collected using standardized interview guides, with the companies’ managers in charge of sustainability programs. The interviews focused on the role the companies are seeking to play in leading the way to sustainable development and how the companies’ managers perceive this role and the sustainability strategy. The interviews also sought to shed light on the role of local management in implementing the corporate sustainable strategy. Literature shows the importance of the organizational culture in a corporate sustainable strategy’s success (see Section 2.3). Beyond the strategy on paper, organizational culture defines to which sustainability pillar a company gives priority in practice, and how it translates the strategy from paper to reality. Organizational culture also sheds light on how management and staff live the values of the company. Since the implementation of a corporate strategy is handed over to local management, understanding local management’s perception of the corporate sustainable strategy is crucial when analyzing the strategy (White, 2009; Maon et al. 2008), as well as analyzing the place sustainability holds in the organizational culture (Baumgartner, 2009).

The research was also interested in getting the story from the side of the farmers and workers directly involved with the two companies to understand how they perceive the practices of the oil palm companies. Hence four members from the communities where GOPDC operates and six community members from the area where Serendipalm operates were interviewed. Other actors involved in the district’s development were also interviewed: representatives of the Ministry of Food and Agriculture (MOFA) and the District Assembly. Gathering the perceptions of all these different actors provided a rather comprehensive picture of the two companies’ operations and practices regarding sustainable development in the three focus areas: economic, environmental and social sustainability.

For each group of respondents, a specific interview guide was designed. The interview guides were designed in a standardized way with a view to comparing the respondents’ perception in a systematic manner and allowing to identify trends and patterns in the responses.

This research will by no means lead to an impact assessment and is more concerned with how the companies’ officials, the communities, the farmers and workers working for these companies and other actors involved in the district’s development perceive the corporate sustainability strategies and how these play out on the ground. The structured interviews with farmers and community members were prepared based on the analysis of the corporate strategies and of the interviews with the managers of the company. The interviews with the District Assembly officials were drafted based on the analysis of interviews with the managers of the two companies. The interview with the MOFA was designed based on MOFA’s official development targets (FAO, 2015).

The preliminary results were used to frame the questions as a reality check of the different relations discussed above (causal relations, normative relations and final relations). When possible, the interviews
were recorded and then transcribed. However, recording was not possible for the majority of the interviews, sometimes because the respondent did not feel comfortable being recorded and did not grant his or her permission; sometimes because the setting in which the interviews were conducted noisy public spaces. In the event that interviews were not recorded, detailed notes were taken.

The in-depth format of each interview addressed all three sustainability dimensions (economic, environmental and social) in detail, provided a wealth of information, and allowed to delve deeper into respondents’ perceptions of the corporate sustainability strategies.

The interviews also served as a triangulation method to enhance the validity of the data. The corporate sustainable strategy may display an interesting plan in theory, but interviews enabled to highlight how people perceive the strategy both within and outside the companies, and how these strategies played out on the ground. The research identified three layers that need to be taken into consideration when analyzing the companies’ strategies: what the strategy says on paper; how the different actors understand and interpret it; and how it is translated on the ground. An analysis of all three layers provides data triangulation and strengthens the validity of the present research.

### 3.6 Sampling

Interviews were carried out with actors along the supply value chain. Purposive sampling was used to ensure that all the different groups were heard.

Respondents working for the oil palm companies and down the value chain were selected purposively based on their position in the company. At the companies' management level, managers in charge of sustainability programs were contacted for interviews. It should be noted that managers in these positions have a limited decision-making power on the strategy. While the overall strategy is decided in headquarters, area managers as in Ghana have the possibility to adapt the general company’s strategy to the local reality to a certain extent.

Farmers, workers and community dwellers were selected randomly, following a snowball sampling strategy. GOPDC farmers were selected purposively, as the company works with farmers based on two types of contract: smallholders and outgrowers. Smallholder farmers cultivate a piece of land belonging to GOPDC, with the obligation to sell the production to the company. Outgrowers are independent farmers who receive planting material from GOPDC and commit by contract to sell their production to the company. When sampling the farmers to interview, it was made sure that both smallholders and outgrowers were selected. The selection criteria included the type of contract with the farmers, and further respondents were found following a snowball sampling technique. Serendipalm only works with independent farmers, hence random selection was applied, the only criteria being that the farmer was an organic farmer who sold
his or her produce to Serendipalm.

Similar differences in contracts were noted for GOPDC workers in the oil mill plant. While Serendipalm employs permanent workers all year round and hires temporary workers only during peak season based on need, GOPDC has a different policy. Next to permanent workers, the company uses short contracts to employ people over years and years, without giving them the status of a permanent worker. In the course of the fieldwork, I met several people who had been contractual workers at GOPDC for two, three, six or even ten years without interruption. Sampling of workers took this particular aspect into consideration and respondents were selected to represent both permanent and contractual workers.

**Table 3.2 Table of respondents**

<table>
<thead>
<tr>
<th>Types of respondents</th>
<th>GOPDC</th>
<th>Serendipalm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company’s managers</td>
<td>2 managers interviewed</td>
<td>2 managers interviewed</td>
</tr>
<tr>
<td></td>
<td>*key informants</td>
<td>* key informants</td>
</tr>
<tr>
<td>Workers</td>
<td>2 permanent workers interviewed</td>
<td>1 permanent worker interviewed</td>
</tr>
<tr>
<td></td>
<td>4 contractual workers interviewed</td>
<td></td>
</tr>
<tr>
<td>Farmers</td>
<td>1 smallholder farmer interviewed</td>
<td>5 organic farmers interviewed</td>
</tr>
<tr>
<td></td>
<td>2 outgrower farmers interviewed</td>
<td></td>
</tr>
<tr>
<td>Community members</td>
<td>4 community members interviewed in Kwae estate, Kwae community, Okumaning and Kusi communities.</td>
<td>6 community members interviewed in Asuom, Abaam and Abodom communities.</td>
</tr>
<tr>
<td>District Assembly representatives</td>
<td>3 representatives interviewed</td>
<td></td>
</tr>
<tr>
<td>Ministry of Food and Agriculture representative</td>
<td>1 representative interviewed</td>
<td></td>
</tr>
</tbody>
</table>

Table 3.2 provides an overview of the number and types of respondents interviewed for each of the companies, within and beyond their value chains. Outside GOPDC and Serendipalm, other actors active at the district level were also interviewed. Representatives in the District Assembly and the Ministry of Food and Agriculture were purposively selected for their high position in these agencies.
3.7 Data processing and analysis

The corporate sustainability strategies of GOPDC and Serendipalm are examined from three perspectives. They are first analyzed from the causal, normative and final relations distinguished by Runhaar et al. (2006). The causal relations look at the sustainability problems identified by the companies and that are meant to be addressed by the companies’ activities. The normative relations represent the underlying values of the corporate sustainability strategies. They ensure the legitimacy of the company’s activities and translate the company’s vision, policy and code of conduct. Final relations are the tools and instruments designed to operationalize the companies’ strategies. This part of the analysis also examines the drivers to understand what motivates the two companies’ strategies.

Second, the corporate sustainability strategies are examined from the strategic management perspective (see Engert et al., 2014). The strategic management level looks at the effectiveness of the strategy and the efficiency of the strategy’s implementation. At this stage, I am taking a closer look at GOPDC and Serendipalm’s activities and how these two companies bring their strategies into reality. The corporate strategy’s analysis of GOPDC and Serendipalm is completed by field observations and interviews on the implementation and effectiveness of the companies’ activities.

Finally, the corporate sustainability strategies are examined from the perception of stakeholders within and beyond the value chain of these two companies. These include workers, farmers, community members, and government representatives. Interviews transcripts were coded using the software Atlas.ti. Codes were first established based on research questions, the conceptual scheme and the operationalization table (deductive coding). They were later completed based on themes that appeared in the interviews: new codes were created and the data was recoded accordingly (inductive coding). A framing and content analysis was carried out, examining meaning and identifying patterns in the interviews regarding the effectiveness of companies’ strategies. Annex IV provides the coding table used to thematically analyze the interviews.

3.8 Validity and reliability of the research

This section discusses issues of reliability and validity of the present qualitative research.

3.8.1 Internal validity

Internal validity (i.e. alignment between observations and theoretical constructs) was enhanced through in-depth interviews whereby the theoretical ideas developed in the operationalization table were examined in detail. The interview questionnaires were designed using the research question and sub-questions, and the
operationalization table, addressing each of the indicators of the table in the questions discussed in the interviews. At first, my intention was to design a complex questionnaire for the companies’ managers and a simplified one for the farmers, workers and community members, to conduct a ‘reality check’ of what the companies do on the ground in terms of community projects. However, since I had the chance to conduct in-depth interviews with all the respondent groups, I seized the opportunity to delve deeper and ask questions on all the indicators to all of the respondents and go beyond the “Did the company really implement the x community project it advertises?” type of question.

One key realization during the fieldwork was that no matter how well I prepared beforehand, there would always be a gap between the theory and the reality on the ground. This gap was first exposed during the proposal presentation at the University of Energy and Natural Resources (UENR) in Sunyani. The feedback from the UENR professors, the local supervisor and her team from the Center for Climate Change and Gender Studies (3CGS) helped me fill that gap and better know the local reality in Ghana, the oil palm sector, the respondents I targeted and their contexts. This knowledge acquired at the beginning of the fieldtrip was decisive in the success of the data collection.

3.8.2 External validity

The scope of this research was to study two companies in the oil palm sector. These companies differ in size and many other ways as the results will highlight in the next chapters. However, the results can be generalized to some extent. The foundation of GOPDC’s environmental and social sustainability program relies on the application of the principles and criteria of the Roundtable for Sustainable Palm Oil (RSPO). The RSPO is a non-profit association that unites stakeholders from various sectors at the international level. Results of the present case study on GOPDC can be useful for other companies that have based their sustainability strategies on the RSPO principles and criteria. Moreover, results can be useful to other large companies working in the oil palm sector just like GOPDC. Large companies that aspire to preserve the environment, implement community projects and make profit face unique challenges linked to their size of operations.

Findings in the case of Serendipalm can be of interest for other companies working with Fair Trade certifications in the agricultural sector like Serendipalm. There has been a growing interest in the concept of Fair Trade and an increasing number of companies seek to attain this certification.

3.8.3 Internal reliability

This study did not involve a research team to collect the data as I was the only research, thereby avoiding the inter-observer reliability issue. However, field experiences and preliminary findings were discussed throughout with the research assistant/interpreter, peers and the local supervisor who acted as my auditors.
and helped me critically reflect on the findings, thereby reducing issues of internal reliability. One issue that may indirectly undermine internal reliability is the translation issue. While interviews with company managers and governmental officials were conducted directly in English, interviews with farmers, workers and community members were conducted in Twi with the assistance of an interpreter. During the interviews conducted in Twi, I had to be careful of separating the interpreter’s interpretation of what he thought the respondents meant and translated to me, and what they really said. Verification was achieved through constant back and forth questions about the interpreter’s translation, which had the disadvantage to considerably extend the interviews’ length.

3.8.4 External reliability

This study can be replicated in Ghana or any other country and in the oil palm sector or another sector of industry by using the standardized questionnaires designed for the interviews, hence external reliability (replicability) is ensured. The standardized questionnaires allow for a systematic comparison between each respondent’s answers and reduces issues of subjectivity and interpretation of the findings. The same questionnaires can be used to replicate the study, with minor adjustments if used for another industrial sector. The indicators and concepts used in this study are founded on the broad concepts and internal framework of sustainable development and corporate sustainability, with no specific context of country in mind. Similarly, the corporate sustainability analysis based on from Runhaar et al.’s (2006) policy analysis is flexible and the methodology can be adapted for multiple contexts. Qualitative studies are known for a major flaw when it comes to coding: subjectivity. In order to reduce external reliability issues due to the subjectivity of coding, a detailed code book with definitions and examples for each programmed code was drafted and can serve for replication of the research (see Annex IV).

3.9 Limitations to the research

The major limitations of this study were access to the two oil companies’ corporate strategies. I intended to use the original strategy documents for the analysis, as these documents are more detailed than the strategy information available online. Although the company managers I met were very welcoming and helpful, they were not able to disclose many of their internal strategy documents because of confidentiality matters. Instead, I used the documents publicly available on the companies’ websites.

Another limitation occurred during the interviews with the company representatives, governmental agencies, the farmers, workers and community members. When in presence of a (foreign) researcher respondents may be inclined to give socially desirable answers. There were times when some respondents among the farmers and community members seemed to think that I was there to solve their problems, despite the clear explanation of the study’s scope and goal given at the beginning. In these cases,
respondents proceeded to list all their complaints, throwing accusations and sharing their theories on who was to blame for what, based on personal assumptions. To overcome this limitation, data triangulation such as comparison between several respondents’ interviews or comparison between answers and facts on the ground was used.

The language barrier was another limitation. Interviews with staff of the oil palm companies’ were conducted in English, Ghana’s official language. These staff members are expected to have achieved a certain level of education, and hence to be fluent in English. However, this was not the case with farmers, workers and community members. When interacting with them I had then to rely on an interpreter. This posed a problem of translation as I was be dependent on the interpreter and was not able to check the translation accurately or whether the interpreter ‘interpreted’ the responses on top of translating them. The language barrier was also an obstacle to trust and relationship building, which may have restrained the amount and quality of data collected.

During the fieldwork research I realized that people are not familiar with a corporate strategy analysis approach and that they expected this research to be an impact analysis followed by an action plan to address the loopholes identified during the research. It proved to be challenging to steer the interviews back to the original focus of the research and away from an impact assessment.

3.10 Research ethics

This research took the ethical principles elaborated in the Social Research Association’s Guidelines (SRA, 2003) and Bryman (2016, p. 125). These include: informed consent, safety in participation, confidentiality and voluntary participation, deception and trust. This section recounts how these dimensions and the related challenges were addressed in the field.

3.10.1 Informed consent

The first guideline adhered to was to gather the respondents’ informed consent to participate in the research. The goal of the research was clearly explained, as well as the role of the respondents in it. I made sure, with the help of the research assistant/interpreter, that the information given to the participants was consistent among all of them. The help of the assistant/interpreter was crucial for the participants speaking Twi, ensuring that information on the research was understood without the language barrier issue. Any information related to potential risks were indicated. Respondents were thus able to make an informed decision about their participation in the study.
3.10.2 Safety in participation

When conducting the field research, I assessed the possibility of harm to research participants and to the research assistant. The main harms the research could generate were harm to career or employment prospects and personal safety in the oil palm fields and oil mills. Farmers and workers in the oil mills were interviewed in private settings like their homes or backyards to avoid them being seen with outsiders and potentially threaten their employment possibilities. When it was not possible to interview them in private settings and respondents did not feel confident to talk in a public area, I proceeded to find new respondents. In all cases, confidentiality of records was ensured as well as anonymity of the respondents by anonymizing the responses in the research findings.

I ensured the safety of myself and my research assistant when visiting the oil palm fields and oil mills by abiding to the safety regulations of the companies. In one instance we were accused of trespassing due to a misunderstanding: the manager of a company had given us the permission to wander about the estate, but the plant safety manager had not been informed and threatened to expel us from the estate. I apologized, asked to be informed of the safety regulations and promised to follow them.

3.10.3 Confidentiality and voluntary participation

The managers of the two companies I interviewed shared some internal documents that were not available on the companies’ websites to help my understanding of their strategies. In return, I promised them not to use these documents publicly and keep them confidential. For the corporate strategy analysis, I refer to documents publicly available on the website of GOPDC and Serendipalm. Moreover, privacy was respected and if, for whatever reason, the respondents did not feel comfortable answering a question, I respected their choice and did not insist for an answer. Similarly, respondents who refused to be recorded were not recorded covertly and against their will.

3.10.4 Deception and trust

Finally, I was careful not to give the impression that the oil palm companies would take action and provide certain benefits or services as a result of my research. I made clear that I was not affiliated to the oil palm companies, which would have jeopardized trust building with the farmers, workers and community members. However, despite my best efforts, people in the communities I visited still perceived me sometimes as the ‘obruni’ (white person) who ‘has come to help’ and ‘brings development with her’. This sort of expectations gives away how local people perceive the white person I am, a perception rooted in past development practices where people from the North came to the South to ‘bring’ development – also known as ‘the White savior’s complex’. Using these expectations to gain the trust of respondents and
extract information from them would have been deceiving and anti-ethical. I thus tried to correct the misconception and explain the goal of my research.
Chapter 4. Research context

This chapter examines Ghana’s economic and development context (Section 4.1), then elaborates on the oil palm sector (4.2), after which the specifics of the Ghanaian oil palm industry and the role of the private sector in driving the value chain of the oil palm sector are addressed (4.3).

4.1 Ghana: economic and development context

Ghana is a country well-endowed with natural resources and is based on a market economy. Its economy is led by gold, crude oil and unprocessed cocoa. Strong democratic institutions, abundant natural resources, good governance and good policy reforms are all factors that have contributed to a strong economic growth and its ability to attract foreign investment (WTO 2014, p. 9; see also Cooke et al., 2016).

Ghana’s economy mainly relies on primary commodities such as cocoa, gold and oil, subject to the volatility if international market prices (World Bank, 2018, p. 18). The economy increased with a significant 14 percent after Ghana started exploiting offshore oil in 2010 (WTO 2014, p. 9), but this uptake in the oil sector was marked by a slowdown in the growth of the agricultural sector to 0.8 percent (World Bank, 2018, p. IX). The share of agriculture in Ghana’s GDP was only 18.3 percent in 2017, falling from a 29.8 percent in 2010. The industry remains the highest growing sector with a GDP share of 26 percent since 2010 (World Bank, 2018, p. 4).

However, agriculture is a crucial sector for Ghana’s export earnings and has the potential to become a leading sector for the country’s economic growth (World Bank report 2018, p. 39). Ghana’s exports are led by agricultural products (31.7 percent in 2015) and oil extraction and mining products (28 percent). In order to allow the agricultural sector achieve its economic potential and attract more private investment, Ghana needs a strong economic stabilization program (World Bank, 2018). The 2018 World Bank report further suggests that “improving the efficiency and quality of [spending in the agricultural sector] could generate significant gains in productivity, employment and rural poverty reduction in Ghana”, making the agricultural sector an engine of growth and jobs creation (World Bank report 2018, p. 39).

After a sluggish economic growth in 2016, the country registered an 8.5 percent economic growth in 2017 and is set to being the world’s fastest growing economy for 2018 based on the projections of the World Bank (2018, p. 18). Similarly, Foreign Direct Investment (FDI) has greatly increased (from USD 4 billion in 2007 to USD 16 billion in 2012). FDI remains however limited to the gold mining and oil sectors (WTO, 2014, p 10).
The United Nations (UN) classified Ghana as a lower middle-income country (UN, 2014b) and a medium human development country with an HDI value of 0.579 for 2015 (UNDP, 2016). Ghana’s HDI has improved as access to health and education have improved (WTO 2014). However, despite a number of policies and strategies adopted to address social and environmental sustainability issues, the country still suffers from poor human health and sanitation, poverty, and a lack of access to potable drinking water and energy (Domfeh et al., 2012). When adjusted to account for inequalities, Ghana’s Inequality-adjusted HDI (IHDI) drops to 0.391. Economic growth has been coupled with rising inequality (Cooke et al., 2016): Ghana’s GINI coefficient went from 37 in 1991 to 42.4 in 2013 (latest figure available), highlighting the growing inequality issue. The gap between rich and poor has widened, especially in rural areas where 45 percent of the population live, a situation that risks eventually impairing the country’s development and poverty eradication efforts (Cooke et al., 2016). Ghana’s great achievements in poverty reduction have been undermined by growing inequality in recent years, with a quarter of the population living under the poverty line of US$1.25 a day (WTO, 2014).

Sustainable Development has been on Ghana’s political agenda for years: a National Assessment on Achievement of Sustainable Development published in 2012 emphasizes the importance of sustainability to achieve development (Republic of Ghana, 2012). This review report prepared in light of the Rio+20 Conference in 2012 found that achievements on the social and economic sustainability dimensions needed to be further consolidated, while a lot had yet to be done on endemic problems such as a lack of environmental sustainability, deforestation, land degradation, biodiversity loss and pollution (Republic of Ghana, 2012, p. 19). The review report points at the importance of the private sector’s participation in and contribution to the green economy (Section 2.1.3) as the instrument to achieve sustainable development (Republic of Ghana, 2012, p. 20.).

In an article from May 2018 on the implementation of the SDGs in Africa, Ghana’s President Nana Akufo-Addo, outlined his vision of a ‘Ghana beyond Aid’. He emphasized his commitment to embracing the SDGs as the framework upon which to build the country’s development and advocated to rely on Ghana’s own resources to achieve this vision, rather than on foreign aid. Inclusive growth is at the core of the new national development framework described in the article. President Nana Akufo-Addo further pointed at necessary conditions to enable Ghana to achieve the SDGs, such as recognizing the importance of women in the economy, pursuing technological innovation to transform the economy and the critical contribution of a strong private sector (Akufo-Addo, 2018).

4.2 The oil palm sector

Oil palm is originally from West Africa, and more precisely from Côte d’Ivoire, Ghana, Nigeria and Sierra Leone. It has spread to the world from there to regions with similar climatic conditions: South East Asia
Two types of oils are produced from the oil palm fresh fruit: crude palm oil (CPO) and palm kernel oil (PKO). CPO is produced from the fruit pulp, while KPO is made from the seed kernel (Danyo, 2013, p. 162). CPO is used as biofuel, but also as a component in food products (cooking oil) and manufactured goods (cosmetics, detergents and so on) (Ofosu and Sarpong, 2013), making palm oil one of the most versatile vegetable oils in the world (Danyo, 2013). Global palm oil demand is increasing due to population growth and the use of palm oil as a biofuel (UNPD, 2010, p. 4; Ofosu and Sarpong, 2013). This growth trend of palm oil has attracted the attention of governments, but also many international NGOs who regularly report on environmental and social issues related to palm oil (UNDP, 2010; see also Greenpeace International, n. d.; and WWF, n.d.).

Palm oil is considered a source of employment in producing countries and generates regional development. “Palm oil cultivation and production employs close to seven million people worldwide, a combined labor force of workers, smallholders and their families” (UNPD, 2010, p. 5). It has a higher return on investment than other agricultural activities or even livestock activities, making it an attractive cash crop (UNPD, 2010). Palm oil also significantly contributes to countries’ GDP, such as in Malaysia where it represents more than 14 percent of the GDP. In Papua New Guinea, palm oil production and processing now precedes coffee and cocoa as a commodity (UNPD, 2010, p. 5). The palm oil industry is highly profitable and its price per barrel makes it rather competitive with fluctuating oil prices (UNDP, 2010, p. 9).

Oil palm cultivation is a highly controversial crop with both positive and negative aspects. Among the benefits oil palm plantations can bring are listed employment opportunities, higher incomes, but also medical services, education programs and roads all provided by the companies operating the plantations (Gyasi, 1996; Ofosu and Sarpong, 2013, p. 353; Danyo, 2013, p. 166), thereby pointing at the potential for rural development (UNPD, 2010). In the meantime, the development of industrial oil palm plantations adversely affects local populations through land dispossession without compensation thereby causing social conflicts, changes in the ecosystem, biodiversity loss and environmental degradation, and posing a threat to food security (Danyo, 2013, p. 166; Gyasi, 1996; UNDP, 2010; Saswattecha et al, 2015). Food

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security becomes a problem as monoculture of oil palm plantations competes with other food crops. Moreover, the use of palm oil as biofuel has led to an increase of staple food prices; palm oil is used by local people in their daily diet as cooking oil, but now it is exported as biofuel, thereby reducing its accessibility as food to local people living under the poverty line of US$1.25 a day (UNDP, 2010, p. 7).

4.3 The Ghanaian oil palm sector

Oil palm plantations were first introduced in Ghana by the Dutch at the beginning of the 18th century (Gyasi, 1996; Danyo, 2013), followed by the British. Plantations expanded in the 19th century and palm oil became the first exported product from Western Africa (Danyo, 2013, p.159). However, the rise of oil palm plantations in Africa was curtailed by the new plantations in Indonesia and Malaysia and the Western African region gradually lost its competitiveness (Danyo, 2013).

Oil palm is produced in the Western, Central and Eastern Regions of Ghana (Ofosu and Sarpong, 2013; Danyo, 2013). Plantations are estimated around 330,000 hectares in the whole country (Ofosu and Sarpong, 2013) for an estimated output of 243,852 tons of palm oil, leaving an unmet demand of 35,000 tons of palm oil (Ofosu and Sarpong, 2013, p. 354; Osei-Amponsah et al., 2012; Danyo, 2013). It comes second after cocoa in Ghana’s agricultural tree crop sector (Ofosu and Sarpong, 2013; Danyo, 2013). There are two seasons for oil palm cultivation: a peak season from April to November during the rainy season, and a lean season form December to March when the climate is dry (Danyo, 2013).

At first, plantations were state-owned, created by the post-independence government, as was the case with Ghana Oil Palm Development Company (GOPDC), one of the two companies of this case study (Danyo, 2013). However, state-owned farms did not prove to be economically viable due to capital constraints, political collusion, poor planning and other issues (Adjei-Nsiah, 2012). They were gradually privatized between the 1990s and the 2000s (Danyo, 2013). Oil palm production in Ghana is divided between small private farms, which cultivate 80 percent of the land and large-scale industrial companies, which use 20 percent of the land but produce 55 percent of total palm oil output (Adjei-Nsiah, 2012; Ofosu and Sarpong, 2013; Danyo, 2013).

Ghana ranks 11th in the world for palm oil production, coming after Thailand, Nigeria, and five Latin American countries.⁴ Oil palm is a valuable economic crop for Ghana. Development of this crop as a national priority was driven by the Ghanaian government with the goal to diversify tree crop production beyond cocoa, and for its economic potential driven by the rising international demand for palm oil (Ofosu and Sarpong, 2013). Furthermore, oil palm brings food and livelihood security to people in rural areas

⁴ https://www.indexmundi.com/agriculture/?commodity=palm-oil accessed 29 July 2018
(Ofosu and Sarpong, p. 351; Osei-Amponsah et al., 2012). Its potential for poverty alleviation in rural areas has made it a critical pillar of the government’s national policy (Osei-Amponsah et al., 2012, p. 49; Ofosu and Sarpong, 2013; Adjei-Nsiah, 2012) and was enshrined in a Presidential Special Initiatives in 2003 (Danyo, 2003).

The Ghanaian oil palm industry is structured in two sectors: a small-scale sector composed of smallholder farmers who produce for local consumption, is family-operated, manual labor intensive (Ofosu and Sarpong, 2013; Gyasi, 1996); and a large-scale sector with large industrial plantations and large-scale processing mills, highly mechanized, with high capitals, using hired labor, technology and agro-chemicals (Gyasi, 1996). The palm oil produced by large-scale processors is typically exported while the palm oil produced by small-scale producers is not suitable for export due to its poor quality. The motivation for farmers to sell to small-scale processors is the higher financial benefit: they pay only a small processing fee and can get a higher return on investment (Danyo, 2013).

The private sector is particularly prominent in the oil palm sector and driving the value chain (Ofosu and Sarpong, 2013). Generally, the private sector has a vested interest in building strong markets and a successful business environment to see purchasing power and consumption grow. In order to thrive, it needs a stable environment, a strong workforce and reliable infrastructure. Moreover, preserving the environment becomes a key concern as a way to ensure resource availability (UN Global Compact, 2014). “Private sector actors, although driven by profitability motives, must ensure effective management of their agribusinesses to enhance sustainability” (Ofosu and Sarpong, 2013, p. 380). In the Ghanaian oil palm sector, partnership contracts such as outgrower schemes (see Section 3.6) illustrate the interdependence between the company and farmers (Ofosu and Sarpong, 2013). Sustaining this partnership for successful economic returns is what motivates private companies to develop social programs that enhance rural development and provide companies with social legitimacy (Gyasi, 1996).

4.4 Conclusion

Oil palm is a key industry in Ghana and has been high on the government’s agenda for years. It is considered as a thriving sector that generates employment and brings rural development. Although oil palm has been a national priority crop since 2003, Ghana still falls far behind South East Asian and Latin American producers. Ghana’s palm oil annual growth rate is down to 0.00 percent in 2018, stalling for the second consecutive year.⁵

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Chapter 5. Corporate sustainability strategies

This chapter analyses the corporate sustainability strategies of two oil palm companies – GOPDC (Section 5.1) and Serendipalm (5.2), based on strategic documents that the companies made available on- or offline and interviews with managers responsible for the companies’ CSR and sustainability policies. In order to allow a comparison between the two companies under study, the same analytical framework by Runhaar et al (2006) has been used to reconstruct the companies’ sustainability strategies and underlying drivers and assumptions (see Section 3.1).

GOPDC and Serendipalm are two very different companies that both operate in Ghana’s oil palm sector. They differ in terms of size, origin, strategies, operations, but also in terms of values. GOPDC is Ghana’s largest oil palm company and was initially a state-owned company before being sold to the Belgium SIAT Group. It owns two large plantations of 21,000 hectares, works with 6,000 outgrowers and employs up to 3,000 workers in the oil mill plant. Serendipalm is the world’s largest Fair Trade and Organic palm oil project, but in Ghana it remains a small-scale oil palm company that works with 600 organic farmers, 250 workers in its oil mill plant, and owns no oil palm plantation. It was founded by a US company with the purpose of supplying organic palm oil to the mother company. These are two different stories for two companies with very different mindsets, as the analysis of their corporate sustainability strategy will show below.

5.1 GOPDC’s corporate sustainability strategy

The analysis of GOPDC’s environmental and social strategy highlights what economic, environmental and social problems the company identifies (see “causal relations” in Figure 5.1); how it envisions its role in relation to these three dimensions or (see “normative relations” in Figure 5.1); and what measures the company has taken to address the identified issues and reach the projected vision (see “final relations” in Figure 5.1). Following Ataa-Asantewaa et al. (forthcoming), Figure 5.1 divides the final relations into measures, how these are implemented, and to what end (the goal).

The first main finding from the analysis of the documents is the lack of reference to the UN Sustainable Development Goals (SDGs). Findings show that GOPDC does not use the SDGs to draft its sustainability strategy. However, the corporate strategy analysis found that the company still contributes to sustainable development and therefore, the advancement of the SDGs in Kwaebibirem District. This aspect will be discussed in Chapter 7.
The second main finding is that the overall corporate sustainability strategy of GOPDC for all three pillars (economic, environmental and social sustainability) is based on the Roundtable for Sustainable Palm Oil (RSPO) principles and criteria.

The present section will introduce GOPDC’s corporate sustainability strategy structured along Runhaar et al.’s three relations (causal, normative and final) and detailing each of these along the three sustainability pillars.

![Diagram](image)

Figure 5.1: Normative, causal and final relations in GOPDC’s sustainability strategy. Figure inspired by Ataa-Asantewaa (forthcoming).

5.1.1 Causal relations

Throughout the strategic documents and interviews with two managers at GOPDC, the company identifies a number of problems on the economic, environmental and social levels that impact the business and need to be addressed if the company wants to be successful. Although this section categorizes the problems following the three sustainability pillars, problems were found to often be part of two dimensions (e.g. economic and environmental or economic and social).

**Economic**

Economic sustainability is certainly the main concern for a company such as GOPDC if it wants to carry on its operations and avoid bankruptcy. Economic problems faced by GOPDC range from competition with the local market, supplier failure, theft of fresh fruit bunches (FFB), and infrastructure building costs.
In the outgrowers’ scheme, GOPDC invests money to help each farmer enrolled in the scheme to buy planting material, pesticides and fertilizers. In exchange, the outgrower commits to selling its FFB exclusively to GOPDC. However, due to competition with local processors, outgrowers choose to sell to small buyers at a higher price instead, leaving GOPDC to struggle to meet its palm oil production targets. This prompted GOPDC to revise its outgrowers’ scheme.

**Environmental**

Oil palm has been recognized as one of the most environmentally destructive crops. The expansion of oil palm plantations is often realized at the expense of forests and biodiversity (Asubonteng et al. 2018), and oil mill plants produce effluences that have long-lasting effects on the environment around the plants (Vos, 2017). GOPDC is no exception and has listed similar problems in its strategy. It has additionally looked at the risks posed by climate change on the soil, oil palm yield, pests, the workforce, and how this impacts the overall performance and economic viability of the company.

GOPDC has dedicated an entire risk analysis document to the impacts of climate change on oil palm and the company, looking at issues in terms of financial risks and loss for the company. Climate change-related risks negatively affect the company’s economic viability. The risk analysis document also considers the social impacts of climate change. However, people are absent from the representations of risks in the document and represented instead as “malaria cases”, thereby objectifying and framing people as a resource.

**Social**

GOPDC owns two large plantations in Kwaebibirem District, and is the main employer in the district. Issues related to the social dimensions are many, and range from land rights and land access, negative social impacts of oil palm projects, and conflicts with the communities.

Oil palm plantation projects are known to have negative social impacts, as the Brief document on Sustainable Palm Oil reports: “The expansion of oil palm plantations has resulted in social conflicts between local communities and growers in some places” (RSPO, 2012a, p 1). Plantation projects restrict local communities’ access and right to land, and impact their well-being, livelihoods and traditional ways of living. Conflicts generated over land issues can lead to supplier failure and interrupt the company’s operations as one GOPDC manager’s interview explains:

“If there is no cordial relationship between you and them, you cannot work. Because when one of the communities strikes, you know, it affects you; the workers will not come to work.”

The analysis found that social issues are considered from the perspective of fear of operational

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6 Interview held in Kwae Estate on 8 February 2018
interruption. This concern is at the core of the social strategy, while people are invisible.

5.1.2 Normative relations

GOPDC is committed to several principles and norms and has issued a set of policy papers, environmental commitments, a social responsibility policy paper, a code of business conduct, all publicly available, that define the company’s vision on how things should be done and which set the standards to which the company commits itself.

GOPDC’s overall goal is summarized in the Code of Business Conduct, where the company commits to adhering to “the highest standards of integrity” while doing business in a fair and equitable manner. The vision, found across several strategy documents, is to carry out operations in a way that promotes the well-being of shareholders, employees, customers and communities while preserving the environment. The company also aims at being a leader in sustainable oil palm production in Ghana and was the first company in the country to receive the RSPO certification.

Complying with national and international regulations is another key principle of the company. Moreover, GOPDC has adopted the RSPO certification standard and its principles and criteria to show its will to be transparent and adhere to good practices for sustainable oil palm production into practice.

Economic

GOPDC is the biggest agro-based company in Ghana and wants to retain its leading position. It also aims at bringing about economic growth:

“GOPDC augments the economic activity in its region of operation and in doing so it provides employment and income (directly and indirectly) to more than 50,000 people” (in GOPDC, n.d. b, Environmental Commitment)\(^7\)

GOPDC’s vision is to be an innovative leader through continuous improvement and technological innovation.

“In Ghana we are the only one who has the biomethane recovering dispositive. We are always looking for the latest and best practices. […] We always look for technological solutions before others in the country” (interview GOPDC manager).\(^8\)

The company is also attached to sound professional standards and high performance. These findings point to a company with strong leadership and ambition to play a key role on the economic stage.


\(^8\) Interview held in Kwae Estate on 20 February 2018
Environmental

Being aware of the adverse impacts oil palm plantations on the environment, GOPDC wants to place itself at the forefront of sustainable palm oil production and minimize the negative environmental impacts while complying with environmental legislations. GOPDC’s commitment to conducting business while preserving the environment is found in several documents: its environmental policy paper, its online Environmental Commitment, and the Climate Risk Analysis.

“GOPDC has a deep recognition for its environmental responsibilities and is engaged in a continuous improvement of its environmental performance” (in GOPDC, n.d. b, Environmental Commitment)\(^9\)

To do so, GOPDC has adopted the RSPO Principles and Criteria for best agricultural practices, biodiversity conservation, legal compliance and responsible development of new plantings. The company’s vision is to “integrate the consideration of environmental concerns and impacts into all of [the company’s] decision making and activities” (in Ghana Oil Palm Development Company, 2017, p 1).

GOPDC’s environmental vision is rooted in the observation that business operations could not be long-term if the environment is not taken into consideration: environmental concerns are subordinated to economic concerns. In the meantime, biodiversity conservation efforts are implemented to meet local regulations of the Environmental Protection Agency (EPA) and international regulations of the RSPO certification standard.

Normative representations on environmental sustainability in GOPDC’s strategy have a limit as food security is nowhere taken into account. The best practices recommended are often translated into technological fixes aiming at improving planting materials and boosting yields. The environmental preservation is less the goal than economic performance. In all these representations, food security is absent: there is no intercropping or agro-forestry program, and all agricultural potential in the district is focused on oil palm. While oil palm is a cash crop with great economic development potential, it competes with food crops and is cultivated at the expense of the latter (Asubonteng et al. 2018).

Social

On the social sustainability aspect, GOPDC’s vision is to play a role in the district’s rural development and improve people’s living standards.

“GOPDC supports the communities it operates in, not only through the results from its business operations, but also through investment in education, health and the environment

\(^9\) http://www.gopdc-ltd.com/environmental-commitment/ accessed 22 July 2018
which are essential factors in social development with the aim of improving the living standards of the people” (Ghana Oil Palm Development Company, 2014, p 3).

The company is aware of the issues related to oil palm plantations (see Section 5.1.1) and says to be committed to minimizing these negative impacts while building good relations with the local communities and all actors involved in the supply chain.

While the Social Responsibility Policy document enshrines the percentage allocated to community projects, the initiative is toned down by the conditions attached to the funds: GOPDC decides where and how to allocate the funds, and in exchange for the projects, the communities need to defend the company’s interests when these are threatened.

“The Communities shall ensure to take prompt and effective action against any party/parties whose actions may be considered detrimental to the aspiration and objectives of the Company” (Ghana Oil Palm Development Company, 2012, p 3).

One key vision that is found across the strategic documents and the interviews with the managers is the company’s aspiration to have a peaceful relation with the local communities in which it operates and gain their support to “ensure the long-term security of investments” (RSPO, 2012b, p 2).

The RSPO principles Free Prior and Informed Consent (FPIC) is one of the cornerstones of the strategy. GOPDC wants to be seen as a company who respects communities’ rights and opinions, and does not force them to carry out any operation. However, the analysis has found limits to the FPIC. Customary land rights are written in Ghana’s Constitution. Kwaebibirem District, where the research took place, is part of the Akyem Abuakwa Stool whose overlord is the Okyenhene; the King of the Akyem; one of the Akan ethnic tribes (Agyepong, 2017). When looking for new land to lease, GOPDC only deals with the local King or his representative in the community, the Chief. Since the Chief is the representative of the community, when he leases land to a company it gives the impression that the community supports the deal. However, findings show that community members have little to no say in many cases, and can only comply. Therefore, the arrival of oil palm companies in a community puts the livelihoods of community members at risk, which is in contradiction with the FPIC principle.

In its social commitment plan, GOPDC claims that it wants to foster ownership of development projects by the communities by getting them involved in the management of the projects, and to promote people’s participation. However, these statements in apparent support of people’s empowerment and inclusive development are tempered as shown by the representations of people in the GOPDC News Report from 2014. An article featuring the queen mothers’ consultation in the Okumaning project merely shows pictures of the queen mothers with a one-sentence caption, “The traditional queen mothers within the Okumaning project area were not left out in consultations in the project” but fails to explain on what the
ladies were consulted and what their contribution to the project was. Instead, this feature portrays the queen mothers as mere representatives, but with no role to play.

Gender equity is addressed in both the strategic papers and the interviews with the managers. Gender equity is a sign of social sustainability and appears in SDG 5 on Gender Equality. Gender equity is mainly framed from a resource-based perspective in GOPDC’s strategy: there are no descriptions of the challenges that women face regarding participation or career opportunities, nor of the programs or actions taken to achieve gender equity. The company issued a policy on gender equity that looks at aspects of sexual harassment, violence and reproductive rights, but overlooks issues of participation, and discrimination.

The way in which GOPDC has operationalized the principles and criteria in its strategy will be detailed in the Final relations section below.

5.1.3 Final relations

This section focuses on the instruments and processes the company intends to use to implement its strategy. The corporate strategy reveals that GOPD makes use of many processes and systems to implement its strategy. This demonstrates the company’s determination to guarantee a systematic approach to sustainability. It helps the company to keep operations on track and ensure compliance, but the burden of this bureaucratic approach may also have the reverse effect of slowing down workflows and confusing staff with too many guidelines.

Economic

To maintain economic viability, GOPDC undertakes costs and benefits analyses such as the Climate Risk Analysis. This helps the company review all possible scenarios and make informed decisions to guarantee economic viability in the long-term.

In order to maintain outputs performance, GOPDC needs to secure sufficient supply of FFB. As seen in Section 5.1.1, FFB supply poses challenges sometimes. To overcome these, GOPDC has developed an outgrower scheme as a network of loyal suppliers. More recently, the company has set targets to these outgrowers and has developed a system of benefits to reward those who meet their targets and motivate them to produce more and sell to GOPDC rather than to the competitors.

Environmental

GOPDC’s environmental sustainability strategy requires regular environmental impact assessments. A plan to cultivate the lands and avoid adverse environmental impacts was developed based on these assessments. Good agricultural practices (GAP) were outlined after the RSPO principles and criteria and the
environmental assessments and GOPDC provides regular training to its farmers on those good practices.

Looking to meet its commitment toward protecting biodiversity and to abide by the EPA regulations and RSPO principles, GOPDC has designated so-called High Conservation Values areas across its plantations. This has the added benefit of helping GOPDC compensate its greenhouse gas emissions and reduce its footprint (SIAT, 2016).

The analysis emphasizes GOPDC’s belief in technological solutions to solve pollution and environmental problems. The company has successively invested in a new turbine for the oil mill plant, a biogas project to treat the oil mill effluents and reduce its carbon footprint, and in a research team that produces enhanced planting materials that generates higher yields. This creates the impression that every environmental problem can be fixed with the appropriate technological solutions, an idea that seems to be supported by a GOPDC manager:

“I can see there is continuous progress. A biomethane effluence treatment at the oil mill was installed. [...] We always try to get better and adopt best practices from elsewhere” (interview GOPDC manager).

Interpreting ‘continuous improvement’ as finding technological solutions prevents the company from questioning its current practices and core business model, and bring about transformative change. By focusing on technological fixes, the company continues its business-as-usual – at best along more sustainable lines.

Social

GOPDC articulates its social commitment in the strategy around education, health and infrastructure. On its website and News Report of 2014, the company published a list of completed projects. How these community projects perform in practice will be reviewed in Chapter 6.

To implement the social programs, GOPDC allocates a fixed percentage of its profits to community projects: 0.5 percent of its turnover plus 0.5 percent of its net profits. However, as it has been mentioned in Section 5.12, GOPDC is the sole decision-maker on how to allocate these funds and what projects to realize. Moreover, the amount given to each community is proportional to the land area cultivated for the benefit of GOPDC.

GOPDC provides its workers with decent working conditions. It provides benefits for those with a permanent contract similar to the benefits a European worker would get: sick leave, maternity leave, annual leave, healthcare, and a pension complement. However, despite its claims about avoiding discrimination, GOPDC creates patterns of exclusion. For instance, the social plans and outgrowers’ schemes are not

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10 Interview held in Kwae Estate on 20 February 2018
accessible to all. To enter the outgrowers’ schemes, GOPDC defines entrance criteria and farmers must successfully pass an interview. Also, GOPDC employs many temporary workers over long periods of time without ever granting them access to the security and benefits of a permanent contract, thereby excluding contractual workers from the decent labor conditions it claims to give all its workers.

Analysis of the strategic documents shows that social sustainability programs are carried out under GOPDC’s own terms. The limits to the FPIC principle have been demonstrated in Sections 5.1.2 and 5.1.3, which leads to the conclusion that GOPDC has no intention to challenge existing power structures and that the company adheres to participatory consultation processes only to comply with the RSPO principles, but not to advance social sustainability and inclusiveness.

5.1.4 Drivers

Drivers cannot always be categorized following the three sustainability dimensions as they are often hybrid. The analysis shows that most of the identified drivers have underlying economic motivations related to the company’s business performance.

**Interruption of operations and supplier failure**

The fear of operations interruption through supplier failure is one of the main drivers of GOPDC’s sustainability strategy. There can be several causes to operational interruption, but the strategic documents and the interviews point mainly at interruption due to social conflicts.

“You make sure that you invest back, […] back to the business. Because you cannot work in a community whereby you use their land and you don’t make sure that you meet their needs in a way. Otherwise you will not get the security for your job. You need to make sure that you have a corporate social responsibility policy for them” (interview GOPDC manager).¹¹

The strategic documents do not address the issue of supplier failure from a social justice or inclusive development perspective. Instead, they describe performance and economic viability issues.

Representations in the interview with a GOPDC manager do not depict the people as interlocutors having a voice or partners to work with. People are objectified as potential obstacles that the company tries to avoid. The analysis shows that CSR programs are not designed bearing local people’s benefit in mind, but to maintain an environment suitable for the company’s operations; a purely economic driver.

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¹¹ Interview held in Kwae Estate on 8 February 2018
“We believe that without peace, you cannot operate in a chaos situation. So I believe one of the drivers is that there is a peaceful environment for your operations” (interview GOPDC manager).12

Gaining competitive advantage
There are several ways for a company to gain competitive advantage. GOPDC secures access to and control over natural resources to guarantee its success. This leads the company to continuously look for new land to lease and new crops in which to invest - GOPDC has recently started a rubber plantation to that end. Another way is to be competitive on the market. GOPDC has chosen not to engage in organic production

“Because of the competition, that’s becoming expensive, you can’t do organic plantation, others too are using chemicals, they’re all going to the market” (interview GOPDC manager).13

To gain competitive advantage, the company chose to be RSPO-certified. The certification gives GOPDC a real market advantage and keeping the certification is the key driver behind the company’s environmental and social sustainability strategy. The environmental and social sustainability programs are based on the RSPO principles and criteria and help GOPDC to transform its image from a business-only company to a business with sustainability concerns. However, that does not make GOPDC an inclusive business.

“From the social point of view, the goal is also to remain RSPO-certified. For that, we have avoid conflicts with communities or else we will get certification problems. […] The goal is to keep the certification. The RSPO certification gives us access to good markets and good customers” (interview GOPDC manager).14

Obtaining social legitimacy
Obtaining social legitimacy is a very important driver to businesses in general. The United Nations Global Compact initiative based on CEO commitments toward sustainability describes a business’s social license to operate as depending on a company’s social sustainability efforts (UN Global Compact, 2014a, Social sustainability).15 This aspect is important to GOPDC to avoid operational disruption, but also for the company’s reputation and image.

12 Interview held in Kwae Estate on 8 February 2018
13 Interview held in Kwae Estate on 8 February 2018
14 Interview held in Kwae Estate on 20 February 2018
15 https://www.unglobalcompact.org/what-is-gc/our-work/social accessed 23 July 2018
“Because any time you are in the palm oil business, at least, if it’s not sustainable, that means you cannot even get outside recognition; in the end the people will say “you bully communities” and “you grab land before you plant” (interview GOPDC manager).\textsuperscript{16}

**Meeting Environmental Protection Agency and RSPO standards**

Social and environmental impact assessments are used as tools to help GOPDC meet the requirements of national (EPA) and international regulations (RSPO). Any infringement on these regulations can lead to a removal of GOPDC’s license to operate in the case of the EPA, and sanctions in the worst case scenario, and loss of the certification in the case of the RSPO. Infringements, sanctions and loss of certification need to be immediately communicated to the customers, which may prompt a breach of trust between the company and its customers, and loss of credibility for GOPDC, ultimately resulting in loss of markets.

5.2 Serendipalm corporate sustainability strategy analysis

The present section looks at how Serendipalm addresses sustainability issues in its strategy. It highlights what issues the company identifies (the causal relations in Figure 5.2), what principles and norms underlie Serendipalm’s strategy (the normative relations in Figure 5.2) and how the goals are operationalized (the final relations in Figure 5.2).

The first main finding of this analysis is the lack of reference to the SDGs in Serendipalm’s sustainability strategy. Analysis of the available documents and the interviews with the managers show that the SDGs play no role in the corporate strategy. Instead, the whole strategy relies on the Fair Trade concept. Social fairness or the idea to “give back to the community” keeps re-incurring in the strategy and in the interviews, placing this concept at the core of the entire corporate strategy.

The second main finding refers to Serendipalm’s ambition to differentiate itself from mainstream business-driven oil palm companies. The Fair Trade aspect of its business is the key that allows the company to stand out and through which it claims to do business in a different way than its competitors.

\textsuperscript{16} Interview held in Kwae Estate on 8 February 2018
5.2.1 Causal relations

Oil palm is famous for its negative environmental and social impacts, and the sector has been the target of environmental NGOs such as WWF\(^\text{17}\), Say No to Palm Oil\(^\text{18}\), or Greenpeace\(^\text{19}\) in a number of countries such as Malaysia and Indonesia.\(^\text{20}\) Aware of these issues, Dr Bronner, a US brand for organic soaps, wanted to distinguish itself from these bad practices and started looking for organic and fair trade palm oil for its soaps. Unable to source oil palm that met both standards, Dr Bronner started its own oil palm company in Ghana, Serendipalm, where it sourced FFB directly from the farmers and was thereby capable of controlling the entire supply chain for sustainability issues.

The problems identified by Serendipalm in its strategic documents are often composite in nature. The sections below attempt to organize the problems at stake following the three pillars, although many issues overlap.

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\(^{\text{18}}\) http://www.saynotopalmoil.com/Whats_the_issue.php accessed 23 July 2018  
\(^{\text{19}}\) https://www.greenpeace.org.uk/what-we-do/forests/indonesia/ accessed 23 July 2018  
Economic

Although Serendipalm claims its main goal is mainly social based on the Fair Trade mindset, it is nonetheless a business company that needs to pay attention to economic viability. Interviews with the two managers at Serendipalm reveal the difficulty of keeping finances in balance. On the one hand there is the issue of pricing: farmers ask Serendipalm to pay a higher price for the FFB to compensate for the extra costs incurred by organic farming. On the other hand, there is a maximum price the company can ask for its palm oil if it wants to remain competitive. This concern is reflected in the following interview quote:

“If you pay too much, the company collapses. The cost of production is so high. There was the case of a company who tried to pay high premiums to the farmers. But it didn’t last long and collapsed” (interview Serendipalm manager).21

Price fluctuations adds to the financial uncertainty in the sector, making is difficult for the company to make cost projections. Managers at Serendipalm believe that governmental regulation of the FFB price as it is the case in the cocoa sector would solve the pricing issue with farmers. Although Serendipalm has been making good profits in recent years, the fear of not being able to maintain a positive economic balance remains.

Another key issue identified is capacity. Serendipalm’s goal is to maintain labor intensive operations so that it can provide jobs to a greater number of people. However, the use of manual labor limits the company’s options for expansion and scaling up operations in the plant. At times, this capacity limit prevents Serendipalm from buying all the FFB from farmers in the high season, creating in turn conflicts with the farmers who have to bear the extra costs for farming organic. The company refuses however to trade-off its social commitment toward the local communities for the sake of profit:

“We employ lots of manual labor. This is a choice, it’s about environmental sustainability and people sustainability [giving people jobs]. We don’t want to do like [other large companies] that use mechanized systems. They are all about taking the money for the company, leaving people out. Here, it’s people first” (interview Serendipalm manager).22

Environmental

Oil palm plantations are the cause of environmental damage and biodiversity loss and Dr Bronner, the founding company of Serendipalm, does not want to be part of the problem. Environmental issues related to oil palm plantations are many: deforestation, soil erosion, land degradation, pollution of water bodies, and loss of fauna and flora diversity which leads to long-term issues of lost livelihoods because of land infertility (Saswattecha et al., 2015). As one manager at Serendipalm shared with me, Serendipalm wants

21 Interview held in Asuom on 12 February 2018
22 Interview held in Asuom on 12 February 2018
to “make sure the land always remains fertile, [and that] the land always is able to support the farmers’ livelihoods”. Serendipalm believes that the use of chemicals to treat pests to boost the yields plays a key role in the land degradation and pollution and that is the reason why the company made the choice to go organic.

Social
The strategic documents and interviews highlighted a number of socially-related issues. First, organic certification alone does not guarantee fairness (Serendiworld, n.d.a). Second, oil mill plants are generally poorly embedded in the local social fabric, with adverse consequences for the environment and the local communities. Third, Serendipalm points at large multi-national corporations driven by a business and profit mindset that “exploit farmers and laborers, trample native land rights, and do nothing to improve workers’ communities or standard of living” (Dr Bronner, n.d.a).

Other issues identified in the strategy are related to the switch from conventional to organic agriculture. Serendipalm reports experiencing difficulties when training the farmers to change their agricultural practices. Serendipalm’s idea was to show farmers the long-term economic and environmental benefits of organic farming. However, farmers are mainly interested in short-term benefits and immediate costs: training them proved to be a challenge, as well as keeping their loyalty.

“The single most important challenge is harnessing the communities’ commitment. When they are committed they will stick to the practices, they will supply fruits, they will support everything that we do” (interview Serendipalm manager).

5.2.2 Normative relations
The normative relations address the vision of Serendipalm on the three sustainability pillars. The analysis shows that the social sustainability dimension underlies most of the norms and principles in Serendipalm’s strategy.

Serendipalm’s overall vision can be summarized by this sentence from the Social Impact information available online: “Serendipalm sees itself as a commercial operation whose activities also have a positive impact on the environment, its employees and the surrounding rural communities.” The company’s principal concern is long-term sustainability: how to manage resources to have the ability to continue operations in the long term. It holds a holistic view, thinking of economic viability together with

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23 Interview held in Asuom on 7 February 2018
24 https://serendiworld.com/our-story/ accessed on 16 July 2018
26 Interview held in Asuom on 7 February 2018
environmental sustainability to ensure that the land continues producing and the farmers have a sustainable livelihood.

Another key principle of Serendipalm’s strategy is openness: Serendipalm wants to be open and accessible to the farmers and community members every time there is an issue and it wants to be open to new ideas and new practices for constant improvement:

“We are very open to suggestions, new ideas, everything that we deem is beneficiary to ensure that what we are doing is in line with the conduct that we have set. We are also very open to advices” (interview Serendipalm manager).\(^{28}\)

Whenever a new idea is about to be launched, staff of all levels and all departments are trained on it. This approach is what allows Serendipalm to keep a competitive distance with other companies in the same sector. Bigger companies like GOPDC cannot possibly train all the staff on all the different processes developed by each department, which in turn bears the risk of turning departments into silos that work in isolation of each other.

**Economic**

Serendipalm is portrayed on its internet website as a successful company (Serendiworld, n.d., Serendipalm).\(^{29}\) It became the world’s largest Fair Trade and Organic palm oil project since it opened in 2008. Its principle is to work exclusively with smallholder farmers and avoid large monoculture plantations. The vision is to do business differently, driven by concepts of social justice and inclusive development. “Other companies only look at how much is coming to their pocket. They don’t look at general well-being” (interview Serendipalm manager).\(^{30}\)

Economic viability is a central tenet of the company’s vision. As the Certification Manager stressed, Serendipalm is not an NGO, the company is a for-profit, and a Serendipalm manager added to this another dimension: control of resources to ensure long-term operations. According to this person, “sustainability is about several things: finances, raw materials.” Nonetheless, the analysis found that this vision of the company’s economic viability always contained a social dimension: the people working along the supply chain are always represented and included in Serendipalm’s strategic discourse, and are a constituent part of the strategy. “The community must feel it and know that being associated with Serendipalm is something good” (interview Serendipalm manager).\(^{31}\)

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\(^{28}\) Interview held in Asuom on 7 February 2018


\(^{30}\) Interview held in Asuom on 12 February 2018

\(^{31}\) Interview held in Asuom on 7 February
When talking about expansion plans following its recent success, Serendipalm’s managers reasserted the company’s aspiration to provide local people with decent wages that give them good purchasing power and that recognize them for their work. The company wants to play a role in the district’s economy and rural development by creating jobs. With more than 250 employees in the oil mill plant, Serendipalm is the most important employer in the town of Asuom.

**Environmental**

The environmental sustainability principles found in the strategy focus mainly on operating without damaging the environment, producing organic palm oil, avoiding monocultures and training farmers on best organic farming practices.

“We want to help farmers to understand organic farming as a production philosophy and train them in sustainable production methods.” (Serendipalm, n. d., Certification)³²

The analysis reveals that Serendipalm’s norm is to carry out operations without resorting to environmentally damaging practices such as deforestation, destruction of native wildlife habitat or polluting and degrading the land. Furthermore, aware of the problems posed to food security by monoculture as practiced in large plantations, Serendipalm supports intercropping practices and dynamic agro-forestry.

**Social**

Serendipalm’s sees as its mission to be a role model for Fair Trade business practices and demonstrate that sustainable palm oil is possible.

“Serendipalm and Dr. Bronner’s are active players in the heated debate in Europe on the subject of palm oil—giving talks, issuing publications, and helping to draw up proposals for politicians.” (Serendipalm, n. d. d, The Project)³³

The key vision on social sustainability is based on inclusive development: to share the profits earned from the operations, to have a fair and eco-friendly production integrated into the community and have positive effects on district the company operates. From the onset, social responsibility and activism are Serendipalm’s mission. The strategy analysis found that Serendipalm’s strategy relies on a social discourse. Local communities and workers are represented as people, not from a resource-based perspective. Fairness is a central tenet in this philosophy and guides the way in which Serendipalm does business.

“[Fair Trade] is about fairness in what you do. It’s about not taking advantage. No discrimination. Male, female, rich, poor: we treat each other fairly. If someone is doing something [you think is not right], you can speak up” (interview Serendipalm manager).\textsuperscript{34}

Serendipalm also aims at being a responsible employer. Zero tolerance for child labor is also a norm to which Serendipalm adheres and on which it refuses to compromise.

Gender equity was not forgotten in Serendipalm’s principles. Representations on gender equity go beyond harassment cases and reproductive rights. In the interviews with Serendipalm managers, gender equity is presented as equal career opportunities, based on skills and ability and against a gender-based labor division. Gender equity is not depicted as a process, it is about observing the difficulties women experience and finding solutions.

“It’s about equity – if you give man and woman the same opportunities, the one who performs best gets it. There is no man/woman labor division at Serendipalm. Job opportunities are all based on one’s ability to perform” (interview Serendipalm manager).\textsuperscript{35}

5.2.3 Final relations

The present section looks at how these norms and principles are operationalized in the strategy.

While at GOPDC the RSPO certification was the driver of the sustainability strategy, at Serendipalm, certification schemes are there for customers to have an official means to verify Serendipalm’s claims. The certification schemes do not play a major role in the operationalization of the strategy as the instruments are not implemented with the sole goal of acquiring or sustaining the certification.

Economic

Although the analysis found that Serendipalm does not rely primarily on formal processes and systems, it still needs a minimum of those to keep track of operations, maintain quality and respond to external inspections queries. To that end, Serendipalm set up the Internal Control Systems team (ICS). This team is in charge of monitoring product quality and ensuring that the company meets the criteria to comply with national and international regulations. It also conducts internal inspections, sending agricultural engineers in the field to monitor farmers’ practices.

Next to the ICS team, other instruments implemented by Serendipalm to achieve its economic strategy is to maintain manual labor in order to create as many jobs as possible, employing a large part of

\textsuperscript{34} Interview held in Asuom on 12 February 2018
\textsuperscript{35} Interview held in Asuom on 12 February 2018
unschooled women who would not be hired in other companies; provide a ten percent premium on the FFB market price while maintaining the balance with operational costs; help farmers with funding for seedlings when needed; and provide loans to farmers.

**Environmental**

The environmental sustainability processes are articulated in the Ecological Plan. They comprise a soil fertility plan; biodiversity conservation; a soil conservation plan; a dynamic agroforestry initiative that helps reclaiming degraded farmlands and forests while providing food complements to farmers. These processes are part of the best organic and sustainable agriculture practices aiming at maintaining soil fertility and productivity, and avoiding land degradation. Serendipalm regularly trains the farmers on these best practices, and helps them to increase their yield without resorting to chemicals. The Ecological Plan also aims at including the communities living in the areas of operations and sensitizing them with campaigns on ecological sustainability rather than targeting farmers only.

Serendipalm is concerned about practices of large monoculture plantations and the biodiversity loss incurred together with the risks for food security. To overcome these issues, it encourages practices of intercropping by training farmers on how to do it best, and has recently launched a new dynamic agroforestry initiative. “This method create[s] higher yields, regenerates soil and sequesters atmospheric CO₂” (Serendipalm, n. d., History and Future).

**Social**

To operationalize its social sustainability strategy, first, Serendipalm provides the workers of the oil mill decent labor conditions with social benefits (sick leave, annual leave, maternity leave, pension and healthcare) and extra benefits such as a free lunch meal and bonuses at the end of the year. The company claims to pay up to twenty percent more than the local wage.

Second, the company charges its customers a ten percent Fair Trade Premium that is allocated to community development projects. These community projects include drilling wells, sanitation projects, building water systems and other infrastructure needed like a library, nurses’ quarters or a police station. Chapter 6 will review how the projects are implemented on the ground and how the local communities perceive them. As opposed to GOPDC who allocates a given budget to each community based on land area, Serendipalm has no predefined budget per community. A Fair Trade Committee (FTC), composed of farmers, workers of the oil mill and managers of Serendipalm decides on which project proposals are admissible, and how to allocate the budget. Then they use a randomized ballot system to choose which project to implement first. The process is meant to be open and transparent. Following this logic, the documents submitted to the FTC are publicly available.

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5.2.4 Drivers

The analysis delved into the drivers behind the corporate sustainability strategy. While Serendipalm is a business company with an economic profit target, the drivers often enclose a social dimension.

“This combination of environmental and social standards lends Dr. Bronner’s corporate philosophy a verifiable credibility” (Serendipalm, n. d. b, Certification).

Gaining competitive advantage

Serendipalm uses its unique approach to Fair Trade and Organic palm oil production to stand out in the market competition. It aims at setting an example for other companies in the sector to follow, and adopt business practices that contribute to rural development in fair and sustainable ways. Serendipalm’s driver is to do business in a way that shares the benefit with the local communities.

“We are not an NGO, we are here for business, but what do we gain if we come to the community and reap it from all its resources… so the main driver is to do business with the people we are working with, make sure they are very happy. […] We are interested in profit but not extortion” (interview Serendipalm manager).

Environmental sustainability and supplier failure

Concern over environmental sustainability is driven in the strategy by the fear of resource failure which would lead to a supplier failure, and a reduction in communities’ livelihoods. Managing the natural resources is a necessary condition to continue operations in the long term. In the words of a manager at Serendipalm:

“[Sustainability] is about resources, the ability to do something now and keep it going in the long term, to keep it alive over the years. Sustainability is about several things: finances, raw materials.”

Obtaining social legitimacy

As the analysis has emphasized throughout this entire case study on Serendipalm, social fairness is the key driver behind Serendipalm’s strategy and is embodied by the Fair Trade notion. Fair Trade is rooted in the concepts of fairness, social justice (give back to the community) and inclusive development (share the profits made by Serendipalm with local people). The company recognizes that it makes profit thanks to the farmers’ hard work. It feels a moral responsibility to give something back to the communities where it

37 http://serendipalm.com/Infos/certification/ accessed 16 July 2018
38 Interview held in Asuom on 7 February
39 Interview held in Asuom on 12 February
operates and that have allowed it to thrive. This practice gives Serendipalm a social license to continue its operations in the communities.

5.3 Comparison between GOPDC and Serendipalm’s strategies

The present section draws a comparison between the two companies studied, highlighting the differences and similarities in their sustainability strategies.

5.3.1 Leaders

Both companies aim at being leaders, showing the path for other companies working in the sector, although in different geographic areas. GOPDC is Ghana’s largest oil palm company, it is leading the country’s oil palm industry. It wants to establish itself as an innovative leader through continuous technological innovation and as such is always looking for the latest technologies which it aims to apply before others in the country.

Serendipalm is the world’s largest Fair Trade and Organic palm oil project. Next to being a leader in this field, it wants to present itself as a role model for other companies in the palm oil sector and demonstrate that sustainable palm oil production is possible, without cutting forests, without biodiversity loss, and with a positive impact for the local people. Technological solutions often go hand in hand with mechanization. Instead, Serendipalm makes the conscious choice of using manual labor, an expensive solution but with the benefit to create more jobs for local people.

5.3.2 Discourses

The analysis of GOPDC’s corporate sustainability strategy revealed that the main driver behind this strategy is achieving economic sustainability and long-term financial viability. The dominant discourse across the whole strategy reflects a business-driven, systematic approach: for each strand of work, it creates disembodied processes and procedures to follow in which people are absent, and the goal is to optimize operations for increased market competitiveness.

While GOPDC follows a business approach, Serendipalm follows a more social approach. Serendipalm’s main driver is social sustainability. Its strategy is articulated around sharing profits of operations with the local communities to let them take part in the company’s success and thereby obtain social legitimacy. The dominant discourse across the whole strategy is social in nature. Representations in the strategy include people, and the company considers the issues at stake not from an impersonal procedural perspective, but from the tangible issues that people are facing in their daily lives. For example, Serendipalm collaborates with some local youth groups on community projects, actively involving them in
making their environment a better place, and privileges hiring of unschooled women to give them a chance of good employment.\footnote{http://serendipalm.com/Infos/social-projects/ accessed on August 15 2018}

5.3.3 The role of certification

As seen in Sections 5.1.2 and 5.1.4, GOPDC builds its sustainability strategy around the RSPO Principles and Criteria. The sustainability strategy follows each of the eight principles set by the international certification body and marks a shift in GOPDC’s practices since its adoption. As a business-only company, GOPDC added an environmental and social sustainability dimension to its strategy. However, these dimensions come as layers on top of the core strategy which remains business in its essence. This is the reason why the sustainability components of the strategy have not yet been integrated by all departments and at all levels of the company, prompting the setting up of the Environment, Research and Development department. This department connects the business strategy with the sustainability dimensions and reminds managers to include sustainability in their daily operations.

The story of Serendipalm is very different as Serendipalm was born from a Fair Trade mindset. Dr Bronner, the sister company behind Serendipalm, was founded by Emanuel Heilbronner who used his soap brand to promote his belief in goodness, peace and unity of humanity (Dr. Bronner, n.d.a).

These ideals have been guiding Dr Bronner’s company and now they are guiding Serendipalm. Environmental and social sustainability were in the strategy from the onset and form its core, rather than extra layers added at a later stage. The US and European Organic certifications and the Fair for Life certification are labels used to allow customers to verify the company’s work using external inspection bodies, and thus increase the Serendipalm’s credibility.

“Because claims of FTO operations must be verifiable by customers, all Serendiworld projects are routinely inspected and certified organic, according to U.S. and EU standards, and Fair Trade, under the Fair for Life program, by the respected Swiss certifier IMO.” (Serendiworld, n. d., Our Story).

5.3.4 Business processes versus profit sharing

The corporate sustainability analysis of GOPDC revealed an instrumental approach and a strategy focused on outcomes, performance and economic viability. Processes, procedures and systems are at the core of the strategy, but people are largely absent from the representations and considered mainly from a resource perspective. The company’s success is not measured through its people, but through the complex network.

\footnote{The Dr. Bronner’s Story: 150 years and 5 generations of family soapmaking https://www.drbronner.com/about/ourselves/the-dr-bronners-story/ accessed 22 July 2018}

\footnote{https://serendiworld.com/our-story/ accessed 16 July 2018}
of processes that regulate GOPDC’s activities. The company has developed a Corporate Social Responsibility (CSR) program to address the social sustainability aspect, and claims to have a moral duty toward the local communities. Studies on CSR show that one of the main limits is the volunteering aspect of this policy.

The analysis of Serendipalm’s strategy found that the guiding concept underlying the entire strategy is fairness in profit sharing between the company and the local communities. Even though all three sustainability dimensions are represented in the strategy, the economic sustainability appears much less prominent than the other two. Most representations of the strategy revolve around social sustainability, aiming at giving a positive image of the company as one that cares about the local communities within which it operates and actively participates in community and rural development.

5.4 Conclusion

The corporate sustainability analysis has found that GOPDC takes a systematic approach to sustainability issues through the use of organizational processes, procedures and systems. However, the analysis has not found a deep commitment to human and rural development in the strategy. This will be further discussed in Chapter 6 based on other stakeholders’ perceptions of GOPDC’s operations and its contribution to sustainable development of the Kwaebibirem District.

Regarding Serendipalm, the problems described, the principles guiding the company’s mindset, the drivers behind the strategy, and the projects implemented by the company, all go back to the social sustainability dimension, making it the pivotal point around which the entire strategy is articulated. People are at the core of the strategic discourse rather than processes or systems. Behind the Fair Trade concept, issues of inclusive development and social justice are addressed. It may not be Serendipalm’s ambition to become a large oil palm company, but it aims at making a difference in the lives of the people in the communities where it operates. How these actions play out in reality and how they are perceived by the other stakeholders along the supply chain and in the Kwaebibirem District will be the focus of Chapter 6.
Chapter 6. Implementation of the corporate strategies

This chapter looks at how the companies implement the three dimensions of their sustainability strategy in practice (Section 6.1 for GOPDC and 6.3 for Serendipalm) and how the different stakeholders perceive the effectiveness of these strategies (Sections 6.2 for GOPDC and 6.4 for Serendipalm). It is based on field observations during visits to the communities where the companies operate, and interviews with farmers, workers in the plants, community members, a representative of the Ministry of Food and Agriculture (MOFA) and several District Assembly members.

6.1 Implementation of GOPDC’s strategy

6.1.1 Economic sustainability

GOPDC is the first employer in in Kwaebibirem District, providing around 50,000 direct and indirect jobs for people in the communities where it operates. GOPDC implements an outgrower’s scheme, through which it provides planting and other material to farmers under contract, and buys the fresh fruit bunches (FFB) from the farmers at a reduced price to compensate for the inputs provided. This system allows GOPDC to secure oil palm fruit supplies at all times to meet its palm oil production targets.

Although food security is absent from its sustainability strategy document (Section 5.1.2), a GOPDC manager stated that food security is a major concern for the company, to which GOPDC contributes by training farmers on best agricultural practices to obtain higher yields and higher income, thereby ensuring their food security. The economic-based vision of food security and representation of people as resources was confirmed when the same manager added that “well-fed people are more productive for the company”.

6.1.2 Environmental sustainability

Seeking to comply with the RSPO standard (Sections 3.8.2 and 5.1), GOPDC addresses environmental issues through technology. Within the scope of its Clean Development Mechanism strategy\(^\text{43}\), the company has installed a new boiler and turbine and a biodigester plant in a bid to reduce its greenhouse gases

\(^{43}\) The Clean Development Mechanism under the Kyoto Protocol enables the earning of certified emission reduction (CER) credits through emission reduction projects in developing countries, which can be traded on the international carbon market and used by industrialized countries to meet their emission reduction targets (https://cdm.unfccc.int/about/index.html, accessed 16 June 2018). The company signed a CDM Emission Reductions Purchase Agreement with EcoSecurities Group Plc at the end of 2006 (http://www.gopdc-ltd.com/environmental-commitment/, accessed 16 June 2018).
emission and produce electricity from the by-products of the oil production plant. It has also installed water treatment machines to reduce the plant’s effluences released in the nearby water bodies. Moreover, the company trains farmers in best agricultural practices. Examples include setting buffer zones next to water bodies to avoid pollution from chemical sprays, controlled use of chemicals, use of organic fertilizers instead of chemical ones, and so on.

6.1.3 Social sustainability

GOPDC allocates annually 0.5 percent of its turnover plus 0.5 percent of its net profit to community projects to implement its social strategy. These encompass water and sanitation projects (drilling a water borehole in Kusi; building public toilets); public services provision (bringing electricity to Okumaning community); public infrastructure (building roads); health (building a clinic in Kwae Estate and nurses’ quarters in Okumaning); and education (building a school in Kwae Estate and one in Anweam; building a library in Kusi). These projects were mentioned during interviews and witnessed by the researcher during the fieldwork.

GOPDC works closely with the District’s Assembly when implementing projects and has developed a very good relationship with the District Assembly and the Ministry of Food and Agriculture (MOFA). This positive relationship helps GOPDC to easily access permits for its community projects, and to qualify for tax cuts proportional to the investment in CSR projects (personal comment GOPDC Manager, February 2018).

6.2 Stakeholder perceptions of the effectiveness of GOPDC’s sustainability strategy

6.2.1 Economic sustainability

Farmers in the outgrowers’ scheme are generally satisfied with the farming opportunities offered by GOPDC. Interviewees in Kwae reported that without the financial input given by GOPDC, they would never have been able to start planting oil palm. Even though they owned land, they did not have enough capital to buy planting material. However, farmers seem to be little aware of the duration and conditions of the contract. Another downside is the pressure GOPDC started exerting on farmers in the past few years by imposing high production targets that most farmers interviewed deem unrealistic.

In Okumaning, farmers’ sentiment was more hostile toward GOPDC, where the predominant feeling is that the company is making a lot of profit from the land leased from the community, without returning the benefits to the community in the form of community projects. The interviewees also ventilated

44 Interview held in Kwae Estate on 8 February 2018
a number of allegations of compensations for the land being too low for the profit generated, misappropriation, and a lack of financial transparency.

Workers hired for a short-term contract are unhappy with GOPDC’s working conditions. Some of the workers interviewed had been working for nearly a decade for GOPDC on a series of short-term contracts. With GOPDC being the only employer in the area for many communities, people lack the alternative to choose another employer and feel bound to accept GOPDC’s conditions, as unfair as they find them. “Something is wrong, the company takes a lot from our land, makes huge profits, and we receive little back”, as a farmer in Okumaning said.45

GOPDC has a positive relationship with both the MOFA and the District Assembly. The MOFA manager interviewed claimed that the oil palm sector is a very important contributor to the local economy, especially GOPDC since it is Ghana’s largest oil palm company. In the words of this manager, oil palm companies are good partners in the district’s development, as they enhance farmers’ income, bring technology that otherwise the district would not be able to afford, and disseminate it. Moreover, companies bring social amenities, give people in the district more purchasing power, and give them the income needed to pay for their children’s studies, contributing to the district’s education goal. The enhanced income allows people to invest in side activities such as buying livestock or opening a shop, thereby generating complementary incomes. The MOFA manager believes in an economic trickle-down effect from the oil palm companies to the communities through employment and training opportunities, and called it “a good dynamic relationship”.46

A top manager interviewed at the District Assembly echoed the opinion of the MOFA manager and portrayed GOPDC as a role model regarding its contribution to the district’s economy. Both governmental agencies affirm that the district owes its economic growth to the oil palm companies, GOPDC heading them.

One central complaint heard in both governmental agencies is their lack of financial funds. The central government reportedly does not send sufficient funds to the local offices to meet all the needs of the district such as schools, roads, micro-entrepreneur projects and so on. This is where the oil palm companies’ sponsorship becomes critical to the governmental agencies: they build roads and they buy vehicles for the use of the governmental agencies’ staff. The sponsorship offered by the oil palm companies to implement services usually provided by the government comes as a great relief to the MOFA and the District Assembly. GOPDC is in a particularly good place to offer this kind of sponsorship due to its financial weight, and has carved itself a good position within the local governmental agencies.

45 Interview held in Okumaning on 15 February 2018
46 Interview held in Kade on 13 February 2018
Both agencies acknowledged that lack of staff and transportation means reduces their opportunity to visit the communities and monitor what happens there on a regular basis. Section 6.3.3 on stakeholders’ perception of the effectiveness of GOPDC’s social sustainability strategy will point that the positive opinions on GOPDC’s work on the part of the governmental agencies might be tempered if they were able to develop closer ties with the communities.

6.2.2 Environmental sustainability
Farmers and community members interviewed in Kwae reported changes in the company’s practices. GOPDC has been operating in Kwae’s community for several decades now. Interviewees remember seeing the company cutting down trees to start new plantation areas, until the day they saw a team of foreigners visit the plantation. From that day on, they noticed how GOPDC changed its environmental practices and stopped cutting trees and using chemical fertilizers. However, some farmers complained about effluences originating from the GOPDC plant and polluting the surrounding water bodies.

The members of the MOFA and District Assembly interviewed did not have much to say about GOPDC’s environmental sustainability practices. Most of their concerns revolved around economic sustainability, and to some extent the social dimension. When interviewed about food security and the issue of monoculture, the MOFA saw a great opportunity for the district rather than a source of concern. The oil palm companies are seen as bringing increased income, which in turn allows people to buy more staple food, thus indirectly contributing to food security. The interviewee at the MOFA sees a bright future for oil palm expansion in Kwaebibirem District: land is available, and the oil palm companies such as GOPDC bring technological innovation and make it affordable to the rest.

6.2.3 Social sustainability
GOPDC has a mixed reputation among community members when it comes to social sustainability. When the name of GOPDC was mentioned in Okumaning, Anweam or Asuom, most people would have a negative reaction, become tense and start criticizing the company. While farmers and permanent workers are generally happy with the labor conditions at GOPDC because the income provides them with a livelihood for their families, they are very critical of GOPDC’s social strategy. Except for one interviewee, all other ten community members interviewed criticized GOPDC for not implementing community projects or for implementing incomplete projects. The term “white elephants” kept coming back in the interviews. One such example is the library in Kusi, where the building is still not finished after three years, and remains useless. A prominent member of Kusi complained that he does not understand what caused the delays. In the meantime, no other projects were implemented for the community although based on the CSR program promises, each year a new project should be implemented. Community members accuse GOPDC of withholding the CSR money under pretenses and purposefully delaying the works. They know the financial
power of GOPDC and are disappointed to see how little the company gives their community and blame the
lack of interest of the company to help them achieve better living conditions.

In Kwae, interviewees echoed this feeling of discontent. Farmers, workers and community
members have a general feeling of broken promises regarding community projects from the part of
GOPDC. Interviewees say they are regularly promised the company will “take its responsibilities toward
the community” 47, and yet they report that nothing happens year after year. The general response when
asked about GOPDC’s projects for the community was, “nothing”. While observations in the field show
that GOPDC has realized some projects in the communities, the number and quality of such projects are
far from matching those of the projects implemented by Serendipalm, which started its operations only
recently.

Interviews with the prominent members of Kusi and Okumaning identified the issues of
transparency and fairness. Both interviewees argued that communities had been led in the past to accept
unfair contracts whereby the compensation given by GOPDC was not proportional to the profit made from
the land. Ignoring in large part what the CSR program was about and what it could bring their communities,
former Chiefs allegedly never made claims to GOPDC for community projects. The interviewees lamented
a lack of transparency from GOPDC’s part and believe that funds meant for the CSR projects have been
held for a long time by the company since no Chief ever claimed them. When hearing both interviewees,
things seemed to be changing: people leading the communities seemed to be more aware of their rights,
interested in understanding the terms of land lease contracts and determined to speak to GOPDC on an
equal footing. Along the same lines, a Kwae community member active in the local assembly confided that
the communities had lost trust in the GOPDC manager in charge of liaising between the company and the
communities and was seen as defending the interests of the company rather than presenting a balanced
account of the company and communities’ claims and needs.

As Section 6.2.1 had already described, the MOFA and District Assembly are satisfied with
GOPDC’s investments in community projects and infrastructures building, and see it as positively
contributing to the district’s overall growth and development. One manager at the District Assembly only
ventured the wish for a better communication between GOPDC and the Assembly to cooperate more
efficiently. “We all try to achieve the same objectives when it comes to community development and
district development”. 48

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47 Interviews held in Kwae on 16 February 2018
48 Interview held in Kade on 14 February 2018
6.3 Implementation of Serendipalm’s strategy

This section analyzes how Serendipalm implements its sustainability strategy in the three sustainability areas.

6.3.1 Economic sustainability

With 250 jobs created in the oil mill plant, Serendipalm is the first employer in Asuom community. As part of its strategy, the company hires in large part unschooled women who would otherwise not be offered such type of employment, and trains them for the different types of work needed in the oil mill plant. Serendipalm makes the choice for manual labor so as to hire as many people as possible. While mechanization would increase productivity, it would also decrease the workers’ head count. Moreover, given that Serendipalm operates in a very small niche type of market – organic and Fair Trade – which increases the costs of the final product, only a limited number of clients are interested and willing to purchase palm oil products at Serendipalm’s price. Under these circumstances, manual labor is an affordable choice in Serendipalm’s economic strategy.

Serendipalm offers a number of services to farmers as part of its economic sustainability strategy. To encourage them to switch from conventional to organic agriculture, the company helps farmers draw a costs and benefits analysis, and provides them with financial planning training to manage their farms. As one manager in Serendipalm argued, the company sees farmers as micro-entrepreneurs and wants to feed in them the pride of being responsible for a business.

Another instrument used by Serendipalm comes in the form of small loans to farmers, to help them pay specifically for the extra manual workers needed when farming organic.

6.3.2 Environmental sustainability

Serendipalm does not use technology to solve environmental issues as GOPDC does. Instead, it uses natural fertilizers and other traditional techniques that cause limited effluences. Serendipalm trains farmers with regular sessions on best agricultural practices to help them get higher yields by using organic techniques with no chemicals involved. In some cases, the company organizes field trips where it takes the farmers to lands that have been degraded to show them the consequences of bad practices such as for instance discarding plastic bags in nature. The goal is to show farmers the long-term negative impacts of such practices with negative impacts on yields as a result. The company’s concern here is food security and farmers’ long-term livelihoods. As one manager at Serendipalm stated, “once the land is exhausted, farmers lose their livelihoods”.

49 Interview held in Asuom on 2 February 2018
Following the same concern for food security, Serendipalm encourages and trains farmers in intercropping oil palm with other food crops and organic agroforestry. These practices are meant to avoid large monocultures and to provide farmers with complementary income and food for their own consumption.

6.3.3 Social sustainability

Serendipalm’s social sustainability strategy is implemented via a number of community projects that can be categorized as water and sanitation (a water borehole in Asuom; toilets in Abodom); public services provision (street lights in Asuom); public infrastructure (a police station and a pedestrian bridge in Asuom); health (a clinic in Asuom); and education (a communication and library center in Abaam).

For all these projects, managers interviewed at Serendipalm declared seeking the District Assembly’s final approval before implementing the community projects. The Serendipalm team also seeks timely advice with the Dr. Bronner’s team in the US on the projects to be implemented, with the aim being to ensure that they are not substituting for the government in providing public services.

To allow the financial realization of the community projects, Serendipalm has set a Fair Trade Premium by which it charges its customers an extra 10 percent that is allocated entirely to community projects.

Another key instrument in Serendipalm’s social strategy is the Fair Trade Committee (FTC), a collaborative framework bringing together Serendipalm’s managers, workers and organic farmers to decide which community projects to implement and how to allocate the funds of the Fair Trade Premium.

6.4 Stakeholder perceptions of the effectiveness of Serendipalm’s sustainability strategy

Serendipalm’ philosophy is tightly linked to ‘giving back to the community’, having a positive local impact and inducing sustainable rural development, while “realizing Fair Trade development projects that motivate local communities” (Serendipalm, n. d. b).50 The present section looks at how stakeholders in the supply chain and government agencies perceive the effectiveness of this philosophy.

6.4.1 Economic sustainability

Farmers interviewed have mixed feedback on selling their production to Serendipalm. Although they understand the benefits of organic farming and believe in the need for environmental sustainability for long-term opportunities, they also need more short-term benefits in the form of higher yields and increased incomes. The downsides of organic farming are higher farming costs and potentially drop in yield in the

50 http://serendipalm.com/history-future/ accessed 23 July 2018
first years of switching from conventional to organic farming. Interviewees were primarily attracted by the 10 percent premium offered on top of the market price for oil palm fruit, but have repeatedly asked Serendipalm to buy the fresh fruit bunches at a higher price in order to be able to cover the costs for farming organic.

Despite the mixed perceptions of pricing of the fresh fruit bunches, all interviewees are happy with Serendipalm’s presence in their communities and affirmed they see the company truly sharing the benefits with the communities. The opening of the oil mill plant in Asuom has changed the lives of the local people. A worker at the plant argued that her job at the plant has changed her life. She used to sell kenkey (fermented maize dumplings) on the street and had an irregular income that did not allow her to save any money or plan financially. Next to what she describes as a positive working atmosphere, this job opportunity helped her make savings and pay for her children’s studies, giving them a better future.

At present, Serendipalm has only a limited capacity at the processing mill. Farmers who have big land plots, as much as they say to like the relationship with Serendipalm, often choose to maintain a relationship with GOPDC as it is the biggest oil palm company in the region. They prefer to keep their options open and have somewhere to sell their fresh fruit bunches when Serendipalm cannot buy the entire production. One of the interviewee’s strategy is actually to sell the production of two plots to Serendipalm, and the production of two other plots to GOPDC and place this money in a savings account.

The interviews with MOFA and District Assembly managers reported similar perceptions for Serendipalm as for GOPDC. Serendipalm is seen as a partner in the district’s economic and rural development, and its investment in community projects is a relief for governmental agencies suffering from restricted budgets. One manager at the District Assembly expressed a more differentiated opinion about the two companies, which will be further discussed in Section 6.5. We can note here that, being a small-scale company, Serendipalm’s financial contribution to the district cannot match GOPDC’s, and as a result, the governmental agencies do not see the company as such an important contributor compared to GOPDC.

6.4.2 Environmental sustainability

Farmers acknowledged that Serendipalm’s trainings on best organic practices helped them see the value of environmental services, and that environmental sustainability is crucial to their livelihoods. The interviews further reflected a true concern for the environment as a philosophy, away from seeing the environment as a mere economic resource. The trainings farmers received also stressed the benefits of thinking long-term versus immediate gains through chemically accelerated yields. The field trips organized by Serendipalm to observe poor environmental practices seem to have impacted farmers and greatly contributed to changing
their mind about conventional farming practices. “I saw what happened to the land’s fertility when you discard rubbers” (Farmer in Asuom).51

All interviewees reported the importance of adhering to organic practices in order to keep the selling agreement with Serendipalm. Any breach or negligence could lead to the suspension of the moral contract between the company and the farmer. Serendipalm does not compromise on environmental sustainability aspects and farmers clearly understand the terms and accept them.

6.4.3 Social sustainability

All people interviewed about the community projects implemented by Serendipalm were capable of enumerating what the company has done in their community. Mention of Serendipalm’s name usually triggered positive emotions among the respondents who often praised the company for its involvement with the communities. Farmers, workers and community members alike feel Serendipalm is truly sharing the benefits with the communities. Some of the farmers interviewed who mentioned the issue of fresh fruit bunches’ pricing stressed that their attachment to the company was less for the economic benefits than for the tangible benefits they see their community receive from the company and the overall rural development brought about by the company. Thanks to a collaborative approach to decide on community projects through the Fair Trade Committee that includes farmers, workers and managers of Serendipalm, people find each project effective and meeting the needs of the community. Community members report how the projects changed their lives and gave them better livelihoods.

Moreover, farmers and workers all find Serendipalm’s management very approachable and attentive to their needs. This positive relationship between farmers, workers and the company prompts a process of identification with the company’s values. All interviewees understand what Fair Trade is about, what to expect from the company, and they see the company deliver on the professed values of Fair Trade.

The Fair Trade discourse as practiced by Serendipalm is not only about delivering community projects. It is also about empowering people. As a field officer at Serendipalm declared, “Most jobs in Ghana are not participatory. Most jobs in Ghana don’t practice fair trade like this place [Serendipalm] does. Farmers have a say. Workers have a say”.52 This participatory approach further serves the purpose of transparency: everyone knows how the community projects are decided upon and how much money is spent for each.

Based on the interviews conducted, Serendipalm acts like a partner of the communities, readily listening to their needs, and their positive and negative feedback. The company uses participatory approaches to increase ownership over the projects by the local people, handing in the projects to the

51 Interview held in Asuom on 17 February 2018
52 Interview held in Asuom on 12 February 2018
community for them to manage. The goal is to empower local people by giving them responsibilities. The care-takers of several of these projects interviewed during the field research were proud of their role and the trust they were given.

While the MOFA and the District Assembly reported being generally satisfied with Serendipalm’s community projects, two representatives of the District Assembly complained of coordination issues between the company and the Assembly, and the lack of reporting. This is at odds with the words of the managers interviewed at Serendipalm who sustain always seeking the Assembly’s final approval before starting a project. One of these District Assembly representatives clearly did not see Serendipalm as a company implementing a social program as part of its corporate strategy, but instead saw it as a foreign NGO that meddles with the local district’s affairs without establishing the appropriate cooperation steps with the District Assembly.

6.5 Comparison between GOPDC and Serendipalm

This section compares the two companies and highlights differences in how they use participative processes as part of their social sustainability strategy; in the perceived effectiveness of community projects; in how they are perceived by the District Assemblies; and differences between the CSR and Fair Trade concepts as sustainability programs.

6.5.1 Participation processes

Although GOPDC and Serendipalm both emphasize the importance of involving the communities in the choice and decision-making regarding community projects and getting their approval before starting operations, the analysis revealed that the two companies follow very different approaches. GOPDC follows a top-down approach where brief consultation sessions are organized to comply with the FPIC principle, while management makes the decisions. Serendipalm follows a more horizontal approach. It takes participation to a different level by sharing decision-making and ownership of the community projects with the local people by creating the Fair Trade Committee. This collaborative platform achieves results in terms of empowerment of local people; a process that could not be observed with GOPDC.

6.5.2 The perceived effectiveness of community projects

Field research revealed that farmers, workers and community members do not perceive the community projects of GOPDC and Serendipalm in an equal manner. GOPDC’s projects are not perceived as impactful as Serendipalm’s. In the eyes of local people, Serendipalm has a very good reputation in terms of sharing the profits and 'giving back to the community' by means of community projects that improve people’s lives.
and bring rural development, while GOPDC is usually seen as breaking its promises with regard to community development projects, and reaping profits without sharing them with the communities. While the community development projects described on GOPDC’s website sound effective and successful, the field research found that the reality is very different in how local people perceive the effectiveness of the social sustainability strategy.

For each project, Serendipalm closely monitors the contractor’s progress to make sure that projects are delivered on time. In the case of GOPDC, the research saw projects half way completed and on hold for a number of years. Similarly, after the project completion, Serendipalm conducts an effectiveness assessment to see if the project is being used by local people. This allows the company draw lessons and correct any mistakes. No such processes were observed at GOPDC.

6.5.3 Perceptions of governmental agencies

Interviews with the governmental agencies identified differences in how the two companies were perceived. GOPDC seems to have developed close ties with the MOFA and the District Assembly. As one representative at the District Assembly said, “GOPDC has been here for a long time, we know them well”. The company focuses a lot more on developing its relationship with the MOFA and the District Assembly than with the communities, as these agencies have the power to provide or withdraw permits and operating licenses.

Serendipalm holds a very good reputation among the communities and is well-embedded in the communities. However, the company seems to be more focused on the practical side of things (the implementation of the community projects) rather than on the political dimension (working on the relationship with governmental agencies).

The interviews with managers of both governmental agencies reported roughly similar contributions to the district’s development for the two companies. However, one representative in the District Assembly differentiated between GOPDC and Serendipalm in unmistakable terms. GOPDC used to be a government-owned company and even though today it belongs entirely to a Belgian company, it seems to have kept the political ties and networks from its days as a government-owned company and draws benefits from this position. In turn, Serendipalm is seen as a newcomer, an outsider, a foreign company. Expectations from the District Assembly’s part are stricter than for GOPDC – more reports are expected, the permits’ processes are longer and so on. The representative interviewed insisted that Serendipalm should register as an NGO before doing community projects, and casted doubts on their effectiveness in the first place. “GOPDC projects are useful, but NGOs sometimes do things that may not be as useful. They could be doing other projects, more beneficial if they consulted with us first”
Based on what this interview reveals, treatment seem to be different depending on whether a company has been in the district for a long time or not. GOPDC seems to be enjoying more leeway than Serendipalm thanks to its strong relationship with governmental agencies and the trust built over the years. It sounds strange that Serendipalm would need to register as an NGO to carry out its social sustainability program that is part of its corporate strategy, while GOPDC could implement its social sustainability program with the support of the District Assembly and without being expected to register as an NGO.

6.5.4 Corporate Social Responsibility and Fair Trade

GOPDC labels its sustainability strategy as Corporate Social Responsibility (CSR), and Serendipalm as Fair Trade. The analysis conducted in this study shows that in terms of operationalization and implementation, both programs are comparable. The difference between them can be explained in terms of the underlying mindsets, which reflect two different drivers and approaches but similar ends. GOPDC’s main driver is economic in nature while Serendipalm’s main driver is socially focused (see Sections 5.1.4 and 5.2.4). Serendipalm’s discourse and practices resonated with ‘collaboration’, ‘sharing’ and ‘people’, whereas GOPDC’s discourse centered on connotations such as ‘efficiency’ and ‘processes’.

The purpose of the two programs, although similar in their external outcomes, have internally different aims. Serendipalm’s Fair Trade concept is at the core of its internal corporate philosophy while GOPDC uses CSR as a bargaining tool when negotiating the price of its Business Operating License. As a GOPDC manager shared, investments realized for community projects (non-business related operations) can be counted toward getting a lower price on the License, as well as a tax rebate. Despite reassurances from GOPDC’s management that the CSR program is an integral part of the company’s corporate strategy, analysis of the strategy and field observations find instead that CSR runs parallel to the corporate strategy like a distinct program, motivated by the need to comply with the RSPO principles and criteria and by the need to nurture the brand’s image.

6.6 Conclusion

This chapter complemented the corporate analysis presented in Chapter 5. The implementation as observed on the ground during the field research and the perceived effectiveness of the strategy that came out of the interviews with the different stakeholders offer a much more detailed picture of GOPDC and Serendipalm’s strategies, beyond what is laid down on paper. From the comparison I conclude that although CSR and Fair Trade are comparable programs, the way in which they are organized (a vertical CSR approach versus a

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53 Interview held in Kade on 14 February 2018
horizontal Fair Trade approach) accounts for major differences in effectiveness perception. The horizontal approach achieves better results in terms of inclusive development, social sustainable development and people’s empowerment; positive integration of the company in the communities; and a more positive perception of the community projects’ effectiveness.

A comprehensive corporate sustainability analysis is composed of three layers: the strategy (the theory or vision, analyzed in Chapter 5), the reality on the ground as perceived by the stakeholders (analyzed in this chapter) and management’s interpretation of the strategy, which relates to the company’s organizational culture. The latter will be discussed in Chapter 7.
CHAPTER 7. Synthesis and conclusion

This chapter summarizes the main findings of this research (7.1), reflects on the theoretical framework (7.2), makes suggestions for further research (7.3), and outlines recommendations for GOPDC and Serendipalm (7.4).

7.1 Main findings

7.1.1 Economic versus socially-driven strategies

Both GOPDC and Serendipalm include the three sustainability dimensions in their corporate sustainability strategy, but they integrate each dimension at a different level.

GOPDC sees problems from an economic perspective: operations interruption leading to supplier failure, brand positioning, and market access. To solve these, GOPDC aims at using cutting-edge technology and pioneering the RSPO certification, with a view to preserving its leadership position in Ghana’s oil palm sector. The company also aims at bolstering the local economy directly and indirectly.

Contrastingly, problems at Serendipalm are seen from a social perspective: Dr. Bronner’s started the company with the goal being to play a role in giving people better livelihoods and promote rural development. According to Serendipalm, oil mills are usually poorly integrated in the local social fabric. Serendipalm’s vision is to promote inclusive economic development, support communities’ development by giving a part of the profits back to them and having a positive impact, and to be a role model to show that sustainable palm oil production is possible.

Figure 7.1 visualizes how GOPDC and Serendipalm are each positioned in relation to the three sustainability dimensions. GOPDC focuses mainly on the economic dimension, followed by the environmental dimension, while the social dimension comes last. In turn, Serendipalm’s sustainability strategy is equally balanced between the social and environmental dimensions, while the economic dimension is less prominent.

The choice of each company’s instruments to implement the strategy is determined by the core drivers behind their strategies. GOPDC chose to develop technological innovations to control its greenhouse gas emissions and maintain the lead in Ghana’s oil palm industry. The company builds infrastructure (e.g. schools, clinics, roads) with the claimed purpose to avoid conflicts with local communities and maintain peace for the sake of its operations. It adopted the RSPO Principles and Criteria to give its sustainability strategy an internationally recognized frame. Serendipalm chose to emphasize participatory tools in its decision-making processes by setting up the Fair Trade Committee composed of company’s management, employees and farmers. The motivation to build infrastructure is to redistribute...
part of the profits the company makes and bring inclusive economic and social development to the local communities.

Figure 7.1. GOPDC and Serendipalm’s position related to the three sustainability dimensions.

7.1.2 Corporate Social Responsibility versus Fair Trade programs

The interviews revealed that the keywords summarizing Serendipalm Fair Trade’s concept were transparency, participation and accessibility. The relationship and the communication between the company and the people were found to be very positive. Overall findings show the company’s horizontal approach, with an emphasis on participation and inclusion. The Fair Trade concept is used as an instrument to make Dr. Bronner’s ideals a reality.

GOPDC implements a Corporate Social Responsibility (CSR) program to achieve its social sustainability goals. Farmers and community members expect CSR to bring a balance between the company and people’s needs and act as a middle ground between the two. However, interviewees reported that, in practice, the CSR program first and foremost defends the company’s interests. Interviews highlighted issues such as a lack of transparency, a lack of accessibility, and a lack of communication between the company and its stakeholders. Field observations and interviews pointed at a vertical approach: despite the Free Prior and Informed Consent (FPIC), GOPDC uses a top-down decision-making process that leaves little space to the other stakeholders (see Section 5.1.2). CSR is implemented more to comply with the RSPO certification requirements and to address the drivers of the strategy (social legitimacy, brand positioning and market access).
Serendipalm’s integrative and socially-driven approach focused on the inclusion of marginalized
groups contrasts with GOPDC’s focus on maintaining a peaceful working environment to avoid disruption
of operations, a typically economic-driven approach.

7.1.3 The companies’ role in achieving sustainable development

Both GOPDC and Serendipalm are good employers. The two companies provide fair labor conditions to
their permanent staff, and many social benefits. Less favorable is that GOPPC makes recurring use of
temporary contracts for some of its workers, without giving them permanent contracts even after many
years of continued work for the company. From the Ministry of Food and Agriculture and the District
Assembly’s perspectives, both companies significantly contribute to the district’s economic and social
development. Both GOPDC and Serendipalm are considered to be good partners of these government
agencies, providing public services that these agencies lack the means to implement (see Section 6.2.1).
This tacit partnership between companies and government agencies serves the district’s development. As
one District Assembly’s member confided, all of them [companies and governmental agencies] work
toward the same objective, namely local communities’ development.

However, GOPDC and Serendipalm are different in many ways: GOPDC is Ghana’s largest oil
palm company, owns plantations, practices conventional agriculture, adopted CSR as its social strategy,
and is business-driven. Serendipalm is a small-scale company, does not own land, practices organic
agriculture, adopted Fair Trade, and is people-driven. Yet, despite these differences, the analysis of the
corporate sustainability strategies, stakeholders’ interviews and field observations all concur that both
companies contribute significantly to the sustainable development of Kwaebibirem District. The activities
of the two oil palm companies provide many people in the district with a steady monthly income and good
livelihood opportunities. Beyond differences in what drives their corporate sustainability strategies and
how they choose to implement them, this research found that both companies’ strategies eventually work
toward the same goal: economic growth and development of the district, and improved livelihoods for local
people. Due to these differences, each company brings different benefits to the district, but each approach
is crucial to the district’s development and can be considered to be complementary. As such, each company
would gain from learning from the other and from finding inspiration in each other’s best practices.
Figure 7.2. The role of GOPC in bringing sustainable development to Kwaebibirem District. Key: #1, #2 and #3 rank the three sustainability dimensions from GOPDC’s perspective.

Figure 7.2 describes the process that leads GOPDC to play a role in sustainable development. It places the RSPO certification at the onset of the process that informs GOPDC’s corporate sustainability strategies, how they are operationalized and linked to different instruments, all concurring in the end to sustainable development.

Figure 7.3. The role of Serendipalm in bringing sustainable development to Kwaebibirem District.
Key: #1a, #1b and #3 rank the three sustainability dimension from Serendipalm’s perspective.

Due to the differences found between the two companies, a separate figure is needed to reflect Serendipalm’s pathway to supporting sustainable development in Kwaebibirem District. Figure 7.3 places the Fair Trade mindset and the organic certifications at the beginning of the process that informs Serendipalm’s corporate sustainability strategy.

These two figures allow to see the different drivers behind each company’s strategy. They reflect the importance each company chose to give to the distinct sustainability dimensions in the operationalization and implementation process, and list the instruments specific to each company.

7.2 Theoretical reflection

7.2.1 Companies’ contribution toward the SDGs

The main findings pointed at the role GOPDC and Serendipalm play in promoting sustainable development in Kwaebibirem District. This section takes a step further and reflects on how the two companies contribute to the Sustainable Development Goals (SDGs).

Analysis of the corporate strategies of both companies revealed that none of the companies in this comparative study used the SDGs as a framework to draft their sustainability strategies. Instead, GOPDC used Corporate Social Responsibility and the RSPO certification to guide its strategy, while Serendipalm opted for the Fair Trade concept and certification for organic production and organic agriculture. Interviews with GOPDC and Serendipalm’s staff further made clear that managers in either company, although they had heard of the SDGs, have little knowledge of the details behind the Sustainable Development Goals and the UN agenda.

Nonetheless, field observations and interviews with stakeholders within and beyond the value chain have revealed that through the implementation of their corporate sustainability strategies, GOPDC and Serendipalm both contribute toward achieving the SDGs. Managers may not be familiar with the SDGs, but they have acquired an understanding of what sustainable development is and how their company can help the local communities achieve the idea of development carried forth by each company.

GOPDC’s contribution to sustainable development comes mostly in the form of a trickle-down process from implementing the economic dimension. As the interviews with farmers and community members have shown in Section 6.4.3, the company’s direct contribution to social sustainability can be further improved. However, by offering job opportunities, better incomes and good working conditions, GOPDC triggers a process with a chain of consequences that lead to social sustainability by reducing
inequalities, giving people the financial means to save and invest in complementary livelihoods, better housing and education for their children.

The figure in Annex III shows which instruments of the company’s corporate sustainability strategy align with the SDGs. The sustainability strategies of GOPDC and Serendipalm cover many of the seventeen SDGs. This figure points out that although the strategy analysis, field observations and interviews found many differences between the two companies in terms of normative relations, operationalization, drivers and mindset, in the end, both companies’ sustainability strategies contribute to the same ends. The difference lies in the emphasis each company places on one sustainability aspect or the other.

For example, with regard to SDG 2 on End Hunger, Serendipalm has a strong intercropping program that aims at providing farmers with food alternatives, whereas GOPDC has no such program. However, as one official at the Ministry of Food and Agriculture said, better incomes assumedly allow people to buy the food they need and add diversity to their daily diet. Whether this applies remains to be seen, as the region is facing declining areas for food cropping (Asubonteng et al., 2018) and rising food prices (Vos, 2017). Another example is SDG 12 on Sustainable Consumption and Production: while both companies adopt best agriculture practices aiming at achieving higher yields and preserving the environment, Serendipalm went the extra mile by adopting strict organic agricultural practices.

One last observation relates to SDG 9 on Technology and Innovation and SDG 13 on Climate Action. These two SDGs are only found in GOPDC’s corporate sustainability strategy. As demonstrated in Section 5.1.3, GOPDC embarked on technological innovation, whereas Serendipalm opted for organic agriculture and manual labor. GOPDC boasts about bringing the latest technology, which in the eyes of District Assembly’s official is a great benefit for the district at large in terms of diffusing technology and innovation. GOPDC puts this same technology in place to control and reduce its greenhouse gas emissions.

The figure in Annex III illustrates how the companies contribute to sustainable development and the SDGs even though the SDGs do not figure in their sustainability strategies and none of the companies has publicly claimed to contribute to the SDGs. The figure furthermore links each of the SDGs addressed to the instruments used and the corresponding sustainability dimensions.

7.2.2 Organizational culture

The research found that organizational culture is paramount when championing a corporate sustainable strategy. Managers implement the strategy based on how they interpret it. This interpretation is determined by the values to which the company adheres, also known as organizational culture (See Section 2.3). For a comprehensive analysis of how the companies integrate the three sustainability pillars, we need to observe how the strategy on paper (the theory) is interpreted by managers (organizational culture) and how the managers’ values influences the implementation of the strategy (the reality). This process is depicted in
Figure 7.5 for GOPDC and 7.6 for Serendipalm. Organizational culture defines to which sustainability pillar a company gives priority, and sheds light on how management and staff live the values of the company.

Findings show that GOPDC’s organizational culture is economic (business) driven. Economic concerns such as supplier failure, brand positioning and market access are at the core of GOPDC’s strategy and shape the values of the company’s management. The environmental and social sustainability dimensions come second after the economic dimension and are not embraced by everyone in the management team. For instance, the Environment Manager’s role is to remind the other managers about the environmental and social dimensions by using the RSPO certification as an incentive (see Section 5.3). The values attached to Corporate Social Responsibility in the RSPO Principles and Criteria are hardly known among stakeholders up the value chain as interviews have made clear.

This research uncovered that Serendipalm’s organizational culture is socially-driven. The Fair Trade mindset at the core of the strategy, together with the idea of ‘giving back to the community’ and looking after the environment are the values that shape Serendipalm’s organizational culture. The company’s interest in people’s well-being is underlined by one manager who said, “It doesn’t matter if it is us [Serendipalm] or the government bringing development. All that matters is that people live better. […] All that matters is that we are contributing toward [local] development”. Interviews revealed that every stakeholder along the value chain, from Serendipalm’s management to farmers, is familiar with the Fair Trade values. From the account of each interviewee, this Fair Trade mindset is what makes Serendipalm unique and different from other companies. It is what motivates farmers to sell to Serendipalm.

54 Interview held in Asuom on 12 February 2018
and retains staff in the company. This type of organizational culture creates integrated working practices where everyone shares the same values along the value chain.

Figure 7.6. Serendipalm - From theory to reality: organizational culture as the interpretation of the corporate strategy.

To be real and effective, sustainable development and the relating social and environmental values need to be anchored in the organizational culture of the company or, as illustrated in Section 6.2.3, on farmers’ and community members’ perceptions. If this is not the case it will only remain an external layer on top of a business-driven strategy and create discontent along the value chain actors. Elaborating a good sustainable corporate strategy is not a guarantee that a company is truly playing a role in bringing about sustainable development. The values related to sustainable development need to be reflected in the organizational culture to ensure that the theory of the strategy is translated from paper to reality.

7.3 Suggestions for further research

Further research could analyze the importance of the companies’ organizational structure for the choice of strategy, processes and tools to enhance sustainable development and how it relates to a company’s size. This would highlight opportunities and obstacles when addressing sustainable development linked to a company’s size and help fine-tune recommendations to the companies. This research revealed the role of organizational culture in interpreting and implementing the strategy. Further research could have a closer look at how management practices impact a company’s effort to enhance sustainable development in their area of operations.
The scope of this research encompassed the companies’ corporate sustainability strategies and implementation thereof based on the perceptions of stakeholders. Future research could delve deeper in the participatory processes that companies like Serendipalm have developed, and analyze how these can be extended to the collaborative relationships with governmental agencies such as the District Assembly and the Ministry of Food and Agriculture.

This research brushed on the role organizational culture plays in the implementation of GOPD and Serendipalm’s sustainability strategy. While several studies exist on the role of organizational culture for strategy formulation and implementation (see Janicijevic, 2012), further research could focus on the link between organizational culture and strategy from a sustainability perspective. Understanding this link could help us understand the internal values and behavioral norms that lead a company’s motivation and choice to support sustainable development.

7.4 Recommendations for the companies

GOPDC has seemingly invested a lot of efforts in building its relationship with the Ministry of Food and Agriculture (MOFA) and with the District Assembly. It appears that it has invested less in building a relationship of similar quality with the farmers and community members. This deficient relationship prevents people from seeing the positive aspects of GOPDC, such as the good labor conditions offered by the company. Stronger bonds with farmers and community members can be built with more transparency, better communication channels, and authenticity and by fulfilling the promises made.

Community projects implemented by GOPDC raised many concerns and complaints on the part of the community members in terms of timing and usefulness. A first suggestion would be to better control the contractors to meet the delivery date. Another suggestion would be to deliver complete projects, beyond mere infrastructures. Building an infrastructure and calling it a library but leaving it unfurnished inside is of limited help to local people. This type of project, rather than bringing praise of the local communities on the company in turn generated complaints: visits to the communities showed that furnishing and setting up a building (e.g. a clinic, school, library or information center) was the key challenge for local communities and the reason why community members consider so many projects to be ‘white elephants’.

While GOPDC invested in the relationship with the governmental agencies and lagged behind in the relationship with local people, Serendipalm has managed to embed itself into the local social fabric and has developed a strong relationship with local communities. However, the company could further develop the relationship with governmental bodies. Findings show that Serendipalm focuses more on the practical aspect of ‘getting things done’, but playing the local political game is equally important and interviews
with both the MOFA and the District Assembly indicate that Serendipalm needs to delve deeper in these relationships and build trust to avoid being seen as a newcomer or outsider in the region.

According to interviewees, overall Serendipalm has done a good job with the community projects it has implemented. One of the principles of the company is to hand over completed projects and let the communities manage them in a bid to empower local people. However, field observations revealed that some projects accumulated problems due to the local caretakers’ lack of managerial skills. Serendipalm could provide short trainings to local people before handing over a project. This would ensure the durability of the project, and give people tools that contribute to their empowerment.

Both companies provide fair working conditions but local people appreciate them differently based on their contribution to the development of communities. Despite mixed perceptions regarding community projects implemented by GOPDC, both companies are seen as important contributors to the district’s economic growth and development and as having a positive impact on people’s livelihoods.
References


Annex I Sustainable Development Goals

Goal 1. End poverty in all its forms everywhere
Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture
Goal 3. Ensure healthy lives and promote well-being for all at all ages
Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
Goal 5. Achieve gender equality and empower all women and girls
Goal 6. Ensure availability and sustainable management of water and sanitation for all
Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all
Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
Goal 10. Reduce inequality within and among countries
Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable
Goal 12. Ensure sustainable consumption and production patterns
Goal 13. Take urgent action to combat climate change and its impacts
Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development
Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
Goal 17. Strengthen the means of implementation and revitalize the global partnership for sustainable development

Source: United Nations Sustainable Development Platform

ANNEX II Operationalization of the major concepts of this study

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<th>Variable</th>
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<th>Source/method</th>
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<td>Corporate sustainability strategy analysis</td>
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<td></td>
<td>Causes</td>
<td>How does the company see the causes of these problems?</td>
<td></td>
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<td></td>
<td>What norms are underlying the company’s corporate sustainability strategy?</td>
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</tr>
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<td></td>
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<td>How does the company contribute to the SDGs related to the economic dimension? (SDG 1 no poverty; SDG 8 inclusive and sustainable)</td>
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</tr>
</tbody>
</table>
| Environmental Instruments | How is the environmental dimension of sustainable development being implemented in practice? | Key respondent interviews  
Structured observation of projects implemented by the company  
Interviews of farmers, workers and community members  
Interviews with governmental agencies representatives |
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<tbody>
<tr>
<td>Perceptions</td>
<td>Perceptions of effectiveness of the corporate sustainability strategy among actors within and beyond the value chain.</td>
<td></td>
</tr>
<tr>
<td>Relation to SDGs</td>
<td>How does the company contribute to SDGs related to the ecological dimension? (SDG 6 clean water and sanitation; SDG 7 affordable and clean energy; SDG 13 climate action; SDG 12 sustainable consumption and production. SDG 13 climate action; SDG 14 life below water; SDG 15 life on land).</td>
<td></td>
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</tbody>
</table>

| Social Instruments        | How is the social dimension of sustainable development being implemented in practice? | Key respondent interviews  
Structured observation of projects implemented by the company |
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<tbody>
<tr>
<td>Perceptions</td>
<td>Perceptions of effectiveness of the corporate sustainability strategy among actors within and beyond the</td>
<td></td>
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</table>
### Annex III The companies’ contribution to the SDGs

<table>
<thead>
<tr>
<th>Relation to SDGs</th>
<th>How does the company contribute to SDGs related to the social dimension? (SDG 1 end poverty; SDG 2 end hunger; SDG 3 health &amp; wellbeing; SDG 4 quality education; SDG 5 gender equality; SDG 6 water and sanitation; SDG 10 reduced inequalities; SDG 16 peace, justice and strong institutions; SDG 17 global partnership)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Organizational culture</th>
<th>Internal culture</th>
<th>Values and beliefs</th>
<th>What is the set of values and beliefs of the company? (This aspect of organizational culture overlaps with Runhaar’s normative relations)</th>
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</thead>
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<thead>
<tr>
<th>Behavior</th>
<th>What are the behavioral norms transmitted by the company?</th>
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<table>
<thead>
<tr>
<th>Organizational effectiveness</th>
<th>Strategy formulation</th>
<th>How does organizational culture influence the formation of the strategy?</th>
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<table>
<thead>
<tr>
<th>Strategy implementation</th>
<th>How does organizational culture influence the implementation of the strategy?</th>
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</table>

- Interviews of farmers, workers and community members
- Interviews with governmental agencies representatives

- Corporate strategy analysis
  - Interviews within the organization and along the value chain

- Corporate strategy analysis
  - Interviews within the organization and along the value chain
<table>
<thead>
<tr>
<th>SDGs</th>
<th>Instruments used in the corporate sustainability strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SDG 1</strong> &lt;br&gt;End of poverty</td>
<td>- Job opportunities (S, G) &lt;br&gt;- Steady incomes (S, G) &lt;br&gt;- Increased incomes (S, G)</td>
</tr>
<tr>
<td><strong>SDG 2</strong> &lt;br&gt;End of Hunger</td>
<td>- Intercropping techniques (S) &lt;br&gt;- Agro-forestry (S) &lt;br&gt;- Income to buy food (S, G)</td>
</tr>
<tr>
<td><strong>SDG 3</strong> &lt;br&gt;Health and Well-being</td>
<td>- Build clinics (S, G) &lt;br&gt;- Pay for employees’ clinic bills (G) &lt;br&gt;- Health campaigns in communities (G)</td>
</tr>
<tr>
<td><strong>SDG 4</strong> &lt;br&gt;Education</td>
<td></td>
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</tbody>
</table>
  - Better incomes -> savings -> access to higher education -> new chances in life (S, G) |
| **SDG 5** <br>Gender Equality | - No gender division of labor (S, G) |
| **SDG 6** <br>Water and Sanitation | - Build toilets (S, G) <br>- Build water bore holes (S, G) <br>- Build water distribution systems (S, G) <br>- Sound management of fresh water ecosystems (S, G) |
| **SDG 7** <br>Inclusive and sustainable economic growth | - Fair labor conditions (S, G) <br>- Job opportunities (S, G) <br>- Steady jobs (S, G) <br>- Increased incomes (S, G) |
| **SDG 8** <br>Technology, Innovation | - Bringing technological innovation to the district / Diffusing technology (G) |
| **SDG 9** <br>Reduced inequalities | - Increased incomes -> better livelihoods -> reduced inequalities (S, G) |
| **SDG 10** <br>Sustainable Consumption & | - Raise awareness about ecosysem services (S) <br>- Preserve the environment for long-term production (S, G) / Organic production (S) <br>- Best agriculture practices for higher yields (S, G) |
| **SDG 11** <br>Climate Action | - Adopted the Clean Development Mechanism under the Kyoto Protocol for its mills (G) |
| **SDG 12** <br>Life on land | - Biodiversity conservation (S, G) |
| **SDG 13** <br>Global Partnership | - Cooperation with governmental agencies (S, G) <br>- Provision of public services (S, G) |

**The three sustainability pillars of sustainable development**

- **Economic sustainability**
- **Environmental sustainability**
- **Social sustainability**

**Direct**

**Indirect**
# Annex IV Coding Table

<table>
<thead>
<tr>
<th>CONCEPTS</th>
<th>CODE</th>
<th>Sub-code</th>
<th>Sub-segment</th>
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<tbody>
<tr>
<td>Three relations</td>
<td>Causal</td>
<td>Economic</td>
<td></td>
</tr>
<tr>
<td>(Runhaar)</td>
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<td>Environmental</td>
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<td>Normative</td>
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<td>Final</td>
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<td>Social</td>
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<tr>
<td>Three sustainability dimensions</td>
<td>Economic</td>
<td>Financial viability</td>
<td>Company’s performance</td>
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<td>Expansion of operations</td>
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<td>Farmer/workers performance</td>
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<td>Economic viability (N&amp;P)</td>
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<td>Production increase (N&amp;P)</td>
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<tr>
<td>Regional development</td>
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<td>food security</td>
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<td>technology and innovation</td>
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<td>job creation</td>
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<td>regional economic growth</td>
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<td>improved rural livelihoods</td>
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<td>Agriculture Development (MOFA goal for the district)</td>
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<td>Supplier failure</td>
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<td>Social conflict / operations’ interruption</td>
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<td>Depletion of Resources</td>
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<td>Sustainable supply chain</td>
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<td>Transparency of process along the value chain</td>
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<tr>
<td>management</td>
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<td>Stakeholders participation</td>
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<td>Communication channels (N&amp;P)&lt;sup&gt;56&lt;/sup&gt;</td>
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<td>Farmers/workers satisfaction (N&amp;P)</td>
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<tr>
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<td>Stakeholder satisfaction</td>
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<td>Customer satisfaction</td>
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<td>Product quality</td>
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<td>Market competitiveness</td>
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<tbody>
<tr>
<td>Effectiveness (N&amp;P)</td>
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<td>Long-term goals</td>
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<tr>
<td>Agricultural practices</td>
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<tr>
<td>Best organic practices (org crop / org production)</td>
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<tr>
<td>Best conventional practices</td>
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<tr>
<td>Compost practices</td>
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<tr>
<td>Trainings/ Capacity Building</td>
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<tr>
<td>Chemicals use</td>
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<tr>
<td>Intercropping</td>
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<td>Land clearing</td>
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<thead>
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<th>Conservation of natural resources and biodiversity</th>
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<tbody>
<tr>
<td>Biodiversity conservation efforts</td>
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<tr>
<td>Soil conservation practices</td>
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<td>Water bodies protection</td>
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<tr>
<th>International regulations</th>
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<td>Certification</td>
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<sup>56</sup> N&P: Negative and positive. Some codes can be seen from a positive perspective but also from a negative perspective.
<table>
<thead>
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<td>Long-term goals</td>
<td>Education-related projects</td>
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<td>Infrastructure building</td>
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<td>Water access/sanitation projects</td>
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<td>Rural development</td>
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<td>Participation processes (N&amp;P)</td>
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<td>Decent labor conditions (N&amp;P)</td>
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<td>Internal culture</td>
<td>Values/beliefs</td>
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<td>Organizational effectiveness</td>
<td>Role in strategy formulation</td>
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<td></td>
<td>Role in strategy implementation</td>
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