Creating Shared Value in cocoa value chains?
A study of the discourses and practices of Nestlé and Olam in Ghana

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8 August 2018

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Abstract

Despite the widespread popularity of the Creating Shared Value discourse among companies, governments, and academics, the evidence base for the theory and its assumptions have been strongly contested. Porter and Kramer’s Creating Shared Value theory prescribes that companies should design their business models to simultaneously create societal value and economic value. This study aims to contribute to these debates on Creating Shared Value and the role of business as a development agent by presenting a case study analysis of Nestlé and Olam’s Creating Shared Value-based corporate strategies in their cocoa supply chains in Ghana. It analyses how the companies address value chain inclusivity issues, such as farmer poverty, deforestation, and child labour, in their shared value-based corporate discourses and practices. Based on a content analysis of company documents, semi-structured interviews with company employees, other value chain actors and stakeholders, and focus groups with farmers in Ghana, this study finds that the companies’ Creating Shared Value-based strategies are limited both in terms of their impact on society as well as in the benefits they generate to companies. Although Nestlé and Olam’s programmes achieve some positive outcomes, their overall impact on value chain inclusivity issues is limited. Moreover, the companies are selective in terms of the issues they address and the scope of their programmes. Despite the business case logic, Nestlé and Olam’s programmes continue to be constrained by market dynamics and profit maximalisation objectives. Although the Creating Shared Value discourse manages to integrate societal concerns into business strategies to some extent, it fails to overcome the inherent trade-offs between business objectives and societal interests. These constraints and tensions should be taken into account in corporate strategies and government policies as well as in theories on corporate responsibility and business and development.

Keywords: Creating Shared Value, business and development, corporate responsibility, inclusivity, cocoa, Ghana, Nestlé, Olam

Photo by the author.

Word count: 33,301 words
Acknowledgements

I am deeply grateful to the cocoa farmers, members of staff of Nestlé, Olam and their suppliers, and all other people that generously took the time to participate in my research. I would like to express my sincere gratitude and appreciation to Dr. Mirjam Ros-Tonen for her advice, feedback, and commitment to my thesis project and to Dr. Mercy Derkyi for warmly welcoming and supporting me during my time in Ghana. Special thanks go out to Jesse for assisting in the research process in Ghana and Sulley for helping with translations. Moreover, I would like to thank Dr. Anna Laven for advising me about the world of cocoa and Dr. Gerben Moerman for being the second reader of my thesis. I would also like to extend my gratitude to all other staff at the University of Amsterdam and the University of Energy and Natural Resources and all others who have taken the time to advise me about my thesis research. My special thanks go out to all people who made my time in Ghana as enjoyable and pleasant as it was. Finally, I would like to thank in particular my family, girlfriend, friends, classmates, and all others who have supported me during my master’s over the past two years.

Medaase, thank you, merci en dankjewel!
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<tr>
<td>AISSR</td>
<td>Amsterdam Institute for Social Science Research</td>
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<tr>
<td>CDA</td>
<td>Critical Discourse Analysis</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>CHED</td>
<td>Cocoa Health and Extension Division</td>
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<td>CLMRS</td>
<td>Child Labour Monitoring and Remediation System</td>
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<tr>
<td>CMC</td>
<td>Cocoa Marketing Company</td>
</tr>
<tr>
<td>COCOBOD</td>
<td>Ghana Cocoa Board</td>
</tr>
<tr>
<td>CORIP</td>
<td>Cocoa Rehabilitation and Intensification Programme</td>
</tr>
<tr>
<td>CRIG</td>
<td>Cocoa Research Institute in Ghana</td>
</tr>
<tr>
<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<td>CSSV</td>
<td>Cocoa Swollen Shoot Virus</td>
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<td>CSV</td>
<td>Creating Shared Value</td>
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<tr>
<td>FSG</td>
<td>Foundation Strategy Group</td>
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<tr>
<td>ICCO</td>
<td>International Cocoa Organization</td>
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<tr>
<td>ICI</td>
<td>International Cocoa Initiative</td>
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<tr>
<td>ILO</td>
<td>International Labour Organization</td>
</tr>
<tr>
<td>LBC</td>
<td>Licensed Buying Company</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-governmental organisation</td>
</tr>
<tr>
<td>OFIS</td>
<td>Olam Farmer Information System</td>
</tr>
<tr>
<td>OLC</td>
<td>Olam Livelihood Charter</td>
</tr>
<tr>
<td>PBC</td>
<td>Produce Buying Company</td>
</tr>
<tr>
<td>PC</td>
<td>Purchasing Clerk</td>
</tr>
<tr>
<td>PPRC</td>
<td>Producer Price Review Committee</td>
</tr>
<tr>
<td>SDG</td>
<td>Sustainable Development Goal(s)</td>
</tr>
<tr>
<td>WBCSD</td>
<td>World Business Council for Sustainable Development</td>
</tr>
<tr>
<td>WCF</td>
<td>World Cocoa Foundation</td>
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1. Introduction

Michael Porter and Mark Kramer’s (2011) article on Creating Shared Value (CSV) constructed what has currently become one of the most influential views on how businesses should operate in society. Porter and Kramer, who work as a professor and lecturer respectively at Harvard Business School, assert that businesses should overcome perceived trade-offs between their own economic objectives and societal interests by focusing their corporate strategies on shared value creation. Creating Shared Value entails that companies redesign their business models in such a way that they address societal issues through their business operations, and as such create both economic and social value. Porter and Kramer (2011) contend that Creating Shared Value does not only enable companies to substantially increase their profitability and competitiveness, but that it also leads to positive outcomes for society at a much larger scale and in a much more effective manner than governments and non-governmental organisations (NGOs) are able to realise. To Porter and Kramer (2011), Creating Shared Value represents nothing less than ‘a re-invention of capitalism’.

The Creating Shared Value approach has found strong resonance with many large multinational enterprises, including Unilever, Walmart and Coca-Cola. Through their Creating Shared Value-based strategies, these companies portray themselves as key drivers in tackling a wide range of social and environmental issues, from mitigating climate change and preventing deforestation to reducing poverty and combating diseases like malaria and HIV (Blowfield and Dolan, 2014). Many governments and civil society organisations, too, have integrated the CSV approach in their views on the relation between business and society and policies on addressing social and environmental issues. Global and national policies and agendas, including the United Nations Sustainable Development Goals (SDGs) and the Dutch government’s Trade and Development policy, emphasise the role of companies as ‘development agents’ (Blowfield and Dolan, 2014), which can deliver strong positive impacts on sustainable development (see Box 1.1). CSV has also gained an important place in academic research and teaching, as the Porter and Kramer (2011) article continues to generate high citation scores and has been included in the curriculum of many business schools (Crane et al., 2014, p. 132).

Box 1.1 – The adoption of the Creating Shared Value discourse by the Dutch government

The vision of the Dutch government on the relation between companies and society, both under the Rutte-II (2012-2017) and current Rutte-III administration, strongly ties into the Creating Shared Value discourse, albeit without directly referring to it. In a speech at the United Nations General Assembly in 2015, Dutch prime minister Mark Rutte commended companies like Heineken and Unilever for their market-based approaches to addressing sustainable development issues (Ministerie van Algemene Zaken, 2015). The government’s 2018 Foreign Trade and Development Cooperation policy note strongly emphasises the positive contributions companies can deliver to addressing sustainable development through their business operations and explicitly highlights the opportunities for companies ‘to make money out of the SDGs’ [sic] (Ministerie van Buitenlandse Zaken, 2018, p. 85). In a speech at the 2018 Ambassadors Conference, Foreign Trade and Development Cooperation minister Sigrid Kaag clearly subscribes to the Creating Shared Value approach regarding the convergence between economic and societal value creation (Rijksoverheid, 2018, translation by the author):

“(…) we can absolutely do without dogmas. Because you can both earn money and deliver a positive contribution to people, planet, and development. We will do this together. Economically, the Netherlands is in a worldwide top position. This administration also wants to reach an environmental top position. There is no contradiction between these two matters, they actually align very logically. Because a contribution to sustainability increasingly also gets an economic value. The Netherlands should want to lead the way in that development, in the economic interest of the Netherlands and in the interest of sustainability worldwide.”
Critics have argued that the Creating Shared Value theory is unoriginal, too company-centric, and naïve about the way business operates in society. The assumptions of CSV about the convergence of business and societal interests (the ‘win-win’) in particular have been hotly debated, with many scholars arguing that CSV fails to address the inevitable trade-offs between the two. The empirical basis of CSV theory remains unclear, as even Michael Porter admits to some extent (Box 1.2). Yet one of the most important knowledge gaps in these discussions is in fact the lack of empirical studies which examine the operationalisation and implementation of the CSV discourse by companies and other actors. Many discussions and articles do not extend beyond theoretical constructions and assessments of CSV (e.g. Aakhus and Bzdak, 2012; Crane et al., 2014; Dembek et al., 2016) or use superficial case studies to demonstrate positive impacts (e.g. Schmitt and Renken, 2012). So far, in-depth, empirical research on the application of CSV theory by companies seems to be rare.

**Box 1.2 – Michael Porter on the empirical evidence for Creating Shared Value**

At the end of the final panel discussion at the Nestlé Creating Shared Value Forum in 2016, conference host Fred Swaniker asked Michael Porter if empirical evidence supports the claims that Creating Shared Value theory makes. Interestingly, Porter answered that he had not yet been able to systematically prove the Creating Shared Value theory (Nestlé, 2016a, from 1:19:56):

Swaniker: “So the theory sounds good, it says, you know, companies that pursue creating shared value, in theory, will make more money in the long term, will last longer, they will have happier employees and happier customers, right, that’s what the theory says, and everyone benefits. As a professor who studies this every day, what is the data actually showing, if you look at, you know, evidence, is there evidence, that all of these things actually come true, if companies pursue this whole vision of Creating Shared Value? In sixty seconds.”

Porter: “Well, I wish we had systematic scholarly evidence. What we have is thousands and thousands of companies that talk about this, we have thousands of case studies now that have been written up and posted, we have executive education courses that are now proliferating, we have forums all around the world, there’s a lot of activity, I think we have a lot of circumstantial evidence, but, you know, we can’t yet prove the very challenging question you asked. So, you know, hopefully we’ll get there.”

This study aims to contribute to academic and societal debates on CSV and the role of companies as development agents by addressing this empirical knowledge gap from a social science perspective. It can also inform the future development of corporate sustainability policies as well as government policies on the cocoa sector, inclusive value chains and responsible business conduct. In order to do so, this research looks at how the CSV-based corporate discourses and practices of two multinational enterprises address the most important social and environmental issues in their cocoa value chains originating in Ghana. The study uses the concept of value chain inclusivity as an analytical lens, which focuses on the social wellbeing of value chain actors, the environmental sustainability of the value chain, and participatory value chain governance structures. The thesis pays specific attention to processes of coupling and decoupling between corporate discourses and practices and to how shared value creation processes address potential trade-offs. It is based on a content analysis of corporate documents, field visits to cocoa farming communities in Ghana, and interviews with employees of the case study companies and their suppliers, other value chain actors and stakeholders.

The study takes Nestlé and Olam as case study companies and specifically focuses on the implementation of their CSV-based corporate strategies in their cocoa supply chains. The Ghanaian cocoa sector currently faces a wide range of social, environmental and governance-related issues, including farmer poverty, deforestation, and the weak position of farmers in supply chain governance. Moreover, chocolate and cocoa companies are concerned about declining supplies of cocoa in combination with increasing demand. In response to these issues, the case study companies set up the
Nestlé Cocoa Plan (2009) and the Olam Livelihood Charter (2010). In line with CSV theory, these corporate sustainability programmes aim at generating value for both the companies themselves and society at large. As the programmes have been in place for a significant period of time, they provide useful case study material for this research.

Based on these debates, knowledge gaps, and research aims, this thesis addresses the following research questions:

How do the Creating Shared Value-based corporate discourses and practices of Nestlé and Olam address value chain inclusivity issues in the companies’ cocoa value chains originating in Ghana?

1. How do Nestlé and Olam operationalise Creating Shared Value theory in their discourses and practices in their chocolate-cocoa value chains in terms of definitions, beneficiaries, means and outcomes?

2. How do cocoa farmers and other stakeholders perceive the inclusivity of Nestlé and Olam’s corporate discourses, practices, and shared value creation processes in Ghana’s cocoa sector?

3. How do the corporate discourses and practices of Nestlé and Olam address potential trade-offs between societal and business objectives in shared value creation processes?

The thesis first presents its methodological approach in Chapter 2, after which Chapter 3 outlines the theoretical framework of this study. The theoretical framework closes by presenting the analytical framework that is used in this thesis. To put the research in context, Chapter 4 briefly introduces the cocoa value chain, Ghana’s cocoa sector, and the most important value chain inclusivity issues in the sector. Chapters 5 and 6 then present the outcomes of the analysis of Nestlé and Olam’s CSV-based strategies in their cocoa supply chains in Ghana. The main findings and theoretical contributions of this research are discussed in Chapter 7.
2. Methodology

2.1 Research design

This research project aims to deconstruct the Creating Shared Value-based discourses and practices of two multinational enterprises from a value chain inclusivity perspective. The study does so by performing a content analysis of corporate documents, semi-structured interviews with value chain actors and stakeholders, and focus groups and interviews held with cocoa farmers. In this project, discourses are seen as value-laden representations of past, present and future realities (Fairclough, 2012, pp. 458–459) that represent a shared way of ‘apprehending the world’ (Dryzek, 2005, p. 9). In other words, discourses are understood as representations of ‘how things are and have been’ now and in the past, and imaginaries (‘possible worlds’) of how things might, could or should be in the future (Fairclough, 2012, pp. 458–459). Through these representations and imaginaries, discourses contribute to the construction of social identities, social relations and systems of knowledge and meaning (Jorgensen and Phillips, 2002, p. 67). Discourses can be operationalised and materialised in ‘actual’ or ‘real’ practices, such as objects, activities and interactions (Fairclough, 2012, p. 459). Furthermore, discourses can be ‘inculcated’ (or ‘owned’) when people or other entities position and see themselves within discourses and start acting and thinking accordingly.

The project’s methodology is inspired by Fairclough’s Critical Discourse Analysis (CDA) approach. This theoretical and methodological approach aims to ‘uncover’ and deconstruct such power-enhancing discursive practices and the role they play in promoting the interests of certain actors (Wodak and Meyer, 2001, p. 2; Jorgensen and Phillips, 2002, pp. 68–70). It does so by analysing how social practice and social change are expressed, legitimized or developed through discourses. Discourses are an important mechanism of social practice, which also contains non-discursive mechanisms such as physical, economic and biological practices (e.g. agricultural processes or financial transactions) (Jorgensen and Phillips, 2002, p. 71). CDA assumes a dialectical relationship between discourses and non-discursive mechanisms in the world of social practice, in which both influence each other (Wodak and Meyer, 2001, p. 22; Jorgensen and Phillips, 2002, pp. 61–63).

Although discourse analysts acknowledge the importance of taking into account context and the world of social practice in which discourses are embedded through multi-perspective analysis (Jorgensen and Phillips, 2002, p. 155; Fairclough, 2012, p. 477), this arguably does not suffice to analyse corporate practices through fieldwork-based research. Researchers can develop a broader understanding of business and development discourses and practices by triangulating and complementing data from different sources, while reducing the risk of bias caused by using only one data collection method (Sharp, 2006, p. 213; Bowen, 2009, p. 28). This research project therefore aims to analyse corporate discourses and practices by using several data collection methods, including document analysis, semi-structured interviews, focus groups, and field observations (Section 2.4).

In order to develop an in-depth, contextual understanding of CSV-based corporate discourses and practices, this study purposefully selects two case study companies (the units of analysis) within a case study value chain. The cocoa-chocolate value chain is a ‘typical case’ (Gerring, 2008, p. 648)1 of a value chain in which the CSV discourse is employed by various actors which are in the process of implementing sustainability programmes in response to a complex set of economic, social and

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1 One way to select case studies is by looking for ‘typical cases’ that are generally representative for a broader phenomenon or population (Gerring, 2008, p. 648). As such, examining a typical case can contribute to understanding this broader phenomenon.
environmental problems (Section 4.4). Within this sector, two companies have been selected as ‘typical cases’ (Gerring, 2008, p. 648) of enterprises in the sector which have integrated the CSV discourse in their corporate strategies (Section 4.5). To develop a comprehensive understanding of the application of the CSV discourse throughout the chocolate-cocoa value chain, this study has selected two cases which operate at different value chain levels: the cocoa buying, trading and processing level (Olam), and the chocolate manufacturing and marketing level (Nestlé) respectively. Olam and Nestlé have both integrated CSV theory in their discourses and practices and hold powerful positions within the value chain in terms of market share and purchasing power, which makes them suitable case studies for this research (Section 4.5).

The content analysis served to develop an understanding of the case study companies’ discourses, practices, and subsequent shared value creation processes (Hsieh and Shannon, 2005, pp. 1280–1281). It followed an abductive approach, in which there was a continuous iteration between theory and data: while the analysis was guided by the analytical framework and operationalisation (Section 3.5 and Annex A), it remained open to new concepts and themes that emerged from the data (Timmermans and Tavory, 2012, p. 169). Yet rather than aiming at the construction of new theory, as Timmermans and Tavory (2012, p. 169) prescribe for abductive analysis, the analysis rather served to deconstruct existing theories and discourses related to CSV and the business as a development agent discourse in general (Section 3.2).

Due to time constraints it was not possible to develop a structured method to continuously integrate and compare data from different data collection methods and data sources during the research process, as was planned initially. Instead, impressions from informal re-readings of transcripts and notes were used to adjust the topic lists for later interviews, focus groups, and to guide the later stages of the document analysis (Hammersley and Atkinson, 2007, pp. 150–151). After the fieldwork was completed, a content analysis was conducted for each of the three main data collection methods (documents, semi-structured interviews, and field visits) (see Section 2.5). The outcomes of the content analyses of these different data sources were compared and triangulated in order to develop balanced answers to the research questions (O’Leary, 2004, p. 115).

Although this research project aims to go beyond strongly relativist, contextual statements, its critical realist standpoint also implies that over-generalized, positivist claims should be avoided (Jorgensen and Phillips, 2002, p. 153). Both the case study sector and the selected companies can be considered fairly comparable to other smallholder-based agricultural sectors (e.g. coffee or tea) and other large companies in the chocolate and cocoa sectors. The conclusions of this study may therefore be transferable (O’Leary, 2004, pp. 62–63) when examining other companies in the cocoa sector, the cocoa sector as a whole, other smallholder-based value chains or other multinational enterprises with a shared value-based strategy. However, more empirical research is needed to support the development of more general theories on the CSV discourse, especially seeing the critique that many business and development theories and research projects fail to sufficiently take local contexts into account (Idemudia, 2011, pp. 4–6; Tilt, 2016; Bass and Milosevic, 2018; Jamali and Karam, 2018, pp. 1–2). In this case, for example, the outcomes of this thesis should be seen within the context of the semi-liberalised Ghanaian cocoa sector and the specific characteristics of the case study companies.

2.2 Ontology and epistemology

This research project is built on a critical realist epistemological and ontological approach, inspired by CDA theory. It follows the idea that an external reality exists, but that each observation of it will inevitably be biased and depends on the knowledge that is available to, and applied by the observer
The world of social practice is understood as consisting of discourses (constructions, representations, understandings) and material, non-discursive entities (Fairclough, 2012, p. 464). Although critical realism rejects a strongly relativist or constructivist approach (such as Laclau and Mouffe’s approach to CDA (Jorgensen and Phillips, 2002, p. 25)), the approach still implies that analysis of this social practice is undertaken from ‘somewhere’, a biased position within existing structures (Jorgensen and Phillips, 2002, p. 49). No single truth exists, neither does an objective analysis of discourses and practices exist. This does not mean, however, that all discourses should be considered equally ‘true’ representations of reality: by continuously discussing the researcher’s reflexivity while using some set of (admittedly contingent) criteria to assess discourses, it is possible to make distinctions between, and to develop critical understandings of, different discourses based on their strengths and weaknesses (Jorgensen and Phillips, 2002, pp. 197–198).

In line with its critical realist foundations, this research project acknowledges the inherent political bias that is implied in any kind of social science research (Sayer, 2006, p. 105). For example, the CDA approach has often been characterised as explicitly political (Jorgensen and Phillips, 2002, p. 64) or even as too political, thereby blurring the epistemological lines between academic social science research and ideological argumentation (Widdowson, 1995). The risk of an overly strong political or ideological bias has also been brought up as an issue in research on business and development (Dolan and Rajak, 2016, pp. 1–2; Knorringa et al., 2016, p. 144) and in social science research in general (Aan de Brugh, 2017). To ensure the scientific relevance of this research, this study aims to rigorously apply academic methods (Section 2.4), to report transparently on the research process and its limitations (Sections 2.4-2.6), and to show the sources of knowledge that informed the research process (Section 2.3). Interpretations and lines of argument are made explicit, while also looking for deviant cases and counterarguments, both when sampling interviewees and during the data analysis process (O’Leary, 2004, pp. 50–51). Furthermore, the project’s and researcher’s positionalities are addressed in Section 2.5, also based on continuous reflection during the research process (e.g. through fieldwork notes) (Wodak and Meyer, 2001, p. 9). The analytical framework (Section 3.5) makes the normative positions that underpin the analysis explicit. As such, the research acknowledges the role of bias while maintaining its scientific relevance.

The use of different research methods in this research project (Section 2.4) with the aim of deconstructing discourses and practices may invoke further ontological and epistemological questions and conflicts, as the methods may stem from different schools of thought (most notably the schools of discourse analysis and ethnography) (Jorgensen and Phillips, 2002, p. 154; Hopf, 2004; Hammersley, 2005). These debates relate to, amongst other issues, the role of theory (deduction) versus empirical, grounded observations (induction), a focus on discursive patterns in themselves as opposed to how discourses are used, and the (distortive) role of the researcher in data collection (Hammersley, 2005, pp. 7–9). However, if such issues are seriously considered on a philosophical, theoretical and methodological level, a discourse analysis allows for the inclusion of other theories and methods within the non-discursive part of the social world (Jorgensen and Phillips, 2002, pp. 155–156; Hammersley, 2005, p. 15; Krzyzanowski, 2011, p. 235).

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2 In this research, such assessments are made by using the concept of value chain inclusivity as an analytical lens (Section 3.5).
2.3 Positionality of literature

My positionality and educational background, most notably the courses I took as part of the Research Master’s International Development Studies at the University of Amsterdam, influenced the research process (Section 2.6). During the research process I reflected on the importance of the positionality of the literature that was used in this study, for example in terms of the diversity of perspectives, contexts in which the research was produced, and research topics and locations. Literature searches took place by using keyword searches in search engines (mainly Google Scholar), reference lists of already acquired literature, search engine-generated citation lists of articles that had been found already, literature lists from other courses in the Master’s programme, and recommendations from peers and lecturers (Greenhalgh and Peacock, 2005). Although I feel a relatively comprehensive range of literature has been consulted during the research process, there is a high level of homogeneity in terms of the geographical locations of the institutions at which the articles’ authors are based. Most literature used in this thesis has been written by scholars from North American or North-Western European institutions. I found it hard to find relevant literature from other contexts, in part also because I only used sources that were written in English or Dutch. Further implications of this bias and the positionality of the research are discussed in Section 2.6.

2.4 Data collection methods

Data was collected during a 5-month fieldwork which took place in the Netherlands (August-September 2017) and Ghana (October-December 2017). Three more interviews, data analysis, and thesis writing took place in the Netherlands (January-July 2018). Three main methods of data collection were used: the collection of corporate documents, semi-structured interviews, and field trips focused on collecting focus group, interview and observational data. A research assistant supported the collection of data in Ghana by assisting in some organisational matters, contacting a number of interviewees, and by providing translations during the field visits. In addition, background knowledge on sustainable cocoa and the cocoa sector in general was gained by attending conferences and debates ( Annex B), which was also useful for networking with potential interviewees. Informal conversations, both at these conferences and in other settings, also provided information and insights that were useful for the research process. However, this thesis only uses information that was (also) acquired through one of the three data sources described below.

2.4.1 Collection of documents

The aim of collecting and analysing documents was to analyse how the case study companies develop their CSV-inspired corporate strategies in their own publicly available documents. The documents, the units of observation of this data collection method, were purposefully selected in order to create samples that were representative of the companies’ discourse and reporting about their sustainability-related activities in the cocoa sector (O’Leary, 2004, pp. 109–110). The document samples consist of 11 documents for Nestlé and 10 documents for Olam, and include annual reports, corporate sustainability reports, and other official reports or statements (Annex C). Only those sections in these documents that related to the companies’ general CSV-based strategies or their activities in their cocoa supply chains were coded. The sampling process started by selecting the case study companies’ sustainability reports, as they form the most obvious and typical outlets for companies to communicate about their sustainability policies, followed by other relevant documents that were published by the companies.

—in addition to these documents, two interviews (Lommen, 2017; Nieburg, 2017a) with Nestlé staff were included in the sample, as they provided additional information on the company’s discourse and practices. For reasons of efficiency, the sample did not include the Nestlé’s CSV reports of 2011 and 2013, as most information in these reports is also covered by the other CSV reports (e.g. from 2010, 2012, and 2014) in the sample.
such as investor magazines and public statements. The samples can be considered as representative of the companies’ discourses and reporting, as they include most reports that Nestlé and Olam published since they started their cocoa value chain programmes in 2009 and 2010 respectively.

2.4.2 Semi-structured interviews
The aim of conducting semi-structured interviews was to develop in-depth understandings of the two case-study companies’ discourses, practices, and shared value creation processes as well as of the context in which they operate. To this end, respondents (the units of observation) were purposefully sampled from three different populations along the value chain (Section 4.3). First, employees working across the case study companies’ value chains, including their suppliers (see Figure 4.2), were approached for interviews. Second, other actors that work with the case-study companies or in the cocoa sector in general (e.g. companies, sector-wide organisations and NGOs) were contacted for interviews. Third, other stakeholders were approached in order to develop more external views of the companies’ discourses and operations and to better understand the context in which these companies operate (amongst others, government bodies and advocacy groups). 31 interviews (with 32 respondents) were conducted in total, of which 20 took place during the fieldwork in Ghana and 11 in the Netherlands (see Table 2.1 and Annex D). Although a small number of important stakeholders were unwilling to grant an interview, overall a good level of access was attained. The two case study companies were relatively open to participating in the research.

Based on the research proposal’s analytical framework (Section 3.6) and operationalisation (Annex A), a general topic list was developed at the start of the data gathering process (Annex E). This topic list was used throughout the research process but was adjusted for many interviews to match the position of the respondent and to include first impressions from previous data collection. The interviews lasted for about 1 hour and 15 minutes on average and were conducted either in Dutch or in English. Most interviews were held in person and some were done by phone or via Skype. 21 interviews were recorded and extensive notes were taken during the other interviews, depending on the situation and the interviewee’s comfort with being recorded. The recordings or notes were used to write transcripts or extensive summaries of the interviews, which also included notes about the general context, first impressions and remarkable moments during the interview.

Table 2.1. Overview of interviews per category and fieldwork location (see Annex D for a complete list).

<table>
<thead>
<tr>
<th>Category</th>
<th>The Netherlands</th>
<th>Ghana</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case-study companies and suppliers</td>
<td>4</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>Sector actors</td>
<td>1</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td>Civil society organisations, government, other</td>
<td>6</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>11</td>
<td>20</td>
<td>31</td>
</tr>
</tbody>
</table>
2.4.3 Focus groups, interviews and observations during field trips

Field trips to farmer communities\(^4\) served to further develop the analysis of corporate practices and shared value creation process and to develop an understanding of the experience of cocoa farmers, the intended beneficiaries of these programmes. The farmer communities were purposefully sampled in order to select those where the case study companies implement their sustainability policies. The names of the districts in which these communities were located could be found through internet searches, while the exact locations of a number of farmer communities were found through the company-facilitated visits and a number of interviewees. In total, seven field trips to cocoa farming communities in the Ashanti and Western Regions in Ghana and one trip to a meeting of Purchasing Clerks (Section 4.2) at a cocoa depot were undertaken. Four of these trips were facilitated by the case study companies or their suppliers (Annex F), meaning that company employees organised the visit. Many of these visits included demonstrations of trainings and visits of farms or seedling nurseries, but there was also ample opportunity to organise focus group discussions and individual interviews with the farmers. Although company staff influenced the data collection process during those visits, for example by selecting the communities and at times by interfering in the focus groups, overall it was still possible to have fairly open and in-depth discussions with the farmers. Moreover, these organised field trips enabled a better understanding of the company’s operations and allowed for informal conversations with company staff. The outcomes of the focus groups that were held during the organised visits did not differ strongly from those of the independent visits.

Nine semi-structured focus groups were conducted during these field visits. A general topic list was used during the first focus groups (Annex G), while leaving ample room for issues to be brought up by the participants. These new issues were also incorporated in the topic list for subsequent field visits, also to verify or triangulate initial findings. The focus groups were often followed by semi-structured or unstructured interviews (nine in total) with some of the focus group participants, often lead farmers, Purchasing Clerks (PCs) or community members who were involved in projects, for example related to child labour or healthcare. Furthermore, observations were made during the visits, for example by visiting schools, depots or farms with some of the focus group participants, which also allowed for more informal conversations with community members. Extensive notes were made during the focus groups and interviews (but no recordings, in order not to limit the freedom of the participants to express themselves), which were elaborated upon return from the field visit. Some photos were also taken during the field visits, mainly during the observations. The focus groups and most interviews took place in Twi, with help of research assistants. Most visits were unannounced or only announced on short notice, causing the sampling process of farmers participating in the focus groups to be relatively unorganised. As a result, I had the impression that there was a fairly strong overrepresentation of male farmers in the focus groups and that farmers in more powerful positions (such as lead farmers or PCs) played a more prominent role during these discussions.

2.5 Data analysis

Based on the analytical framework (Section 3.6) and its operationalisation (Annex A), the topic lists that were used for the interviews and focus groups (Annexes E and G), and first impressions of possible outcomes, a code list was developed to commence the data analysis. Using the Atlas.ti software package, a separate coding process was undertaken for each of the two case study companies, which covered data from each of the three data collection methods. The aim of the coding process was to develop a thorough understanding of the data and to enable the organisation of data per code or theme. The initial coding

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\(^4\) ‘Communities’ is used here in the Ghanaian context, which has a similar meaning to what is also termed ‘villages’. This is not to suggest that ‘communities’ are homogeneous entities.
list was rather general and was complemented by a large number of more specific codes during the coding process. These new codes would relate to specific issues in the cocoa sector, specific means that companies apply, concrete outcomes, or general topics that emerged from the data during the coding process (Annex H). The coding process included both descriptive coding (e.g. coding descriptions of farmer trainings), as well as more thematic coding based on the first themes that emerged from the analysis (such as the ‘entrepreneurial farmer’ theme or specific trade-offs) (Ryan and Bernard, 2003; Saldana, 2009, pp. 70–73, 139–145). As such there was a continuous interplay between theory and the already developed analytical framework, new ideas and codes that came up during the coding process, and first impressions from the fieldwork period (also through class assignments, for example5) (Timmermans and Tavory, 2012, p. 169). In addition to the coding process, memos and extensive notes were written to keep track of the most interesting or remarkable quotes and to describe first patterns and themes that seemed to emerge from the data (Saldana, 2009, pp. 36–39). Numerical data in corporate reports (e.g. statistics about certified cocoa or the number of trained farmers) and fieldwork notes was organised in separate documents.

After the coding process was completed (see Annex H for the final code list), rough mind-maps and writing notes helped to organise codes and themes and to link these to the analytical framework (Saldana, 2009, pp. 36–40).6 The notes and quote lists for specific codes, which were generated through Atlas.ti, were the most useful tools to conduct the two analyses. Data that was relevant to both companies (i.e. a number of semi-structured interviews which focused on the cocoa sector in general rather than on a specific company) was used in both analyses. The two data analyses ultimately led to a selection of the most important themes and outcomes, which were then re-organised to relate to the analytical framework (Section 3.5) (Saldana, 2009, pp. 188–190). The presentation of the outcomes in Chapters 5 and 6 refers to the data sources on which they were based as much as possible, for example by referring to the interview number or the document in question. Secondary literature, such as impact studies, was used to triangulate some of the outcomes, especially when the primary data was insufficient to reach sound conclusions on these matters.

2.6 Ethics
During the research process I continuously reflected on the ethics of my actions, inspired by the AISSR Ethical Procedure and Questions (AISSR, 2017). These reflections concerned both broader questions, such as reflecting on neo-colonial associations with corporate sustainability programmes, value chains, and development studies research in general, as well as more specific issues, such as rewarding focus group participants. I incorporated ethical reflection in thinking processes along all stages of the research process, but also in the fieldwork notes which I wrote during the data collection phase. My two main objectives in this regard were to operate in a culturally sensitive manner and in accordance with the do-no-harm principle, meaning that the research process may not harm or have negative consequences for anyone participating in the research project (O’Leary, 2004, pp. 52–54; Mollet, 2011, pp. 6–7). Three key ethical issues I encountered are discussed here.

An important topic for ethical reflection was my positionality vis-à-vis the research context, especially during the fieldwork period in Ghana (O’Leary, 2004, pp. 43–46). My background as a young white Dutch-British male student from a relatively privileged country has had an undeniable influence on the

5 These assignments were part of the Professional and Academic Skills Seminar, which is designed to support students of the International Development Studies Research Master in the thesis writing process.
6 These mind-maps and notes were written on paper and in a rather informal way, which is why they have not been included in the Annexes.
research process and the way others may have viewed me. This research project was undertaken as part of an academic Master’s programme that is there to ‘study development’ and ‘development issues’ of ‘subjects’ (e.g. in this study the farmers, their communities, and their natural environment) who are supposedly in ‘underdeveloped’ positions in ‘developing countries’ (Kothari, 2005). A substantial part of the research took place in a country in which both the Dutch and the British have long colonial histories, in which there currently is a strong presence of North-American and European ‘experts’ who run development projects and produce ‘development recommendations’ (Li, 2007), and that is part an international trade and global value chains system that has been qualified as exploitative or neo-colonial (Munshi and Kurian, 2007; Adanhounme, 2011; Khan and Lund-Thomsen, 2011; Gradin, 2016). All this may raise strong patriarchal or even neo-colonial connotations to this research project (Rakowski, 1993; Jentsch and Pilley, 2003, pp. 57–58; Kothari, 2005).

I have attempted to take such issues into account throughout the research process, including the research design phase (e.g. in choosing the research aim), the development of the theoretical framework (e.g. by reflecting on the diversity of the literature that was used) and the fieldwork phase, especially in Ghana. As such, this project focuses on corporate discourses as units of analysis, not on farmers or the Ghanaian cocoa sector (although a good comprehension of the latter is obviously required). During the data collection phase, I tried to approach all interviewees and focus group participants in a respectful and culturally sensitive manner, with the intention to avoid the aforementioned connotations as much as possible. In spite of this, mistakes and misunderstandings on this topic were still encountered during the research process and there is still substantial room for improvement here.

A second key ethical issue relates to the participation of respondents in the research process. Interviews were conducted only after verbal consent of the respondents and only recorded after (verbal) permission from the interviewee (Hammersley and Atkinson, 2007, p. 210). I did not get explicit consent from each focus group participant, although participants were free to leave or not participate in the discussion. All respondents were guaranteed anonymity, meaning that no names and no quotes would be included in the thesis or communicated to other interviewees. I deemed this important as various financial and power relations exist between different (groups of) respondents (e.g. between farmers and companies or between cocoa suppliers and their clients) (O’Leary, 2004, p. 54). For this reason, the names of the interviewees, the names of the communities that were visited and the supplying companies that were part of the research are not mentioned in this thesis. These details have, however, been provided to the thesis supervisor and one other lecturer in the Master’s programme for transparency reasons, but under strict conditions of confidentiality.

A third important ethical issue concerned rewarding research participants for the effort they invested in the research process and managing the expectations of participants, most significantly in relation to the cocoa farmers with whom I spoke during the field visits. During most field visits, each participant would be thanked for their time and help by offering a small gift (sweets, biscuits or soap, in consultation with the research assistant) (Scott et al., 2006, p. 39). At the end of the focus groups, participants would often ask what I could do for them in return for their help with the research, for example by communicating their concerns to (managers of) the companies to which they were selling their cocoa. Although I emphasised that I had no relation to any company or governmental organisation, this expectation would

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7 One interview was partially recorded by a research assistant without permission of the interviewee. This recording has therefore not been used in any way.

8 Although the use of quotes in theses and articles is often advised in order for the reader to ‘see’ or ‘feel’ the data rather than reading about the data (Reinecke et al., 2016, pp. xviii–xix), I chose to guarantee participants that no quotes would be used in this thesis in order to build up a relationship of trust.
sometimes still be there. Upon completion of the thesis the research assistant will inform a contact person in each of the field visit communities by phone about the outcomes of the research, and make clear that the thesis and the policy brief that has been developed as a communication product will be sent to all interviewees, including those working at the companies involved.

2.7 Limitations
This methodology chapter informs the reader about how I have attempted to adhere to post-positivist quality criteria of social science research, such as transparency about subjectivity (Sections 2.2 and 2.6), dependability (2.4 and 2.5), authenticity (2.2), and transferability (2.1) (O’Leary, 2004, pp. 58–64). This should make the research process ‘auditable’, enabling the reader to fully understand the research context, units of analysis and observation, and methods used to collect and analyse data, in order to allow the reader to assess the trustworthiness of the research (O’Leary, 2004, p. 63). In addition to the previous sections, a number of methodological limitations will be discussed here.

With regard to authenticity, more classical discourse analysts may contest the approach of analysing discourse through a content analysis that combines a relatively ‘light’ document analysis (as opposed to the usually strongly text-based, linguistic approach of CDA) with an analysis of interviews and focus groups (see Section 2.2). Moreover, at times I found it hard to treat CSV-inspired discourses in the cocoa-chocolate industry as a category that is distinct and clearly separable from other corporate sustainability discourses and concepts, such as Corporate Social Responsibility (CSR). The lack of a clear ‘control group’ (to use a more quantitative research-related term) complicates the development of knowledge that is specific to the CSV discourse. On the other hand, this may also be considered as a finding itself, and is indeed something for which CSV has already been criticised (Section 3.4.3). Moreover, if the impression that many companies incorporate (elements of) CSV in their sustainability discourses can be supported by further research, it increases the transferability of the outcomes of this research project.

Another authenticity issue relates to the data collection process. After some interviews, and especially after the field visits, I felt that a single meeting and discussion was not enough to develop an in-depth understanding of the participants’ views and experiences. Seeing the broad approach of this thesis, looking at commercial, social, and environmental issues at the same time, single field visits (which would generally last just a couple of hours) or interviews (which would take 1 hours and 15 minutes on average) were quite brief. After the data collection process, I felt that I had collected data about a very wide range of topics, but that this data was too limited for an in-depth analysis of many of these topics (e.g. certification and child labour). Moreover, a couple of field visits for each case study company is arguably insufficient to develop a more general understanding of the farmers’ experiences with these companies. This applies in particular to the Olam case study, as both field trips were facilitated by the company and time did not allow for further independent visits. In addition, more data was collected about the Nestlé case than Olam, due to the better availability of public information and time constraints during the fieldwork period. The multi-method research design has, to some extent, been able to counteract this issue by triangulating data from the field visits with data from the document analysis, semi-structured interviews, and secondary literature. In addition, it could have also been interesting to focus the interviews more on the practices and experiences of interviewees rather than on their opinions and employer’s discourses. The data collection process could have also been improved by better integrating the outcomes of the document analysis phase into the interviews.

The data analysis phase initially included a secondary coding cycle to reorganise codes, categories, and themes, which could then be organised in frameworks displaying quotes or summaries per theme and
data source (Bernard and Ryan, 2009, p. 290; Saldaña, 2009, pp. 149–155). Such a framework analysis could have enabled more structured ways to compare and generalise findings and patterns. Instead, due to time constraints, the analysis mainly consisted of developing mind-maps, re-reading notes that were taken during the coding process, and writing new notes and comparing these to the data.
3. Theoretical and analytical framework

3.1 Introduction

The role of business in society, and more specifically in development, is one of many seminal debates in politics, research and civil society. Based on a critical realist epistemology and ontology (see Section 2.2), this thesis positions the Creating Shared Value (CSV) discourse as an operationalisation of the meta-discourse on business in development that is currently dominant among various societal actors worldwide. In order to do so, this chapter first reviews the currently hegemonic discourse on ‘business as a development agent’ (Section 3.2), after which it focuses on the CSV discourse itself (3.3). The chapter closes with a discussion of knowledge gaps (3.4) and the analytical framework used in this thesis to analyse the CSV-inspired discourses and practices of the case study companies (3.5).

3.2 The ‘business as a development agent’ discourse

This thesis builds on the premise that business and development discourses and theories are not neutral, objective descriptions of reality, but explicitly or implicitly incorporate ideologies, values, power relations, and world views (Kuhn and Deetz, 2008, p. 179) (see Section 2.1). Theories always serve someone and some purpose (Cox, 1981, p. 128) and legitimise and reproduce certain ideas, social relations and political settings. Many academics have stressed that theories, policies, and corporate strategies and reports on business and development are laden with values, ideologies and power relations (e.g. Blowfield, 2005; Burchell and Cook, 2006; Moon, 2007; Banerjee, 2008; Kuhn and Deetz, 2008; Merino and Valor, 2011). They argue that corporations through their Corporate Social Responsibility (CSR) or corporate sustainability policies, continuously legitimise and reproduce particular value-laden visions of reality by reifying or ‘naturalising’ social formations, such as the idea of corporate profit maximization (Kuhn and Deetz, 2008, p. 178). Worldviews can also be legitimised by universalising interests of certain actors as ‘good for all’ and by marshalling consent between diverging interests (Kuhn and Deetz, 2008, pp. 178–179). As such, CSR policies arguably function as ‘anti-politics machines’ (Ferguson, 1990), in which causes of problems are (re)defined in ways that do not address structural questions or the role of corporations themselves (Sharp, 2006, p. 220; Banks et al., 2016, p. 250; Dolan and Rajak, 2016, p. 21). These definitions and problematisations shape the interventions that are supposed to address these issues (Blowfield and Dolan, 2014, p. 29). Complex development issues, such as poverty or child labour, are ‘rendered technical’ as clearly understandable (legible), definable and limitable issues that can be addressed through companies’ CSR policies (Blowfield and Dolan, 2014, p. 31; Dolan and Rajak, 2016, p. 13). Through such processes, certain ideas are (subconsciously) seen as ‘natural’ and remain unquestioned in discussions on the role of business in development.

One of the most hegemonic discourses in the past decades, and especially since the late 2000s, has been the ‘business as development agent’ discourse, which has been adopted by various societal actors worldwide, including businesses, governments, civil society organisations, and academic research communities (Blowfield and Dolan, 2014, pp. 22–24; Banks et al., 2016, p. 248; Scheyvens et al., 2016, p. 372). The discourse contends that businesses can positively contribute to addressing a wide range of social and environmental issues, including poverty, health issues and nature conservation. As a development agent, companies no longer see social and environmental issues as ‘business risks’ and CSR strategies as the tool to manage these (Newell and Frynas, 2007, p. 677). Instead, these issues are considered as business opportunities, which can benefit from introducing market dynamics and corporate innovation practices, and increase demand for the company’s products (Blowfield and Dolan, 2014, p. 30). Similarly, other actors no longer see business operations as causes of social problems, but as part of the solution to such issues (Prieto-Carrón et al., 2006, p. 980; Knorringa and Helmsing, 2008).
In this view, companies are considered to be able to achieve certain ‘development results’ that governments, NGOs and development aid donors have previously failed to reach (Bruton, 2010, p. 6; Blowfield and Dolan, 2014, p. 28).

As such, the ‘business as development agent’ discourse positions businesses as proactive actors that can actively contribute to addressing public issues. Dominant development discourses have long regarded businesses as drivers of economic growth, employment and the provision of goods and services (Blowfield and Dolan, 2014, p. 22). In this view, businesses are immanent (small ‘d’) development actors that unintentionally contribute to the economic development of the societies in which they operate by aiming for maximal shareholder value (profits). However, since the 2000s, discussions on the role of businesses in society in general, and in the development field in particular, have turned towards the idea of businesses as proactive agents that can actively contribute to intentional (big ‘D’) development (Prieto-Carrón et al., 2006, p. 980; Sharp, 2006, p. 216; Bruton, 2010, p. 7; Blowfield and Dolan, 2014, pp. 22–24; Banks et al., 2016, pp. 247–248). In other words, there has been a shift in thinking about the role of business in development from a ‘defensive’ to an ‘offensive’ point of view: instead of focusing on solving negative issues in value chains such as human rights abuses or environmental pollution, companies (should) actively seek out positive impacts they may have on development.

Although ideas about businesses as development agents are have circulated in development thinking for a long time (Kurucz et al., 2008, p. 101), the discourse has become particularly dominant among various societal actors roughly since the global economic downturn in 2007-2011 (Banks et al., 2016, p. 248; Scheyvens et al., 2016, p. 372). Since then, most multinational enterprises have developed and expanded CSR or sustainability policies, many of which construct some kind of developmental role for the company in question (Blowfield and Dolan, 2014, p. 27; Higgins and Coffey, 2016, p. 18). A group of so-called ‘frontrunner companies’ or ‘social multinationals’ (Zanfei, 2012) has emerged, which have integrated a much more elaborate and prominent sustainable development discourse in their corporate communications than was conventional before (Scheyvens et al., 2016, p. 372). This discourse is also echoed by business associations such as the World Business Council for Sustainable Development (WBCSD) and global platforms such as the UN Global Compact. Reasons for this shift include, amongst others, a decreasingly prominent role for states in directly addressing societal issues, the combination of declining national (development) budgets with increasing costs of addressing societal issues (such as climate change), and a call for businesses to take up more responsibility in these issues (Banks et al., 2016, p. 248; Scheyvens et al., 2016, p. 372).

(Western) governments, too, attribute an increasingly important role to businesses in development, such as those of the Netherlands and Canada (Bodruzic, 2015, p. 129). For example, the Dutch Trade & Aid policy notes of 2013 and 2018 explicitly integrate the role of business in sustainable development through financial instruments, development projects and sustainable value chains initiatives (Box 1.1) (Ministry of Foreign Affairs, 2013, 2018). A similar paradigm shift can be found in the Sustainable Development Goals (SDGs) agenda, which explicitly calls on businesses ‘to apply their creativity and innovation to solving sustainable development challenges’ (United Nations General Assembly, 2015, p. 29). The SDGs consider the private sector as one of the main implementors of the agenda, alongside governments and civil society actors (Scheyvens et al., 2016, p. 372).

Theoretically speaking, the discourse on business as a development agent represents a shift away from theories that see a limited role for business in societal issues. Shareholder Value Theory, for example, argues that the only (social) responsibility of business is to make profits (Melé, 2008, p. 55). In this view, which has its groundings in neoclassical economic theory, the single goal of a company is to
maximise the value it creates for its shareholders, provided that these are generated within the boundaries of law. Shareholder Value Theory, which has most famously been promoted by Milton Friedman (1970), has been criticized for ignoring externalities of business operations and exclusively focusing on short-term profits (Dyllick and Muff, 2015, p. 8).

Instead, the business as a development agent discourse ties into other theories on the concerns, value creation models and organisational perspectives that companies should take into account, such as Corporate Social Performance, Stakeholder Theory and the Corporate Citizenship (Table 3.1) (e.g. Bruton, 2010, p. 7; Idemudia, 2011, p. 1). Corporate Social Performance refers to the idea that in addition to their economic and legal obligations, companies should also be concerned about societal problems in which they may or may not be directly involved (Melé, 2008, p. 49). In Stakeholder Theory, companies bear responsibility not only to their shareholders, but also to other entities which, in a very general sense, hold a ‘stake’ in the company (Melé, 2008, p. 62). This does not only include entities which have a direct relation with the company, such as employees, investors, suppliers and customers, but also parties that in some way or another are affected by that company’s activities, such as civil society organisations or the environment. As such, the purpose of companies is to create value not only for shareholders but for all stakeholders, across the ‘triple bottom line’ (Elkington, 1998) of the economic, social and environmental dimensions of sustainability (Dyllick and Muff, 2015, p. 9).

Table 3.1. Theoretical positions on the position of companies in society (Melé, 2008; Sastry, 2011, p. 248; Dyllick and Muff, 2015, p. 13).

<table>
<thead>
<tr>
<th>Theoretical position</th>
<th>Concerns (What?)</th>
<th>Value created (What for?)</th>
<th>Organisational perspective (How?)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholder Value Theory</td>
<td>Economic concerns</td>
<td>Shareholder value</td>
<td>Inside-out</td>
</tr>
<tr>
<td>Corporate Social Performance</td>
<td>Three-dimensional concerns</td>
<td>Refined shareholder value</td>
<td>Inside-out</td>
</tr>
<tr>
<td>Stakeholder Theory</td>
<td>Three-dimensional concerns</td>
<td>Triple bottom line</td>
<td>Inside-out</td>
</tr>
<tr>
<td>Corporate Citizenship</td>
<td>Societal issues as starting point</td>
<td>Creating value for the common good</td>
<td>Outside-in</td>
</tr>
</tbody>
</table>

As opposed to the three preceding theories, Corporate Citizenship applies an ‘outside-in’ rather than an ‘inside-out’ perspective, meaning that social issues guide a corporation’s economic value creation objectives instead of the other way round (Dyllick and Muff, 2015, p. 11). In this view, the company’s core objective is to actively promote human welfare by addressing social issues as business opportunities and to maintain good relations with stakeholders (Melé, 2008, p. 68; Dyllick and Muff, 2015, p. 11). Corporations are considered to be ‘citizens’, which like ‘human citizens’ have rights and obligations within society (Melé, 2008, p. 70). Corporate Citizenship theory also emphasises (cross-)sectorial cooperation and reforming the economic environment in which businesses operate in order to address social and environmental issues that cannot be solved by individual companies alone (Dyllick and Muff, 2015, pp. 11–12).
3.3 The Creating Shared Value discourse

The Creating Shared Value discourse represents one of the most popular ways in which the business as development agent discourse has been operationalised at the level of individual businesses. In their highly influential article ‘Creating Shared Value. How to reinvent capitalism—and unleash a wave of innovation and growth’ Porter and Kramer (2011, p. 15) claim to present ‘a reinvention of capitalism’ and a paradigm shift in debates about the role of businesses in society (Beschorner, 2013, p. 106). CSV entails that companies strive not only for short-term economic value creation, but also for ‘societal value creation’ which addresses a society’s needs and problems (Porter and Kramer, 2011, p. 4). By fully adopting the idea of CSV, Porter and Kramer (2011, p. 17) argue, businesses will be able to ‘reconnect’ with society and the environment.

If properly implemented, shared value creation becomes the guiding principle in all aspects of a company’s business strategy (Porter and Kramer, 2011, p. 16). CSV theory views value creation not in a narrow, purely economic sense, but in a broader, long-term perspective, which includes social and environmental value (ibid., p. 4). It considers what are termed ‘negative externalities’ in neoclassical economics (such as pollution) as internal costs to firms, as CSV theory assumes that such factors will affect business profitability in the long run (ibid., p. 5). Shared value is not created by redistributing ‘existing value’ in value chains, but by generating greater (economic) value and strategic benefits for all stakeholders in a production process (‘increasing the size of the pie’) (ibid., p. 5). CSV is therefore not a matter of philanthropy or business ethics, but a logical consequence of ‘a deeper understanding of competition and economic value creation’ (ibid., pp. 16-17). Porter and Kramer (2011, p. 16) consider this to be a key difference with more conventional Corporate Social Responsibility (CSR) policies, which they see as driven by reputational considerations, focused on ‘doing good’ and external to the core operations of the business. To illustrate this argument, Porter and Kramer (2011, p. 5) claim that ‘shared value investments’ in cocoa farmers can more than triple their incomes, while Fairtrade certification schemes only deliver incremental improvements in income.9

Porter and Kramer identify three ways to achieve shared value creation: reconceiving products and markets, redefining productivity in the value chain, and enabling local cluster development (Porter and Kramer, 2011, pp. 7–15). The development of mobile banking services or selling washing powder in small-size sachets in low income countries are oft-cited examples of how products and markets can be redesigned to create both economic and societal value (also known as ‘frugal innovations’) (Knorringa et al., 2016, pp. 144–145). More efficient use of energy and natural resources, new distribution models, or investing in worker training to increase productivity are given as examples of how a redefinition of value chain productivity leads to shared value creation. To illustrate the third way of shared value creation, Porter and Kramer (2011, pp. 13–15) give examples of large-scale cluster and infrastructure projects, which aim to benefit individual companies as well as generate larger economic benefits to the regions or countries involved. Such ‘win-win’ or ‘triple-win’ processes, when the creation of economic value is combined with generating social or environmental value (or both), lie at the heart of the CSV approach (Figure 3.1).

The Creating Shared Value discourse creatively mixes and integrates different theoretical positions on the role of business in society and development (Section 3.2). It arguably aims to unify Shareholder Theory with Stakeholder Theory, by explicitly linking the pursuit of societal objectives by companies to increased shareholder value. By focusing on societal value creation which meets needs of

9 However, the article fails to support this claim with evidence and to define ‘shared value investments’ in this example (most likely training farmers and distributing seedlings) (Porter and Kramer, 2011, p. 5).
stakeholders, CSV attempts to overcome the critique that a focus on shareholder value only leads to short-term, extractive value creation. Moreover, by integrating social considerations into the core business of a company, CSV intends to counter the process of ‘decoupling’ or disjuncture between corporate discourses and practices, for which CSR has been criticized (Jamali et al., 2017, pp. 6–7). Like Corporate Citizenship theory, CSV also emphasizes the need for sector or cross-sector partnerships (‘cluster development’) to address issues that require collective action (Porter and Kramer, 2011, p. 12). CSV also builds on Corporate Citizenship theory by applying an outside-in perspective to corporate strategy, meaning that societal concerns guide the development of business models and strategies (Strand et al., 2015, p. 8). Nevertheless, CSV is perhaps better positioned within Stakeholder Theory, as the company-centred approach to societal issues still prevails (or, as Strand et al. (2015, pp. 7–8) argue, because CSV simply is ‘a restatement’ of Stakeholder Theory).

![Figure 3.1. The creation of shared value.](image)

### 3.3.1 Positive reception of Creating Shared Value

The private sector has been eager to adopt the CSV discourse, either by explicitly using the term (such as Nestlé, Walmart, and Coca-Cola) or by formulating CSV-inspired sustainability strategies while using other terms (like Unilever, GlaxoSmithKline, and General Electric) (Corazza et al., 2017, p. 2). Some companies incorporate the CSV discourse throughout their entire sustainability narrative, while others use CSV to frame specific projects or interventions as shared value creation (Day, 2014, p. 118). These companies have also been met with a largely positive reception from governments and the United Nations (2015, p. 18). The Dutch government, for example, regularly praises CSV-inspired sustainability strategies of multinational enterprises such as Heineken and Unilever and also uses the CSV approach in its discourse on the SDGs and climate change (Box 1.1) (Ministerie van Algemene Zaken, 2015; Witteman, 2015; Beukeboom, 2017; Ministry of Foreign Affairs, 2018; Rijksoverheid, 2018). In addition to the strongly positive reception of CSV among businesses and governments, Porter and Kramer’s article (2011) has found strong resonance with academic research and teaching, especially in business schools (Day, 2014, p. 114). The CSV article is highly cited and Crane et al. (2014, p. 146) find that academic literature generally takes a positive stance towards CSV, often highlighting positive examples of win-win shared value creation processes (e.g. Schmitt & Renken, 2012).10

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10 According to Google Scholar, the article had been cited 7265 times in July 2018. An earlier review of the academic discourse on CSV categorised roughly 90 percent of the articles on CSV as ‘broadly positive’ (Crane et al., 2014, p. 146).
CSV has been lauded for its strong ability to connect with corporate managers, for instance by still using relatively mainstream managerial language (Beschorner, 2013, p. 108; Crane et al., 2014, pp. 132–134). Other perceived strengths include Porter and Kramer’s attempt to elevate social issues to the level of corporate strategy, and as such enabling discussions in the realm of business leaders that were previously unthinkable (Strand et al., 2015, p. 9). CSV theory has also been praised for the clear role it sees for governments in promoting CSV, its contribution to debates on the interface between capitalism and social issues, and the way it can function as an umbrella concept for a range of other concepts in this field, such as social entrepreneurship, social innovation and CSR (Crane et al., 2014, pp. 133–134).

3.3.2 Creating Shared Value in the value chain
The CSV discourse has strong implications for the way inclusivity issues in global value chains are addressed. Shared value creation involves stakeholders which may not be directly involved in the vertical value chain of the company in question, such as governments, NGOs and local communities. Porter and Kramer (2011, pp. 12–14) argue that governments and NGOs must adapt themselves to thinking in shared value terms in order to facilitate shared value creation. Governments should replace ‘command-and-control’-type environmental management policies, which discourage shared value creation, by enabling regulations which focus on measuring environmental performance, standards and support for innovative technology. NGOs, too, must abandon the (‘ideological’) assumption that achieving economic and environmental benefits are inherently opposed to each other. Instead, the CSV discourse expects governments and NGOs to work in partnerships with businesses to achieve the most efficient means of shared value creation.

Such value chain collaborations (VCCs), often strongly framed in ‘development language’, bring many challenges with them (Ros-Tonen et al., 2015, p. 527). Partnerships that are vertically implemented through the value chain (e.g. a chocolate manufacturer creating partnerships at the farmer level in its supply chain) have to be embedded in horizontal place-based contexts, which can create synergies, but also various difficulties (Ros-Tonen et al., 2015, p. 534). The (un)intended impacts of partnerships may reach far beyond direct value chain actors and it is indeed unclear which social actors are to benefit from partnerships and CSV arrangements in general. They may involve horizontal networks of direct value chain actors, external actors that are indirectly involved in the value chain, actors that have been expelled from the chain and non-participants/excluded actors (Bolwig et al., 2010, pp. 174–175). In other words, it is unclear whether CSV strategies should aim at direct stakeholders (Sharp, 2006, p. 217; Bodruzic, 2015, p. 131), local communities, certain groups in society (such as ‘the entrepreneurial poor’) (Blowfield and Dolan, 2014, p. 33) or simply ‘society in general’.

3.3.3 Creating Shared Value and capitalism
Porter and Kramer (2011) bombastically claim that CSV is ‘the big idea’ that represents a ‘reinvention of capitalism’ and will replace existing discourses, such as Corporate Social Responsibility (CSR). According to Porter and Kramer (in Crane et al., 2014, p. 149), their article has been the direct cause of ‘substantial changes in behaviour in corporations around the world’. However, the CSV discourse clearly builds on, and arguably reiterates, existing concepts and theories, such as Stakeholder Theory, inclusive business, business at the Bottom of the Pyramid, CSR and the Triple Bottom Line (Aakhus and Bzdak, 2012, p. 237; Spitzeck and Chapman, 2012, p. 502; Strand et al., 2015, pp. 7–8; Corazza et al., 2017, p. 8). The way Porter and Kramer (2011) juxtapose CSV (‘integral to business strategy’) and CSR (‘philanthropic ‘add-on’ projects’) ignores the long history of research and corporate sustainability policies focused on making the business case for CSR and integrating CSR in corporate strategies (Kurucz et al., 2008; Beschorner, 2013, p. 109; Crane et al., 2014, pp. 134–135; Bodruzic, 2015, p. 131).
Elkington (1994, 1998, 2004) has extensively developed the ‘triple bottom line’ concept, which, simply put, focuses on economic, social and environmental value creation and destruction, with a strong emphasis on partnerships. Early descriptions of (strategic) CSR, such as Hamann (2003, pp. 238–239), also focus on integrating CSR in a company’s business model and integrating stakeholder concerns into a company’s daily operations. For example, Kurucz et al. (2008, p. 91) discuss ‘synergistic value creation’ as an approach to CSR that connects stakeholder interests in order to create ‘multi-point’ value. It is therefore questionable to what extent CSV represents a new idea, rather than a modification and reworking of existing ideas and concepts. Corazza, Scagnelli and Mio (2017, p. 16) argue therefore that CSV may have changed the mindsets of managers, but in practice represents more of a continuation of existing policies and discourses rather than transformational change.

It is indeed questionable to what extent the CSV discourse actually redefines ‘capitalist’ market principles or substantially challenges the extractive shareholder value model (Day, 2014, p. 112). Classical capitalist economic theories arguably never aimed at achieving public welfare, but at making financial returns on investment (Kuhn and Deetz, 2008, p. 177). In this view, CSV mainly serves to perpetuate capitalist or neoliberal thinking, for example by proposing the commodification of environmental resources or ultimately regarding social issues as nothing more than new frontiers of profit and accumulation (Banerjee, 2008, pp. 66–67; Blowfield and Dolan, 2014, p. 28; Selwyn, 2016; Voltan et al., 2017, p. 359). Ultimately, in CSV theory, societal macro-problems are to be solved through micro-scale organisational adjustments, without questioning the structural dimensions of social problems or the fundamental role corporate strategies may play in them (Crane et al., 2014, p. 140). Redefining such issues in terms of market opportunities, production processes and products may lead to the dismissal of the complexity of such social and environmental issues. It has therefore been suggested that CSV in fact mainly represents a rhetorical reinvention of capitalism (Day, 2014, p. 111).

The strong emphasis on shared value creation through win-win-situations has been subject to much criticism in particular. Critics argue that CSV oversimplifies complex business-society relations and ignores the inevitable tensions, ‘win-lose’ situations, and trade-offs between economic, social and environmental goals and diverging stakeholder interests (Aakhus and Bzdak, 2012; Beschorner, 2013, pp. 109–110; Banerjee, 2014, p. 85; Crane et al., 2014, p. 136; Barnett, 2016; Dembek et al., 2016, p. 239; de los Reyes et al., 2017; Voltan et al., 2017, p. 350; Hahn et al., 2018, p. 1). Although Porter and Kramer (2011; Bockstette and Stamp, 2011; Porter et al., 2012) present several examples that support the win-win proposition, the business case-approach to development issues is highly contested and evidence remains limited (Blowfield, 2009; Aakhus and Bzdak, 2012, p. 237; Banerjee, 2014; Barnett, 2016; Wieland, 2017, p. 15). In other words, it has been argued that CSV merely focuses on the ‘sweet spots’, where business and social interests converge and as a result only these societal issues for which an economic business case exists are considered as ‘relevant’ problems (Dembek et al., 2016, p. 245; Hahn et al., 2018, pp. 1–2). Porter and Kramer (2011) give no guidance on how to deal with diverging interests or potential trade-offs or how to prioritise between different stakeholders.

Blowfield and Dolan (2014, p. 34) argue that CSV is contradictory to Michael Porter’s (1980) theory on competitive advantage, for which he is even more famous, and call this the ‘Porter Paradox’. This theory states that companies obtain and increase profits by improving their competitive advantage over other companies, for example by cutting costs and differentiating themselves by providing better products (Porter, 1980). Shareholders hold companies accountable for continuously maintaining and improving their competitive advantage. Yet reducing costs and other ways to obtain competitive advantage can have strong negative impacts on society or the environment and may also drive short-sighted, extractive corporate behaviour (Blowfield and Dolan, 2014, p. 34). Although CSV theory posits shared value
creation as a new, crucial way for companies to improve their competitive advantage, this tension still represents perhaps one of the biggest paradoxes in the CSV discourse.

### 3.3.4 Understandings of ‘value’

Another key aspect of the CSV discourse is its emphasis on the concepts of ‘value’ and ‘value creation’, which are used both in relation to ‘value’ which benefits society or the environment and ‘value’ which benefits companies’ commercial interests. The CSV discourse suggests that ‘value’ and its creation are ‘neutral’, ‘value-free’ economic solutions to societal issues (Merino and Valor, 2011, p. 164; Day, 2014, p. 112; Voltan et al., 2017, p. 357), or as Aakhus & Bzak (2012, p. 243) put it, ‘in emphasizing shared value, values disappear’. CSV theory is embedded in a wide range of values, however, such as the previously discussed capitalist values of the discourse (Section 3.4.3). Shared value theory focuses most strongly on the creation of financial value for companies, while Porter and Kramer (2011) fail to define or theorise on ‘societal value’. This makes shared value far from ideologically neutral and it is therefore crucial to ask which values are included and excluded in shared value creation, through which processes, and who supports these values (Kuhn and Deetz, 2008, p. 175; Nelson and Tallontire, 2014). For example, corporate sustainability policies have been criticised often for failing to sufficiently include views of stakeholders and intended beneficiaries of these policies (Bitzer and Glasbergen, 2015, p. 36).

In the business as a development agent discourse, there is a strong bias towards the potential of companies to ‘do good’, while the responsibility of companies to avoid negative contributions to sustainable development (‘do no harm’) is discussed to a much lesser extent (Ruggie, 2016; Shift, 2016). Terms such as ‘value’, ‘(business) opportunities’ and ‘value creation’ arguably replace discourses that focus on the ‘responsibilities’ and ‘obligations’ of companies, such as respecting human rights-based guidelines for companies like the OECD Guidelines for Multinational Enterprises or the UN Guiding Principles on Business and Human Rights (Day, 2014, p. 145). Porter and Kramer (2011, p. 15) simply presume company compliance with legal and ethical standards and harm mitigation as the first step, after which CSV goes ‘far beyond that’ in terms of the benefits to society it generates. Research by watchdog civil society organisations and academics continues to show that this assumption does not hold in practice, as even companies that are considered ‘ frontrunners’ in terms of their positive contributions to sustainable development are still frequently linked to cases of human rights abuse or environmental damage (Crane et al., 2014, p. 140). Moreover, by viewing human rights standards merely as ‘tick-boxes for the compliance department’, CSV theory underestimates the vast potential of adherence to human rights to positively contribute to society (Ruggie, 2016; Shift, 2016).

CSV, CSR and business and development concepts, theories, and strategies in general have also been extensively criticised for applying Western discourses and values in non-Western contexts (amongst others Amaeshi et al., 2006; Munshi and Kurian, 2007; Adanhounme, 2011; Jamali and Sidani, 2011; Khan and Lund-Thomsen, 2011; Bitzer and Glasbergen, 2015, p. 38; Gradin, 2016, p. 361; Voltan et al., 2017). The CSV discourse assumes that it can be applied anywhere in the world, ignoring the role of local context and potential clashes of ‘Western values’, or more specifically ‘Anglo-Saxon values’ (Jeppesen and Lund-Thomsen, 2010, p. 139), with other values. Moreover, CSV and CSR in general have been criticised for being ‘imperialist’ (Khan and Lund-Thomsen, 2011) or ‘neo-colonial’ (Adanhounme, 2011), by ignoring local stakeholders and serving Western interests (Munshi and Kurian, 2007, p. 439). CSR and CSV arguably also reinstate existing frames of ‘developed’ and ‘underdeveloped’ entities which need ‘help’ or ‘sharing’ from a (benevolent) company to create a ‘win-win’ between these two different types of entities, both in Western and non-Western contexts (Day, 2014, pp. 195, 209).
Current discourse on the role of business in society is indeed strongly dominated by companies, NGOs, governments and scholars from the ‘global North’ or ‘Western world’, leading to ‘place-blind’ policies and projects as well as unequal, problematic and arguably even neo-colonial power relations (Lund-Thomsen and Nadvi, 2010, p. 2; Idemudia, 2011; Pisani et al., 2017). Corporate sustainability policies and concepts that are developed in company headquarters are often understood, operationalised and implemented differently at other nodes in the value chain and in different cultural environments (Sharp, 2006, p. 218; Visser, 2008, pp. 482–483; Idemudia, 2011, p. 4; Jamali et al., 2017). For this reason it is also important to assess how CSV discourse ‘travels’ through value chains and whose voices and viewpoints in those value chains are included in these discourses (Jamali, 2010; Jeppesen and Lund-Thomsen, 2010, p. 140; Gradin, 2016). Overall, there has been a strong call to pay more attention to power relations, accountability, and the voice of intended ‘beneficiaries’11 of corporate policies in value chain governance, especially in non-Western contexts (Munshi and Kurian, 2007, p. 439; Visser, 2008, p. 493; Bruton, 2010, p. 6; Bodruzic, 2015, p. 132; Gradin, 2016, pp. 362–363; Kourula et al., 2017, p. 134; Voltan et al., 2017, p. 358).

3.4 Knowledge gaps
Bass and Milosevic (2018, p. 27), Day (2014, p. 151) and Kuhn & Deetz (2008, p. 179) contend that ‘traditionally “positive”’ or ‘god-like’ concepts that have reached a near-ideological, ‘unquestionable’ or ‘naturalised’ state in the field of business and development must be critically deconstructed. CSV, with its huge popularity among policymakers, businesses, large parts of academia, and certain civil society organisations, is arguably one of such concepts. CSV theory has been debated extensively in academic circles, but mainly at a theoretical level (e.g. Aakhus and Bzdak, 2012; Crane et al., 2014; Dembek et al., 2016) or by using superficial case-studies and examples (e.g. Bockstette and Stamp, 2011; Schmitt and Renken, 2012). Yet the empirical basis for CSV theory remains unclear (Box 1.2), with only limited empirical research being done on the application of the CSV theory in corporate discourses and practices, especially in relation to value chain issues and countries in ‘the Global South’ (Section 3.3.4).

An important question is to what extent the CSV concept is significantly different to (strategic) CSR (Crane et al., 2014, p. 134), although it is hard to clearly distinguish between the two concepts and to find a ‘benchmark’ to which new practices can be compared. More research could also be done as to how corporations interpret and define CSV and the social or environmental issues they aim to address with it (Prieto-Carrón et al., 2006, p. 980; Blowfield and Dolan, 2014, p. 29; Corazza et al., 2017, p. 2); how and at which levels of analysis (beyond the project or initiative level) shared value can be measured and analysed (Dembek et al., 2016, p. 245); how other value chain and beyond-the-chain actors have responded to CSV initiatives and partnerships (Biswas-Tortajada and Biswas, 2015, p. 9); and how local communities regard such initiatives (Bodruzic, 2015, p. 132). Specific focus could go to tensions and trade-offs regarding the outcomes of shared value creation processes, which may also reach beyond the direct value chain (Hahn et al., 2010, pp. 222–223; Dembek et al., 2016, p. 245). In doing so, it is important to go beyond merely studying impact in order to expose and discuss more fundamental and ultimately political questions (Sharp, 2006, p. 215), while also avoiding dogmatic research that simply views businesses as ‘good’ or ‘bad’ (Christensen, 2007, pp. 448–449).

11 Although the term ‘beneficiaries’ implies an unequal, top-down relationship between companies and those that are supposed to ‘benefit’ from their ‘help’ or ‘sharing’ (e.g. workers or smallholder farmers), it is occasionally used in this thesis to represent the way companies view the ‘target group’ of their shared value-based policies.
Yet despite its widespread adoption by companies and governments and the abundance of academic research, a clear, generally accepted operationalisation or measurement system of CSV has not yet been developed. The Foundation Strategy Group (FSG), the non-profit consultancy firm that was founded by Porter and Kramer, uses four ‘building blocks’ to operationalise CSV for corporate sustainability strategies: vision, strategy, delivery and performance (Bockstette and Stamp, 2011, p. 9). According to the FSG, shared value measurement is different from, but builds on, existing measurement systems related to sustainability, impact assessments, reputation or compliance (Porter et al., 2012, pp. 10–12). Yet neither the FSG nor Porter and Kramer themselves propose a clear alternative way of operationalising or measuring shared value creation.

The theoretical foundations of CSV indeed leave much room for debate on definitions, means, intended outcomes and beneficiaries of CSV (Dembek et al., 2016, pp. 237–239). It is unclear whether CSV entails projects, policies or general business strategies and what kind of value creation should be considered as ‘shared value’. Furthermore, it is unclear how far CSV should extend in terms of beneficiaries and partners, issues that should be addressed or needs that should be satisfied. Dembek et al. (2016, p. 232) even argue that ‘shared value appears to be currently more of a buzzword than a theoretical concept’, while Day (2014, p. 145) contends that CSV is ‘strategically ambiguous’ in order to symbolically appeal to various actors in society with different worldviews. Although these ambiguities may benefit the popularity of CSV theory, they complicate the understanding, operationalisation and measurement of the impact of CSV processes.

There is only a very limited number of empirical case studies on the CSV discourse (one example is Spitzeck and Chapman, 2012), which cover few value chains and few regions or countries (Biswa-Tortajada and Biswas, 2015, p. 9). Moreover, most studies are done by scholars in the field of economics, management and business and have a strong applied focus on improving the positive impacts of corporate sustainability policies for companies (Banks et al., 2016, p. 252). Research on the CSV discourse from a social science perspective, or even more specifically from the perspective of development studies, seems scarce. So far, hardly any research that specifically focuses on CSV in the cocoa and chocolate sectors has been found.

3.5 Analytical framework
Based on this chapter, and inspired in particular by Bolwig et al. (2010, pp. 174–175), Hahn et al. (2010, pp. 222–223), Dembek et al. (2016, p. 235), Gradin (2016, pp. 362–363), Likoko and Kini (2017, p. 86), Gupta et al. (2015, p. 550), and Jamali et al. (2017, pp. 6–7), this thesis proposes the following framework to analyse corporate discourses and practices that are based on the CSV approach (Figure 3.2). The framework displays schematically how companies operationalise the Creating Shared Value discourse, which in itself is influenced by meta-discourses on the role of business in society, in both their corporate discourses and practices. The discourse of the company on its role in society and addressing societal issues and its practices in its supply chain may (or may not) lead to shared value creation processes, which should lead to the generation of both societal (i.e. social or environmental) value and economic value for the company itself. The units of analysis of the framework could be individual companies, specific projects or partnerships, as well as groups of companies or sectors as a whole.

In the absence of a clear definition or theorisation of shared or societal value by Porter and Kramer (2011), this thesis uses the concept of ‘value chain inclusivity’ to analyse corporate discourses, practices,
and shared value creation processes. Using ‘value chain inclusivity’ as an analytical lens also makes the more normative positions that underpin the analysis explicit (see Section 2.2). ‘Value chain inclusivity’ consists of three dimensions: social wellbeing, environmental sustainability, and participatory governance (similar to the three dimensions of inclusive development (Gupta et al., 2015, p. 550) and inclusive Value Chain Collaboration (Ros-Tonen et al., 2015, p. 534)). In short, the social dimension is understood as a value chain in which value chain actors avoid or mitigate negative impacts on, and promote positive contributions to, the human rights and labour rights of those involved in the value chain (Hahn, 2012; Likoko and Kini, 2017, p. 86). The environmental dimension is conceptualised as a value chain in which value chain actors avoid or mitigate negative environmental impacts (Likoko and Kini, 2017, p. 86). The governance dimension refers to participatory, representative, and accountable value chain governance systems, which facilitate equitable relations of power between different value chain actors and beyond-the-chain stakeholders (Sexsmith and Potts, 2009, pp. 11–13; Ros-Tonen et al., 2015, p. 526; Gradin, 2016, pp. 362–363; Jamali et al., 2017, p. 25). Although these three dimensions of ‘value chain inclusivity’ are rather general and leave room for debate and interpretation, they arguably still provide useful guidance for deconstructing the way companies operationalise shared value creation in their discourses and practices. When applying the framework, the dimensions of value chain inclusivity can be specified further depending on the most salient inclusivity issues of the case study value chain or company (as this thesis does in Section 4.3).

Figure 3.2. Analytical framework.

The three dimensions of value chain inclusivity are analysed by looking at the definitions (e.g. of problems, solutions, and worldviews in general), beneficiaries, means, and outcomes and impacts that are constructed in the corporate discourses, practices and shared value creation processes (Dembek et

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12 CSV theory or companies with CSV-based discourses do not necessarily aim at attaining ‘value chain inclusivity’ themselves, which is why the framework does not draw a causal link between shared value creation processes and value chain inclusivity. Instead, the concept of ‘value chain inclusivity’ is used as an external lens to understand companies’ own operationalisations of terms such as ‘societal value’ and ‘shared value’.

13 The capabilities framework to analyse CSR or CSV policies (Renouard and Ezvan, 2018) is another interesting way to operationalise the social wellbeing dimension (the article was published after the fieldwork was completed).
The framework specifically analyses processes through which value chain actors (selectively) couple and decouple their corporate discourses with practices in the value chain (Jamali et al., 2017, pp. 6–7). It also examines the supposed convergence (‘win-win’) between ‘societal value’ and economic value creation, a core tenet of the CSV approach, by looking at potential synergies or trade-offs between societal and economic objectives, the different dimensions of value chain inclusivity, and between different value chain levels (Hahn et al., 2010, pp. 222–223).
4. The Creating Shared Value discourse and the cocoa sector

4.1 Introduction

This chapter introduces the chocolate and cocoa value chain (Section 4.2) and the cocoa sector in Ghana (4.3). It then discusses the most important value chain inclusivity issues in Ghana’s cocoa sector (4.4) and how chocolate and cocoa companies have generally responded to these issues by introducing sustainability programmes and sector-wide initiatives (4.5). Many cocoa and chocolate businesses use the Creating Shared Value discourse when addressing inclusivity issues in the sector, including the case study companies (4.6).

4.2 The chocolate and cocoa value chain

The global chocolate and cocoa value chain is often compared with an hourglass: it is highly concentrated in terms of the main production countries, trading companies and chocolate manufacturers, but strongly decentralised at the start and end of the value chain (millions of smallholder cocoa farmers and consumers respectively) (Laven and Boomsma, 2012, p. 7). Approximately 70 percent of the world’s global cocoa production of 4.7 million tonnes in 2017 was sourced from West Africa, with Ghana and Côte d’Ivoire being the main producing countries (ICCO, 2018b). This supply of cocoa is almost exclusively produced by smallholder farmers, generally on farms that are up to 3 ha in size (Fountain and Hütz-Adams, 2015, p. 37). Although exact figures are not available, research has shown that six companies dominate the global trade in cocoa: Olam, Cargill, Barry Callebaut, ECOM, and Cémoi (Oomes et al., 2016, pp. 12–13). More than half of the global cocoa supply is processed by three companies: Barry Callebaut, Cargill and Olam (Table 4.1). At the chocolate manufacturing level seven multinational companies have an approximate fifty percent market share in the global confectionary market (Table 4.1). Approximately half of the global cocoa supply is consumed in Europe and North America, while Russia, Brazil and Japan also represent important markets (Hütz-Adams et al., 2016, p. 7).

The distribution of value in the cocoa and chocolate supply chain is highly unequal: the Cocoa Barometer (2015) estimates that 44.2 percent of the added value of a tonne of sold cocoa is captured by retailers (including taxes) and another 35.2 percent by manufacturers, while farmers only receive 6.6 percent (Figure 4.1). Academics and advocacy organisations argue that this unequal distribution of value is caused by the high levels of market concentration at the cocoa trading, cocoa processing, and chocolate manufacturing levels of the value chain, which enable a small number of globally operating businesses to exert strong power over other value chain actors, most notably cocoa farmers (Barrientos and Asenso-Okyere, 2009, p. 95; Fountain and Hütz-Adams, 2015, pp. 6–7). There is a significant trend of consolidation and integration among cocoa and chocolate companies, both horizontally (at the same value chain level) and vertically (across different levels of the value chain, e.g. trading companies acquiring cocoa buying companies) (UNCTAD, 2016, pp. 13–16). However, econometric research suggests that the current levels of market concentration are not excessive and that there is no evidence that companies abuse their market power (Oomes et al., 2016, p. 22).
Table 4.1. Overview of cocoa trading companies and chocolate manufacturers, by market share, total cocoa uptake and share of certified or verified cocoa (Source: Araujo-Bonjean and Brun, 2016, p. 354; UNCTAD, 2016, p. 14; Fountain and Hüttz-Adams, 2018, p. 42).\(^{14}\)

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<td>410,000</td>
<td>50+</td>
<td>Sustainable Cocoa Initiative</td>
</tr>
<tr>
<td>Mondeléz</td>
<td>11.2</td>
<td>450,000</td>
<td>35</td>
<td>Cocoa Life</td>
</tr>
<tr>
<td>Nestlé</td>
<td>8.8</td>
<td>434,000</td>
<td>43</td>
<td>Nestlé Cocoa Plan</td>
</tr>
<tr>
<td>Meiji</td>
<td>8.8</td>
<td>N/A</td>
<td>N/A</td>
<td>Meiji Cocoa Support</td>
</tr>
<tr>
<td>Ferrero</td>
<td>8.2</td>
<td>135,000</td>
<td>70</td>
<td>Ferrero Farming Values</td>
</tr>
<tr>
<td>Hershey</td>
<td>5.3</td>
<td>200,000</td>
<td>75</td>
<td>Learn to Grow</td>
</tr>
<tr>
<td>Arcor</td>
<td>2.8</td>
<td>N/A</td>
<td>N/A</td>
<td>Sustainable Agriculture Program</td>
</tr>
<tr>
<td>Lindt &amp; Sprüngli</td>
<td>2.4</td>
<td>128,000</td>
<td>45</td>
<td>Lindt &amp; Sprüngli Farming Program</td>
</tr>
</tbody>
</table>

Figure 4.1. Added value distribution in the chocolate-cocoa value chain, estimated by the Cocoa Barometer 2015 (Source: Fountain and Hüttz-Adams, 2015, p. 35).
4.3 The cocoa sector in Ghana

Ghana is the second-largest producer of cocoa in the world, producing approximately one fifth of the global cocoa supply in the 2016/17 season (970,000 tonnes) (ICCO, 2018b). The country’s production of cocoa fluctuates, but has approximately doubled compared to the 1996-2001 period (COCOBOD, 2018). There are approximately 800,000 cocoa farmers in Ghana (on a total population of 28 million people), who grow cocoa on an estimated 1.9 million ha (Hütz-Adams et al., 2016, p. 26). Most of these farmers are smallholders and cultivate cocoa on farms of about 1 to 3 ha, with an average yield of approximately 400 kg/ha (Hütz-Adams et al., 2016, p. 26). About half of Ghana’s cocoa production stems from the Western Region, followed by the Ashanti Region (15-20 percent) (COCOBOD, 2018). Cocoa is an important source of income for the government of Ghana, accounting for about 7 percent of the country’s GDP and 20-25 percent of total exports earnings (World Bank, 2017, p. 9).

Ghana’s cocoa sector has a semi-liberal governance structure, with a key role for the Ghana Cocoa Board (COCOBOD), an independent government body (Laven and Boomsma, 2012, pp. 10–13). Cocoa farmers sell their produce to Purchasing Clerks (PCs), for which they receive a nationally determined price per bag (64 kg) (Figure 4.2). The PCs are paid on a commission-basis to collect the cocoa for Licensed Buying Companies (LBCs), which are obliged to sell it to a subsidiary of COCOBOD, the Cocoa Marketing Company (CMC). The CMC buys the cocoa for a fixed price and then sells the beans to trading companies on the world market. LBCs are private companies, with the exception of the government-owned Produce Buying Company (PBC). As COCOBOD’s Producer Price Review Committee (PPRC) sets the price that all LBCs have to pay to farmers, LBCs can only increase profits by competing on the volumes of cocoa they manage to buy from farmers.

![Diagram](image)

*Figure 4.2. A simplified overview of the cocoa-chocolate supply chain originating in Ghana.*

The margin COCOBOD earns by selling cocoa on the world market and buying it from LBCs at a lower price is spent on providing agricultural extension services to farmers (e.g. trainings, inputs, and spraying services) through the Cocoa Health and Extension Division (CHED) (Laven, 2010, pp. 80–90). COCOBOD also runs the Cocoa Research Institute Ghana (CRIG) and performs quality controls of the cocoa before it is exported through its Quality Control Company division. COCOBOD has been described as both a ‘balancer’ and a ‘bottleneck’ (Laven, 2010, p. 198). On the one hand, COCOBOD cushions farmers against fluctuating global market prices by yearly determining a fixed farmgate price. On the other hand, COCOBOD has been criticised for insufficiently and inefficiently distributing inputs, also in relation to issues such as corruption, clientelism and smuggling (Hütz-Adams et al., 2016, p. 27). Furthermore, it has been suggested that the share COCOBOD takes from the Free On Board (FOB) price it receives for the cocoa, approximately 40-50 percent, does not outweigh the benefits of the services it provides to farmers in return (Oomes et al., 2016, p. 54; World Bank, 2017, p. 26). It is also unclear to what extent these funds are returned to cocoa farmers through investments in the cocoa sector or the

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14 More recent data for market shares has not been found. The data on market shares and total cocoa uptake are therefore not directly comparable. Market share for cocoa trading companies has been calculated based on processing (grinding) capacities and for chocolate manufacturers based on net confectionery sales value. UNCTAD (2016, p. 14) and Bonjean & Brun (2016, p. 354) use the same total sales values per company in 2013, but do not calculate the same market shares. This table is based on the latter source.
country’s cocoa-producing regions rather than being directed to the state’s national budget (Kolavalli and Vigneri, 2017, p. 70).

4.4 Value chain inclusivity issues in Ghana’s cocoa sector

Farmer poverty is one of the most pressing problems in the cocoa sectors of Ghana and Côte d’Ivoire. Cocoa is the main source of income for most farmer families that engage in cocoa farming (Laven et al., 2017, p. 3), but with the current farmgate prices in Côte d’Ivoire and Ghana, farmer incomes generally remain (far) below approximations of ‘living incomes’ and the World Bank extreme poverty lines (Fountain and Hütz-Adams, 2015, p. 43; True Price and Sustainable Trade Initiative, 2016, p. 16; Balineau et al., 2017, p. 21; True Price and Fairtrade International, 2018, pp. 11–15). Farmer poverty is also seen as a key driver of other value chain inclusivity issues, such as poor working conditions, deforestation, and the occurrence of the worst forms of child labour and child trafficking (Fountain and Hütz-Adams, 2018, p. 45).

Among these issues, the occurrence of worst forms of child labour and child trafficking in cocoa supply chains has received strong attention from civil society organisations as well as academics and media outlets since the early 2000s, in particular in Western countries (Boles, 2018, p. 6). Worst forms of child labour in Ghana’s cocoa sector include children applying or being exposed to agrochemicals, using machetes for weeding, pruning or breaking cocoa pods, and carrying heavy loads over long distances (Ministry of Manpower Youth and Employment, 2008, pp. 8–9). The oft-cited Tulane report (Bertrand and Buhr, 2015, p. 4) estimates that 2 million children were engaged in hazardous child labour in Ghana and Côte d’Ivoire combined in 2013/2014, up from 1.7 million in 2008/2009. This increase took place despite the cocoa sector’s goal to reduce the occurrence of worst forms of child labour by 70 percent by 2020 (compared to 2008/09), as was agreed upon in the 2010 Joint Declaration and Framework of Action of the Harkin-Engel Protocol (Bertrand and Buhr, 2015, p. 6). Child labour is seen as a consequence as well as a driver of poverty, for example through its negative impacts on children’s health and education (Boles, 2018, p. 7).

Perhaps the most prominent inclusivity issue in terms of environmental sustainability is the vast occurrence of deforestation as a result of expanding cocoa cultivation in Côte d’Ivoire and Ghana. The advocacy group Mighty Earth estimates that about 10 percent of Ghana’s total tree cover was lost between 2001 and 2014, of which a quarter was directly linked to the cocoa industry (Higonnet et al., 2017, pp. 3–4). Deforestation sharply reduces biodiversity and has a strong negative impact on climate change, both at a global level and in the direct vicinity of former forests (Bitty et al., 2015; Hütz-Adams et al., 2016, p. 8; Higonnet et al., 2017, p. 18). Other environmental issues in the cocoa sector relate to the use of agrochemicals, like fertilizers, weedicides and pesticides, resulting in the pollution of water bodies, soil degradation and reduced biodiversity (Fountain and Hütz-Adams, 2018, pp. 48–49).

In terms of governance, the cocoa value chain has been criticised for the unequal distribution of power and value between different value chain actors (Section 4.2). Cocoa farmers in Ghana, the majority of

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15 Discussions on the exact definition of a ‘living income’ are still ongoing. A working definition of the ISEAL Alliance, GIZ and Sustainable Food Lab (Komives et al., 2015, pp. 3–5) understands living income as a net household income, earned under decent working conditions, which is sufficient to enable all household members to afford a decent standard of living, which includes costs of essential needs such as food, healthcare, education, housing, and savings for unexpected events or emergencies.

16 The International Labour Organization (ILO) (2018) makes a distinction between child work and child labour, which is defined as which interferes with a child’s education or is morally, mentally, physically or socially dangerous to children. Within the general category, worst forms of child labour include children undertaking hazardous work and exploitation (e.g. forced work, trafficking or sexual exploitation).
which are unorganised, lack bargaining power vis-à-vis COCOBOD, cocoa buying and trading companies, as well as in sustainability programmes and initiatives. As such, farmers generally have little to no influence on issues such as the farmgate prices they receive for their cocoa, the distribution of inputs, or other cocoa-related policies (Laven, 2010, p. 198). At a more general level, the Cocoa Barometer 2018 argues that issues such as farmer poverty and deforestation ultimately centre around questions of political economy and the distribution of power rather than the implementation of technical solutions, such as farmer training or the distribution of seedlings (Fountain and Hütz-Adams, 2018, p. 30).

Many of these issues have been linked to the price of cocoa on the global market (Fountain and Hütz-Adams, 2018, p. 3). Between September 2016 and February 2017, the International Cocoa Organization (ICCO) global daily price of cocoa beans fell by about a third, from around 3,000 to approximately 2,000 US dollars per tonne (Figure 4.3). In response to this decline, the Ivorian cocoa marketing board, Conseil du Café-Cacao (CCC), reduced farmgate prices for cocoa by 36 percent in 2017 (Monnier, 2017). Although Ghana’s COCOBOD maintained farmgate prices at the same level for the 2017/18 season as in the previous year, its budgets most probably are unable to sustain this if global market prices remain low (Dontoh, 2017). The reduction of farmgate prices has a direct impact on farmer incomes and as such exacerbates farmer poverty and related issues, such as deforestation (Fountain and Hütz-Adams, 2018, p. 45). The Cocoa Barometer 2018 argues that the price decline could even undo most progress made in the past ten years regarding sustainability in the cocoa sector (Fountain and Hütz-Adams, 2018, p. 11). Even before the price decline, however, cocoa prices were insufficient to enable most West African cocoa farmers to attain living incomes, even when involved in premium systems such as Fairtrade (Fountain and Hütz-Adams, 2018, p. 52; True Price and Fairtrade International, 2018, p. 19). Nevertheless, the price of cocoa remains a highly sensitive issue, on which companies have so far been unwilling to take direct action (Fountain and Hütz-Adams, 2018, pp. 27, 46).

4.5 Corporate sustainability policies in the cocoa sector

In addition to the above value chain inclusivity issues, the cocoa sector also faces a number of commercial challenges. Chocolate manufacturers and cocoa trading companies perceive some of the previously mentioned inclusivity issues as commercial risks too, such as reputational damage and reduced sales. Moreover, some of these issues intertwine with concerns about the long-term stability of

Figure 4.3. Cocoa price (New York) between July 2008 and July 2018, in US dollars/tonne (Source: TradingEconomics, 2018).
the global supply of cocoa: farmer poverty or bad climatic conditions, for example, have a direct impact on the production of cocoa. In the early 2010s, predictions about cocoa shortages in the coming decades sent shockwaves through the sector (Barrientos, 2014, pp. 795–796). These reports were based on expectations of strong increases in the demand for cocoa and chocolate (mainly from China and India) and lower projected supplies of cocoa due to climate change, an ageing farmer population with younger generations massively choosing for other employment opportunities than cocoa farming, and lower cocoa production rates as a result of an ageing stock of cocoa trees and the spread of the Cocoa Swollen Shoot Virus (CSSV) (World Bank, 2017, pp. 9–10). So far, however, demand for cocoa has stagnated while supply increased substantially, leading to the current situation of oversupply on global cocoa markets (Fountain and Hütz-Adams, 2018, p. 10).

In response to these interrelated webs of commercial, social, and environmental issues, chocolate companies and cocoa traders have set up a wide range of sustainability programmes, certification schemes and sector-wide initiatives, often in partnerships with NGOs and governments (Südwind and GLOBAL 2000, 2016, pp. 11–14; Krauss, 2017, pp. 4–5). All major chocolate and cocoa companies have developed their own sustainability programmes, which generally focus on increasing farmer productivity and improving bean quality in order to maintain a secure cocoa supply and to increase farmer income (Table 4.1) (Hütz-Adams et al., 2016, p. 10; Boles, 2018, pp. 35–62). In addition, companies have also invested in projects which address other issues, such as child labour, deforestation, the position of women, attracting young farmers to the cocoa sector, and income diversification. Some major chocolate manufacturers (e.g. Mars, Ferrero, and Hershey) have announced to source ‘sustainable cocoa’ for 100 percent of their cocoa uptake by 2020, while others have set lower targets (e.g. Nestlé and Mondelēz) (Hütz-Adams et al., 2016, p. 10). There is no generally accepted definition of ‘sustainable cocoa’, however, and companies include both certified and non-certified cocoa in these commitments.

Many corporate sustainability programmes include sourcing cocoa in accordance with certification standards such as UTZ, Rainforest Alliance, and Fairtrade. Certification schemes require farmers and farmer organisations to operate in accordance with the respective standard, which will be audited on a regular basis. Farmers are trained to comply with these standards, often in cooperation with service-providing companies or NGOs (Hütz-Adams et al., 2016, p. 11). Although the certification schemes differ in approach and focus area, they all address a range of social and environmental topics in the cocoa sector. Rainforest Alliance and UTZ have a stronger focus on farmer productivity, while Fair Trade is the only major certification scheme that guarantees a minimum price to farmers (Boles, 2018, pp. 23–29). In 2016, approximately 2 million tonnes of cocoa was certified under these three standards, although the actual availability of certified cocoa is lower due to double or triple certification of farmer groups (Hütz-Adams et al., 2016, p. 11; Fountain and Hütz-Adams, 2018, p. 38). Less than half of this supply (952,000 tonnes) was actually purchased as certified cocoa, which shows that there is a large gap between supply and demand in the markets for certified cocoa (Fountain and Hütz-Adams, 2018, p. 38).

Companies have also engaged in various sector-wide initiatives in addition to implementing their own programmes. Most major cocoa and chocolate companies are members of the World Cocoa Foundation (WCF), which represents the industry in sustainability projects and multi-stakeholder dialogues (World Cocoa Foundation, 2017b). The WCF’s CocoaAction strategy serves to demonstrate the investments in improving agricultural practices and community development projects of the nine participating companies at an aggregate level. In 2017, the WCF, a large number of cocoa and chocolate companies as well as the governments of Ghana and Côte d’Ivoire signed Frameworks of Action to combat cocoa-induced deforestation and to support reforestation in these two countries (World Cocoa Foundation,
In addition, cocoa and chocolate companies as well as civil society organisations are united in the International Cocoa Initiative (ICI), which aims to contribute to the elimination of child labour in the cocoa sector (International Cocoa Initiative, 2018).

4.6 The Creating Shared Value discourse in the cocoa sector

The CSV discourse is arguably one of the dominant underlying rationales of many of these sustainability policies, projects, and initiatives. Nestlé, Ferrero and Hershey, for example, have integrated the CSV discourse in their corporate (sustainability) strategies, as the titles of their sustainability reports clearly indicate: ‘Sharing values to create value’ (Ferrero, 2016), ‘Creating Shared Value and meeting our commitments’ (Nestlé, 2016b) and ‘Shared Goodness’ (Hershey, 2016). Cocoa traders and processors Olam and Cargill also make clear reference to CSV in their sustainability discourse (Greene, 2015; Kramer and Pfitzer, 2016; Cargill, 2017). Other chocolate manufacturers and cocoa traders may not explicitly mention CSV in their corporate discourse, but often do incorporate elements of CSV theory in their sustainability strategies, for example by integrating their sustainability programmes in their business models and emphasising both their commercial and societal benefits.

Two of these companies, a chocolate manufacturer and a cocoa trading and processing company, are taken as case studies for this study. Nestlé, the world’s third largest chocolate manufacturer (Table 4.1), explicitly applies the CSV discourse in its corporate strategies and reporting and has been directly involved in the development of the concept by Porter and Kramer (Crane et al., 2014, p. 131). Olam, the second-largest cocoa trading company in the world (Table 4.1), applies the CSV discourse in its the Olam Livelihood Charter, which aims at ‘Unlocking Mutual Value’ between Olam and its stakeholders (Greene, 2015; Olam, 2016b, pp. 14–15). Nestlé and Olam were ranked 5th and 23rd respectively on the Fortune Change the World list 2016, which has been created in cooperation with the Shared Value Initiative and Michael Porter (Fortune, 2016). The discourses and practices of Nestlé and Olam in Ghana’s cocoa sector therefore provide useful case studies to examine the application of CSV theory in practice.
5. Deconstructing Nestlé’s approach to shared value creation in Ghana’s cocoa sector

5.1. Introduction
This chapter discusses how Nestlé operationalises the CSV approach in its discourse and practices in the cocoa sector, how the resulting shared value creation processes address value chain inclusivity issues, and how the company’s approach to business deals with trade-offs. It first outlines Nestlé’s discourse on Creating Shared Value and its Cocoa Plan sustainability programme (Section 5.2) and the company’s practices in its cocoa supply chain originating in Ghana (5.3). Using the analytical framework (Section 3.6), the chapter then presents an analysis of the processes of coupling and decoupling of the Cocoa Plan’s discourses and practices (5.4), the ways through which the Cocoa Plan addresses value chain inclusivity (5.5), and potential trade-offs in shared value creation processes (5.6). Section 5.7 summarises the key outcomes of the analysis.

5.2. Corporate discourse: Creating Shared Value through the Cocoa Plan
Nestlé is currently one of the largest fast-moving consumer goods companies in the world, selling a wide range of products in categories such as infant nutrition, bottled water, coffee, nutrition, pet food, dairy products, chocolate and confectionery. According to the 2018 edition of the Forbes Global 2000 List (Forbes, 2018), Nestlé is the 48th largest publicly listed company and the second largest food and drink company in the world. The company, the roots of which go back to 1866-1867, is currently active in virtually all countries in the world, employing 323,000 people worldwide (Nestlé, 2018a). Nestlé is publicly listed on the SIX Swiss Exchange and its headquarters are based in Vevey, Switzerland. In 2017, Nestlé reported a net profit of 7.2 billion CHF (6.2 billion euros), which equals 8.0 percent of that year’s turnover of 89.8 billion CHF (77.8 billion euros) (Nestlé, 2018a). The company’s Confectionery Business Unit made a 1.2 billion CHF (1 billion euros) trading operating profit on a turnover of 8.8 billion CHF (7.7 billion euros) (14.0 percent) and has reported growing sales (Nestlé, 2018a, p. 44). 72 percent of the Confectionery Business Unit’s sales (6.4 billion CHF) come from chocolate products.

Several sustainability indices rank Nestlé among the top performing companies, such as Oxfam’s Behind the Brands scorecards (Oxfam, 2016). Yet the company also continues to be among the most strongly criticised by advocacy groups and media worldwide. In the past decades, amongst other issues, Nestlé’s bottled water operations, marketing strategies for infant nutrition, and alleged contribution to palm oil-related deforestation as well as the prevalence of child labour in its cocoa supply chains have given rise to strong controversy (Mattera, 2013). The company’s CSV strategy also serves as a counter-narrative to these critiques.

5.2.1. Nestlé’s discourse on Creating Shared Value and Rural Development
Nestlé has worked with Michael Porter and Mark Kramer on the Creating Shared Value (CSV) concept since 2006. Over time, the company has developed an extensive narrative about its CSV approach to doing business, which it conveys through, amongst other channels, its annual CSV reports, the biennial

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17 See Annex C for an overview of the documents that were analysed. The lists of interviews and field trips can be found in Annexes D and F respectively. Annex I displays the exchange rates that were used in this study.

organisation of CSV Forums as well as by generating media coverage and facilitating the publication of books written by academics (see Biswas et al., 2013; Biswas-Tortajada and Biswas, 2015). The company is a co-founder of the Shared Value Initiative (again in cooperation with Porter and Kramer) and one of the main sponsors of the Shared Value Leadership Summits (Bakule, 2012; Shared Value Leadership Summit, 2018). Although the company has only started using the concept of CSV in 2006, Nestlé asserts that CSV has been part of the way it has done business throughout the company’s 150-year history (Nestlé, 2016b, p. 9). Nestlé’s two previous Chief Executive Officers (CEOs), Peter Brabeck-Letmathe and Paul Bulcke, showed strong commitment to CSV, amongst other means by taking on prominent roles at the several conferences (‘CSV Forums’) and competitions (‘the CSV Prize’) Nestlé organised on the theme (Nestlé, 2015b, p. 27, 2017d, p. 23). Nestlé also considers CSV to be the way through which the company contributes to the global development agendas like the Sustainable Development Goals (Nestlé, 2017d, p. 11, 2018d, p. 10).

Nestlé sees CSV as a fundamental principle of its business strategy, which not only aims to create value for the company’s shareholders, but also for the people in the countries in which it operates (Nestlé, 2013b, p. 8, 2017d, p. 6). In fact, the company believes that CSV is a prerequisite to its long-term existence and profitability to shareholders. Nestlé visualises compliance with laws and human rights standards and operating in an environmentally sustainable manner as the foundations on top of which it is Creating Shared Value (Figure 5.1). The company has identified three ‘focus areas’ through which it believes it can have ‘the biggest positive impact on livelihoods and sustainable development’: nutrition, water, and rural development (Nestlé, 2015b, p. 10). The company has also selected these focus areas for their potential to create economic value, for example by creating new business opportunities and addressing challenges in the company’s operations (Nestlé, 2015b, pp. 16–17). In addition to these focus areas, the company considers environmental sustainability and human rights compliance to be ‘CSV impact areas’ too (also see Section 5.4.1) (Nestlé, 2017d, p. 10).

![Figure 5.1. The Nestlé Creating Shared Value pyramid (Source: Nestlé, 2015b, p. 10).](image)

In its CSV reports, Nestlé develops an extensive vision on its role in the rural development of the regions from which it sources commodities such as cocoa, coffee, dairy, palm oil, and soy (Nestlé, 2011, 2013b, pp. 99–113, 2015b, pp. 77–123, 2016b, pp. 90–136). The company explicitly aims to ‘enhance

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19 For example, between January 2016 and June 2018, the Dutch newspapers Trouw (Dobber, 2016; Morel, 2016; Weel, 2016; Nauta, 2018; Schwartz, 2018) and De Telegraaf (Van Gelder, 2016, 2018a, 2018b, 2018c; Basekin, 2017; De Telegraaf, 2018) featured five articles and five articles and a video respectively which focused almost exclusively on Nestlé and various elements of its CSV discourse. These articles generally only quoted Nestlé employees and sources of information provided by the company.
livelihoods and develop thriving communities’ in rural areas through shared value creation (Nestlé, 2017d, p. 75). In its Rural Development Framework, Nestlé sets out its vision on tackling ‘development and societal’ issues in the areas where it operates (Nestlé, 2016b, pp. 96–99). The Framework identifies three target groups – farmers, labourers and communities – and eight ‘elements of rural development’ on which Nestlé expects to make the largest positive impact through its CSV strategy, including farmer income, farmer knowledge and skills, water, women’s empowerment, nutrition, and natural resources (Nestlé, 2015b, p. 81). The strategy also encompasses the development and implementation of a wide range of corporate policies, commitments and codes of conduct, including a ‘Responsible Sourcing Guideline’, supplier code and ‘commitments’ on rural development, natural capital, child labour, and land rights (Nestlé, 2015b, p. 80). The sourcing programmes the company implements for specific commodities, such as the Nestlé Cocoa Plan and the Nescafé Plan for coffee, play an important role in the implementation of Nestlé’s vision on rural development.

5.2.2. The Cocoa Plan discourse

Since the 2000s, advocacy groups and journalists have regularly challenged Nestlé on various environmental and social issues in the cocoa sector (Section 4.4). For Nestlé, child labour in the cocoa sector is perhaps the most prominent among those issues, which has led to a strong public outcry and several lawsuits in the US (Nieburg, 2018). In 2009, Nestlé created a sustainable cocoa sourcing programme, the Cocoa Plan, in response to these issues and critiques. The Cocoa Plan consists of three pillars, which broadly aim to improve the quality of cocoa, supply chain structures (‘Better Cocoa’), farming practices (‘Better Farming’), and the livelihoods of farmers, their families and the communities in which they live (‘Better Lives’) (Nestlé, 2015b, pp. 102–103, 2017d, pp. 87–88). The Plan also emphasises the importance of collaborating with other organisations and stakeholders and transparently reporting on progress and the challenges the company faces.

Nestlé sees the Cocoa Plan, and its activities on Rural Development in general, as an integral part of its shared value creation strategy (Nestlé, 2013b, p. 106, 2015b, pp. 102–104, 2016b, p. 121). On the one hand, the Cocoa Plan is designed to create societal value by improving the wellbeing and human rights of cocoa farmers and the communities in which they live. On the other hand, the Plan targets the creation of commercial value for the company and its shareholders by reducing costs, improving revenues and enhancing the company’s reputation (Nestlé, 2015b, pp. 16–17). In terms of cost, the Cocoa Plan aims to ensure a long-term, stable supply of cocoa, improve the quality of that cocoa, and reduce the complexity of these supply chains (Nestlé, 2015b, pp. 102–103, 2017d, pp. 87–88). Regarding reputation and revenue, with the Cocoa Plan Nestlé intends to meet consumer ‘preferences’ or ‘demands’ for more sustainable and traceable products (Nestlé, 2008, p. 26, 2013b, p. 142, 2016b, p. 75; Lommen, 2017) and as such also to differentiate its products from those of its competitors, which should lead to higher sales (Nestlé, 2017c, p. 34, 2018d, p. 45; Interview 8). More in general, the Cocoa Plan activities should also contribute to meeting increased legal requirements in various countries, such as new laws requiring companies to conduct due diligence analyses of their supply chains in France, the Netherlands, and Switzerland (Nestlé, 2017d, p. 9; Interview 30). Enhancing the company’s ability to recruit and retain (new) staff members, and meeting the increasing demands regarding environmental and social governance from investors are another two intended benefits of the Cocoa Plan to the company.

20 In 2016 and 2017, US courts dismissed lawsuits against Nestlé, Mars and other chocolate and cocoa companies on the basis that they required judges to go beyond the judicial boundaries of the Alien Tort Statute and Californian business and consumer laws (Nieburg, 2018). New cases against Nestlé and other chocolate manufacturers were filed in February 2018.
Nestlé has developed a vision of rural development which consists of ‘successful farmers’, ‘productive and respected workers’, and ‘prospering communities’ (Nestlé, 2015b, p. 81). Nestlé defines ‘successful farmers’ as ‘agripreneurs’ or ‘entrepreneurial farmers’, who see ‘farming as a business’ which requires investments in tools and inputs, sound management practices, and a continuous view on opportunities to make farms more efficient and productive (Box 5.1) (Nestlé, 2013b, p. 103, 2015b, pp. 82–83, 2016b, p. 102, 2018d, pp. 47, 57). In Nestlé’s view, many smallholder farmers in its cocoa supply chains currently have a conservative attitude to adopting new farming practices and investing in their farms (e.g. by replacing old trees by new ones), lack entrepreneurial and agronomic skills, and see farming more as a means to provide subsistence rather than a business model. The agripreneurship model wants to see people taking up farming ‘by choice’ rather than by default and to approach farming with an ‘entrepreneurial’ mindset (Nestlé, 2018d, p. 47). Such an approach should lead to more professional farming practices, higher yields, and higher incomes for farmers and their families. This enables the farmers to address a variety of inclusivity issues, including farmer poverty and environmental degradation, as well as to improve the operations of cocoa and chocolate companies (see Section 5.5.2).

Box 5.1 – Nestlé’s vision of ‘agripreneurs’

‘Who are agripreneurs?’
Candidates for agripreneurship are ambitious, dynamic, reflective farmers who are constantly searching for ways to improve their production systems. They are the visionaries and risk-takers who push the boundaries and drive progress. We want them to have the business mind-set and soft skills to make their businesses productive and sustainable economically, socially and environmentally. Ultimately, it is the programme’s ambition that they will enjoy the lifestyle benefits that come with the profitable, competitive and rewarding profession of farming.

What makes an agripreneur?
One does not become an agripreneur overnight. It takes years of continuous improvement and learning to fully imbibe the spirit and grow to become a true agripreneur. We believe agripreneurship produces social and economic benefits for farmers, empowers and enables them to embrace sustainable farming methods, and most importantly, allows them to farm by choice. It intends to create viable career opportunities for young, talented professionals who want to work in agriculture.’

(Source: Nestlé, 2018d, p. 47)

5.3. Corporate practices: the implementation of the Cocoa Plan in Ghana

5.3.1. Implementation through the value chain
Nestlé’s Confectionery Business Unit, which manages the company’s chocolate products, is also responsible for managing the Cocoa Plan (Nestlé, 2013b, p. 105; Interview 8). Nestlé contracts cocoa trading companies for the implementation of the Cocoa Plan on the ground, which will do so either through their own (sustainable) cocoa sourcing departments or by subcontracting cooperatives or cocoa buying companies. With its suppliers, Nestlé agrees on a premium it pays for the supply of a specific tonnage of certified and traceable cocoa plus a set of activities that will be implemented in (some of) the communities from which that cocoa supply is sourced, such as its child labour system or income diversification projects (Interview 31). Nestlé mainly implements the Cocoa Plan in Côte d’Ivoire and Ghana, but has also undertaken some activities in Ecuador, Indonesia, Brazil, Mexico, the Dominican Republic and Venezuela (Nestlé, 2017d, p. 87). In Ghana, Nestlé implements the Cocoa Plan through two cocoa trading companies, in cooperation with organisations such as the International Cocoa Initiative (ICI) and the International Federation of the Red Cross/Ghana Red Cross Society. One of these companies has its own sourcing department in Ghana, while the other works with a Licenced Buying
Figure 5.2. Simplified overview of the Cocoa Plan supply chain structure in Ghana.

Company (LBC) (Figure 5.2). Nestlé monitors the implementation of the Cocoa Plan through both the cocoa trading companies and its own country offices in Côte d’Ivoire and Ghana.

In 2017, the Cocoa Plan had been implemented in cocoa-producing communities in eleven districts in the Ashanti and Eastern Regions of Ghana. One of the core elements of the Cocoa Plan is to support farmers (and the implementing LBC) to produce cocoa in accordance with the UTZ Code of Conduct (Nestlé, 2013b, p. 144, 2015b, p. 104, 2017d, pp. 87–88). As part of this process, the cocoa buying companies support the formation of cooperatives and farmer groups, develop supply chain traceability systems, and pay certification premiums to farmer groups and cash premiums to farmers. The two cocoa trading companies with whom Nestlé works in Ghana have been training farmers since 2009 in Good Agricultural Practices (e.g. on pruning, weeding, harvesting or pod cracking), Good Environmental Practices (e.g. managing pests and diseases through Integrated Pest Management and the application of pesticides), Good Social Practices (e.g. labour conditions), and Good Commercial Practices (e.g. accounting and entrepreneurial skills) (Nestlé Central and West Africa, 2014; UTZ, 2015).

21 As mentioned in Section 2.6, the names of the supplier companies are not mentioned due to the various power and financial relations between different companies in the value chain.

22 17,615 farmers in Ghana participate in the Cocoa Plan in 2018 (Nestlé Central and West Africa, 2018), including farmers in new Cocoa Plan communities in the Brong Ahafo, Western, and Central Regions. Nestlé and its suppliers selected the existing Cocoa Plan communities in the Ashanti and Eastern Regions based on, amongst other reasons, the lower occurrence of cocoa quality and smuggling issues (as opposed to the Western Region) and their proximity to Kumasi, which serves as a hub in the cocoa sector and is Ghana’s most important town after the capital (Field trips: personal communication).

23 Nestlé sources Fairtrade cocoa for part of the products it sells in the United Kingdom and Ireland. However, Nestlé has selected the UTZ certification standard for the Cocoa Plan as a whole because of its focus on agripreneurship (Interview 30) (see Section 5.4.1).

24 In this context traceability means that manufacturers and trading companies can trace a specific bag of cocoa back to the farm from which it was sourced.
In addition, the cocoa buying companies have supplied farmers with high-yielding, disease-resistant seedlings to replace aging, less productive trees, inputs (such as pesticides and fertilizer), tools (e.g. pruning tools), and protective clothing which farmers should use when applying agrochemicals (Interviews 10, 11, 20, Field trips: focus groups). In line with the company’s vision on agripreneurship (Section 5.2.2), the goal of training farmers and supplying them with inputs is to enhance the productivity of their farms per hectare, relative to the inputs that were required to achieve these yields. Higher yields should result in increased farmer household incomes as well as reduced deforestation caused by the demand for land for cocoa cultivation. The trainings should also contribute to addressing other social and environmental inclusivity issues, such as the prevention of health and environmental risks (e.g. water pollution) caused by the application of agrochemicals.

The main focus of the Better Lives pillar is to address the issue of child labour through the implementation of the Child Labour Monitoring and Remediation System (CLMRS) and to commission the Fair Labor Association to undertake independent, publicly available human rights impact assessments (Nestlé, 2013b, p. 143, 2015b, p. 106). The CLMRS, which was developed by Nestlé and the International Cocoa Initiative (ICI), is a system in which specific community members are responsible for registering and monitoring children that are at risk of engaging in hazardous forms of child labour (Nestlé and ICI, 2017, pp. 21–24). Based on this data, the ICI and the supplier which sources from the community take individual or community-wide measures, such as providing birth certificates (to enable access to education), supplying families with school kits and solar lamps, or assisting in the construction or renovation of schools. Children are monitored over several years in order to assess whether their situation has improved. The Better Lives pillar also includes women’s empowerment projects (Nestlé, 2015b, p. 107, 2016b, p. 123; Nestlé and ICI, 2017, p. 39; Nieburg, 2017a; Interview 8). In addition, Nestlé also funds water and sanitation projects by the International Federation of the Red Cross that aim at improving health and the quality of life in part of the Cocoa Plan communities in Ghana and Côte d’Ivoire (Nestlé, 2017d, p. 106, 2018d, p. 85).

Most, though not all, Cocoa Plan farmers are covered by the company’s certification and farmer training programmes. The CLMRS has been rolled out to all cooperatives with which Nestlé works in Côte d’Ivoire and is also being implemented in the Cocoa Plan communities in Ghana (Nestlé, 2018b). Other Cocoa Plan interventions, such as projects related to gender equality, income diversification or education, vary depending on the community and the responsible cocoa trading and buying companies (Field trips: observations). The Ghana Sustainable Water, Sanitation and Hygiene project (Gha-WASH) is implemented only by one of Nestlé’s suppliers in Ghana, in part of the Cocoa Plan communities for which that supplier is responsible.

5.3.2. Scope and budget

Since 2009, the proportion of Nestlé’s total cocoa uptake that is covered by the Cocoa Plan has gradually increased to 42.9 percent in 2017 (Figure 5.3). With Nestlé’s relatively large cocoa uptake, this means that the Cocoa Plan covers 3.9 percent of the world’s total cocoa production in 2017. Nestlé has announced a target of sourcing 230,000 tonnes of cocoa through its Cocoa Plan by 2020, which would

then represent 57 percent of its total cocoa uptake (Nestlé, 2017d, p. 86; Nestlé and ICI, 2017, p. 49).\textsuperscript{26} Approximately 90 percent of Nestlé’s Cocoa Plan supply was certified in 2017, up from 75 percent in 2013 (Nestlé, 2014a, p. 158; Boles, 2018, p. 46).\textsuperscript{27} This means that 38.6 percent of the company’s total cocoa purchases was certified in 2017. The remaining uptake that is not covered by the Cocoa Plan (57.1 percent in 2017) is purchased as conventional cocoa on global markets (Nieburg, 2017a). The company does not share any further information on this part of its cocoa uptake.

![Share of total cocoa uptake by Nestlé covered by the Cocoa Plan](image)

\textbf{Figure 5.3. Share of total cocoa uptake by Nestlé covered by the Cocoa Plan} (Source: compiled by the author based on Nestlé, 2010, p. 74, 2013b, p. 145, 2015b, pp. 96, 104–105, 2016b, p. 122, 2017d, p. 86, 2018d, p. 57).\textsuperscript{28}

In 2010, Nestlé announced that it will invest 110 million CHF (95 million euros) in the Cocoa Plan until 2020, which equals an average annual investment of 11 million CHF. The Cocoa Plan cost overviews show that the company even spent 30 to 40 million CHF (26-35 million euros) on the Cocoa Plan in 2016 and 2017, accounting for 0.7 percent of Nestlé’s total sales of chocolate products in 2017 (Table 5.1).\textsuperscript{29} The costs of certification, farmer training, premiums for farmer groups and cooperatives, and cash premiums accounted for about three quarters of the Cocoa Plan costs in 2017. These trainings...

\textsuperscript{26} The sale of the Nestlé’s Confectionery business in the US in 2017 represents about 10 percent of the Confectionery department’s total turnover in 2016 (Nestlé, 2018f). The 57 percent and 230,000 tonnes targets indicate that Nestlé expects its total cocoa uptake to decrease to about 400,000 tonnes in 2020 (a 7.1 percent decrease compared to 2017, calculation by the author), as such automatically increasing the proportion of its total cocoa uptake covered by the Cocoa Plan.

\textsuperscript{27} In 2014, 88 percent of the Cocoa Plan’s cocoa supply was either UTZ or Fairtrade certified (Nestlé, 2015b, p. 104). Since then, the company has not published exact figures, only stating that ‘a high proportion’ of the Cocoa Plan uptake was certified (Nestlé, 2016b, p. 122, 2017d, p. 88). The Stop The Trafik report (Boles, 2018, p. 46) states that the entire cocoa uptake covered by the Cocoa Plan was certified, while only 90 percent of the farmers received a premium. The two certification systems used by Nestlé, UTZ and Fairtrade, both require cocoa buyers to pay a premium to farmers. The author therefore assumes that the latter figure is correct, also taking into account that Nestlé itself has not publicly claimed that all of its Cocoa Plan cocoa is certified.

\textsuperscript{28} The annual total cocoa uptake (except for 2009 and 2014) was calculated based on the Cocoa Plan tonnages and percentages which Nestlé publishes in its CSV reports. Nestlé published several figures for 2010 and 2014, in which case the author chose the most plausible option.

\textsuperscript{29} Calculations by the author.
reached 70,000 farmers worldwide in 2017 (Boles, 2018, p. 46). In addition, the company on average spent 5 million CHF (4.3 million euros) on child labour and education projects. Part of the company’s Research and Development activities in Abidjan (Côte d’Ivoire) and Tours (France) as well as the production of new cocoa tree seedlings are also funded through the Cocoa Plan (Nestlé, 2016b, p. 213). Interestingly, Nestlé has not included the Red Cross water and sanitation projects in Côte d’Ivoire and Ghana in these cost overviews.30

The premium Nestlé paid to its suppliers for the implementation of the certification and farmer training activities of the Cocoa Plan averaged around 167 CHF (145 euros) per tonne in 201731, which equals an additional expenditure of 8.5 percent of the average cocoa price of that year.32 70 percent of the premium is dedicated to the administrative costs for certification (such as the UTZ licensing fee), the costs and profit margins for the cocoa trading and cocoa buying companies (including audits), and the farmer group premium, which is used to pay for farmer trainings and other in-kind support (Table 5.1, Interview 31). In Ghana, COCOBOD also takes a share of the additional price that is paid for certified cocoa (Interview 11). The remaining 30 percent of the amount Nestlé pays in addition to the cocoa price is spent on cash premiums for farmers, which in Ghana would equal an average premium of 16 GHS (3.22 euros) per bag of cocoa (64 kg). This roughly corresponds with the premiums Cocoa Plan farmers in communities that were visited for this study were receiving: they had been paid premiums of either 12, 17 or 18 Ghana cedis in 2017, depending on the community and supplier (Field trips: focus groups). The cash premium thus accounts for a supplement of 2.5-3.8 percent on top of the standard price per bag of 475 GHS (96 euros) in the 2016/2017 and 2017/2018 seasons.33 Yet certified farmers in most of the communities that were visited only received a premium for bags that they sold during the main harvest period (the bumper crop or main crop season), which usually runs from October to December or January.

30 In 2014, Nestlé committed 5 million CHF to a five-year partnership with the International Federation of the Red Cross (IFRC), which consists of the water and sanitation projects in cocoa farming communities in Ghana and Côte d’Ivoire and sponsoring the production of the IFRC’s annual World Disaster Report (Nestlé, 2014b, p. 10).
31 Calculations by the author, based on Table 5.1 and Figure 5.3. These figures are indicative. Actual premiums vary per cocoa trading company, cocoa buying company, and farmer organisation, but this indication roughly matches the figures given by interviewees (Interviews 11, 31). A small share of the certified cocoa in the Cocoa Plan is bought on Fairtrade terms, which requires a slightly higher premium of 200 US dollars per tonne. The costs for the uncertified share of the Cocoa Plan uptake are most probably lower than the average premium indicated here, as no costs are made for attaining certification.
32 Calculations by the author, using an average cocoa price of 1999 USD/tonne in 2017 (based on the ICCO Monthly Averages of Daily Prices (ICCO, 2018a)) and the average CHF/USD exchange rate in 2017 (Annex I). It must be noted that the average cocoa price in 2017 was at a record low, which increases the relative cost of the premium.
33 Calculations by the author.
(Field trips: focus groups and interviews). Anecdotal figures that were given by individual farmers and Purchasing Clerks for farmer groups as a whole suggest that certified farmers only receive a cash premium for 30 to 50 percent of their annual cocoa production. It is unclear at what scale and why exactly this occurs.34

5.4. (De)coupling discourse and practices
This section analyses processes of coupling and decoupling between Nestlé’s CSV and Cocoa Plan discourses and the company’s practices in Ghana’s cocoa sector. It will demonstrate how the Cocoa Plan discourse is integrated into the company’s cocoa supply chain practices and how the company expands its CSV discourse and practices by integrating other narratives, such as a human rights-based approach to societal issues, into its discourse and practices. In general, the way the company develops and couples its CSV and Cocoa Plan discourses with its practices prioritises certain issues and definitions of problems and solutions, while others generally remain unaddressed.

5.4.1. Integrating the Cocoa Plan discourse in value chain practices
The Cocoa Plan largely reflects Porter and Kramer’s (2011, p. 16) vision that a company should integrate societal concerns in its core business and operations, rather than undertaking additional, more philanthropic activities that are detached from that company’s daily operations (for which they criticise Corporate Social Responsibility (CSR)). The Cocoa Plan is managed by the company’s Confectionery Business Unit (rather than by a separate sustainability department) and is integrated in the company’s cocoa supply chain (Nestlé, 2013b, p. 105; Interview 8). Nestlé is able to trace the cocoa that is produced under the Cocoa Plan back to the farm level (Nestlé, 2018d, p. 55).35 In financial terms, the Cocoa Plan cost is for a large part integrated as a premium to the price Nestlé pays to its suppliers per tonne cocoa it procures, rather than allocating a separate budget for specific interventions that are unrelated to its cocoa uptake (Interview 10). One interviewee who works in the cocoa sector reported that in Nestlé’s cocoa procurement decisions, a strong performance of a supplier in terms of the implementation of sustainability activities can even compensate for a weaker performance of that supplier in other aspects (Interview 31).

Nestlé depends on its suppliers for the implementation of the Cocoa Plan and as such also for the translation of its discourse on shared value creation in the cocoa sector into practices in the supply chain. Seeing the Cocoa Plan’s large scope in terms of volumes, Nestlé has not only integrated the programme in its existing relations with the three major cocoa trading companies (Barry Callebaut, Cargill, and Olam) but also developed new relationships with smaller suppliers with a good track record of implementing sustainability activities (Interview 8). Some of these suppliers also have an internal cocoa

34 Interviewees gave different explanations for this phenomenon. One reason relates to the fixed quotas of certified cocoa for which Nestlé will pay a premium to the cocoa trading companies (Interview 20; Field trips: personal communication). The cocoa trading company then sets a specific tonnage of certified cocoa which it will buy from the Cocoa Plan farmers, either through its own cocoa buying division or through the subcontracted LBC. This tonnage is usually higher than what Nestlé will buy from them, in order to have a margin to cover for specific issues, such as farmers leaving the certification programme. When this tonnage has been reached by the certified farmers, the payment of premiums will cease. Another explanation suggests that the premium is only paid during part of the year because the quality and size of cocoa beans that are harvested during the light crop season are insufficient to be exported directly (Interview 31). Unfortunately, I have been unable to further clarify this issue and to further assess the scale at which this occurs.

35 In its public communication, Nestlé says its UTZ certified cocoa is traceable at the Mass Balance level, meaning that certified cocoa may be mixed with conventional cocoa during the processing stages (Nestlé, 2015a). However, Nestlé also uses the more demanding Identity Preserved (IP) system for part of its UTZ certified cocoa uptake (Interview 20), meaning that certified cocoa from one cooperative or farmer group is kept separate from other cocoa throughout the entire supply chain (UTZ, 2018b).
buying division in producing countries, while others purchase their cocoa from cooperatives or LBCs (Figure 5.2). Nestlé approaches these cocoa trading companies with certain demands or ideas about sustainability-related activities that it would like to see implemented, while suppliers also make their own suggestions (Interviews 5, 10, 31). Interviewees working in the cocoa sector indicated that these conversations are relatively open and leave room for feedback and suggestions based on the suppliers’ experiences on the ground (Interviews 10, 11, 15, 31). Interestingly, awareness of the Cocoa Plan and Nestlé’s CSV discourse was generally low or absent among staff members who were responsible for the implementation of various elements of the programme in Ghana (Interviews 10, 11, 15, 20). Instead, they approached their work much more in practical and instrumental terms related to the specific activities for which they were responsible, such as farmer training, certification or sanitation projects.

In general, interviewees who work with several different chocolate manufacturers felt that Nestlé’s approach to sustainability in the cocoa sector does not differ strongly from that of other major manufacturers (Interviews 5, 10, 11, 17, 31). Although interviewees did see differences in the thematic focus areas companies select, such as child labour (Nestlé), community development (e.g. Mondelēz) or farm productivity (e.g. Mars), there is a general tendency among major manufacturers to work on the priority areas of the sector-wide CocoaAction strategy, in particular on increasing farmer productivity. Many chocolate and cocoa companies integrate projects in their supply chains like Nestlé does, although some (such as Mondelēz) have also undertaken relatively large community development projects in Ghana without connecting them to their own value chains (Interviews 8, 18, 23). Companies do differ in the choices they make regarding the use of certification, verification, or in-house standard and traceability systems, and the size of the cash premiums they pay to farmers (Interview 31). Nestlé, for example, chooses to use UTZ certification and to pay lower cash premiums in order to spend more on additional projects, while another major chocolate manufacturer, Mondelēz, decided to replace Fairtrade certification by its own sustainability and traceability programme (Ionova, 2017). As such, although major chocolate companies differ in some of the choices they make, Nestlé’s CSV-based approach of inclusivity issues in the cocoa sector does not differ strongly from the practices of other companies.

At the community level, the Cocoa Plan’s scope of beneficiaries goes beyond Nestlé’s direct cocoa supply chain to also include farmer families and other community members, in line with the company’s Rural Development Framework (Section 5.2). For example, the CLMRS focuses both on farmer households that are directly in Nestlé’s supply chain and on communities as whole, for example by organising community-wide information meetings and events for children (Interview 25; Field trips: interviews). The educational and infrastructural activities of the Gha-WASH project also target communities as a whole and do not limit themselves to the members of the farmer groups of one of the suppliers (Interview 15). In addition, farmer trainings are also attended by farmers who do not participate in the Cocoa Plan certification programme in some of the field trip communities. While this approach may be more effective to address these issues (Interview 25), it arguably goes beyond a supply chain approach that directly benefits the company’s operations (as propagated by Porter and Kramer (2011, p. 11)) to a more general approach to ‘developing communities’. The way Nestlé (and other companies) shapes its role as a development agent through such ‘community development’ projects also blurs the lines between public and private responsibilities and tasks.

5.4.2. Blending discourses and selecting definitions

Nestlé’s operationalisation of CSV theory remains close to the way it has been developed by Porter and Kramer (2011), but also expands and blends its approach with other discourses. The company’s CSV discourse focuses strongly on the contributions of Nestlé’s business activities and sustainability programmes to creating social and environmental benefits as well as on the benefits of CSV to the
company’s financial performance and its shareholders (Section 5.2). In line with Porter and Kramer (2011), the company asserts that the most substantial positive impact of the company on society is made through its shared value creation activities, rather than compliance with laws or the mitigation of negative environmental impacts (see Figure 5.1) (Nestlé, 2015b, pp. 16–17). Yet the company is unclear about whether its CSV approach applies only to its three focus areas at the top of its CSV pyramid (nutrition, water, and rural development) or also to the lower levels of that pyramid, such as human rights and environmental sustainability (Nestlé, 2017d, p. 10). In its CSV reports, Nestlé blends its main narrative and goals about ‘shared value creation’ with other discourses and objectives, such as ‘reducing environmental impacts’ or ‘mitigating human rights violations’. The company’s CSV reports between 2012 and 2016, for example, contained not only chapters on the shared value ‘focus areas’ but also a dedicated chapter on the company’s policies and actions regarding human rights (Nestlé, 2013b, 2015b, 2016b, 2017d). Interestingly, despite Porter and Kramer’s (2011, p. 4) and Nestlé’s own insistence (Nestlé, 2013b, p. 9) that companies should not take on charitable activities for which no business case exists, Nestlé reports on complementing its CSV activities with a 75 million CHF (65 million euros) spend on philanthropic activities in 2016, such as its ‘Nestlé Healthy Kids Programme’ (Nestlé, 2017d, p. 15).

This blend of discourses and approaches to societal issues under a ‘CSV umbrella’ can also be found in the company’s Rural Development policy and supply chain programmes, such as the Cocoa Plan. The company operationalises the Rural Development focus area of its CSV strategy as ‘combining a human rights approach together with a human development approach’ (Nestlé, 2013b, p. 105). As such, Nestlé positions itself as a ‘development agent’ which aims to actively contribute to ‘developing’ the regions from which it sources its commodities and improving the livelihoods of farmers, labourers and their families living in these regions (see Section 5.2.1). Nestlé implements the Cocoa Plan as part of its rural development focus area and frames the Cocoa Plan as a sustainability programme which addresses ‘key challenges’ (Nestlé, 2016b, p. 121) in the cocoa sector and targets farmers, their families and the communities in which they live (Nestlé, 2015b, p. 102).

On the one hand, the Cocoa Plan’s activities regarding farmer training, UTZ certification and the distribution of seedlings distribution arguably fit the company’s general view of shared value creation (Section 5.2.2). The company’s funding of the Gha-WASH health and sanitation project in Cocoa Plan communities can arguably also be considered as shared value creation, as healthier farmer families are also more productive (Interview 15; Nestlé, 2014b, p. 10). On the other hand, Nestlé’s approach to child labour in cocoa production is grounded more strongly in a human rights approach. The company has identified child labour in its cocoa, hazelnut, and vanilla supply chains as one of the four most urgent human rights risks it needs to address (Nestlé, 2013b, pp. 197, 209) and reports on progress both in the human rights chapters and the Rural Development chapters of its CSV reports (Nestlé, 2013b, 2015b, 2016b, 2017d). The issue is conceived as a violation of international human rights and labour rights standards, such as the International Labour Organization (ILO) Conventions (Nestlé and ICI, 2017, p. 14). The company’s efforts are independently and transparently monitored through human rights impact assessments by the Fair Labor Association (2018). Much more than a shared value creation logic, this

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36 In general, the Cocoa Plan builds on the UTZ certification scheme due to its alignment with company’s vision on entrepreneurial farming (Interview 30). However, Nestlé sources Fairtrade cocoa for part of the chocolate products it sells in the United Kingdom and Ireland in order to match consumer preferences in these markets. Interestingly, Porter and Kramer (2011, p. 5) claim that Fairtrade cocoa follows a redistributive, CSR-like approach which has a much smaller potential to improve farmer livelihoods than ‘shared value investments’ (Section 3.3). Nestlé’s choice for Fairtrade, albeit at a small scale, thus represents an interesting example of decoupling between its practices and discourse.
approach is based on avoiding violations of basic human rights and as such complying with responsible business conduct standards such as the UN Guiding Principles or the OECD Guidelines and legislation such as the United Kingdom’s Modern Slavery Act (Nestlé, 2018c, pp. 12–15). This (paradoxal) blend of discourses is also reflected in the company’s positions on responsible business conduct legislation. On the one hand, the company’s chairman Paul Bulcke is strongly opposed to a Swiss law proposal which obliges large companies to implement human rights and environmental due diligence processes, claiming that it would ‘jeopardise’ Nestlé’s approach to shared value creation (Bulcke and Schneider, 2018, p. 5). Yet at the same time, the company’s Chocolate department in the Netherlands took a relatively progressive stance regarding business and human rights by explicitly supporting the Dutch Child Labour Due Diligence bill in 2017 (Tony’s Chocolonely et al., 2017).

The coupling of the Cocoa Plan’s general discourse with the company’s supply chain practices prioritises certain issues and means to address those, while others remain largely unaddressed. Nestlé acknowledges farmer poverty as an important issue in several of its supply chains, including cocoa. More specifically, the company focuses most clearly on causes of low farm productivity, such as ageing and diseased cocoa trees, poor farming practices, and climate change (Nestlé, 2011, pp. 54–60, 2013b, pp. 54–60, 2015b, pp. 142–144, 2016b, pp. 121–124, 2017d, pp. 86–89, 2018d, p. 57). In terms of social issues, child labour, gender inequality, and poor education infrastructure feature most prominently, although the latter two are mostly mentioned as a root cause of child labour. Other issues that the company sees in its cocoa supply chains, although they feature less prominently in its problem analysis, are poor health and sanitation facilities and the ageing farmer population.

When viewed from a value chain inclusivity perspective, this operationalisation is selective in its definitions of problems and solutions. First, the Cocoa Plan’s focus is strongly skewed towards the social wellbeing dimension of value chain inclusivity and leaves environmental sustainability issues largely unaddressed (Interview 20). Although the UTZ certification standard addresses Good Environmental Practices, the issue of biodiversity loss through agriculture and the use of agrochemicals is generally not dealt with in the Cocoa Plan. Moreover, the programme does not confront the issue of deforestation, despite it having been a key issue in the cocoa sector for years (Section 4.4). The company has signed up to the Cocoa & Forests Initiative (World Cocoa Foundation, 2017c), but so far did not disclose further information on the implementation of its commitment (Nestlé, 2018e). Section 5.5 will further examine the impact of Nestlé’s discourse and practices on the most prominent inclusivity issues in Ghana’s cocoa sector.

Second, several interviewees working for civil society organisations emphasised that Nestlé and other cocoa and chocolate companies have so far not addressed the issue of low world market and farmgate prices for farmers as root cause of farmer poverty (Interviews 2, 3, 27, 29). Although COCOBOD is responsible for setting farmgate prices for cocoa in Ghana and when determining the farmgate price deducts a large margin from the world market price (Section 4.3), interviewees felt that chocolate manufacturers should make greater efforts to address the price issue. While Nestlé indeed positions farmer incomes and poverty as issues that the Cocoa Plan should tackle, it mainly frames these issues as a result of low farm productivity, thereby bypassing other issues such as low world market and farmgate prices and the highly unequal distribution of value in the supply chain (Section 4.4). Although Nestlé claims to pay its cocoa farmers a better price through the certification premium (Nieburg, 2017a; Van Gelder, 2018a; Interview 30) (see Section 5.3.2), its Rural Development Framework also explicitly excludes commodity prices as an issue that can be addressed to improve farmer incomes (Nestlé, 2016b, p. 97). Nestlé sees commodity prices as an outcome of supply-demand mechanisms on the market, on which the company has no significant influence. Moreover, the company claims that increasing farmgate
prices would increase the supply of cocoa on global markets (as cocoa becomes a more attractive crop to farmers), which would in turn again lead to falling market prices (Interview 30).

5.5. Analysing the inclusivity of Nestlé’s discourse and practices

This section uses the analytical lens of value chain inclusivity (Section 3.5) to assess Nestlé’s cocoa supply chain practices in terms of social wellbeing, environmental sustainability, and participatory governance. Although this research does not aim to develop a full-fledged impact analysis of Nestlé and its suppliers’ operations and sustainability programme in Ghana’s cocoa sector, this section shows that Nestlé achieves mixed results in addressing inclusivity issues in its cocoa value chain. On the one hand, farmers were generally fairly positive about the Cocoa Plan measures that were taken in their farmer groups or communities and Nestlé has been relatively successful in addressing some of the inclusivity issues in its supply chain, most notably child labour. On the other hand, outcomes and impacts of Nestlé’s actions on other inclusivity issues remain unclear (e.g. farmer poverty) or strongly limited (e.g. participatory governance). Moreover, these positive results only apply to the part of the supply chain that is covered by the Cocoa Plan (42.9 percent in 2017, Section 5.3.2). Inclusivity issues in the remaining part of Nestlé’s cocoa uptake most likely remain unaddressed.

5.5.1. Social wellbeing and environmental sustainability

The Cocoa Plan shows mixed results in terms of addressing social value chain inclusivity issues, such as farmer poverty and child labour. It is unclear to what extent the Cocoa Plan’s activities that aim to increase farmer incomes (implementing certification programmes, paying (modest) cash premiums, and promoting income diversification) lead to substantially increased farmer incomes. Farmers in the Cocoa Plan communities that were visited were generally positive about the certification and farmer training activities in which they participated and had seen positive impacts on their farms, for example regarding pruning and the use of pesticides (Field trips: focus groups). They were generally also positive about the inputs with which the cocoa buying companies had supplied them as part of the training scheme, such as spraying machines, seedlings, and pruning tools. Yet although some individual farmers had seen increased yields at their own farms as a result of the trainings and inputs, overall most farmer groups observed a decline in yields (Field trips: focus groups, interviews). They mainly attributed this to (local) climate change and a lack of inputs. In addition, while farmers appreciated the cash certification premiums, they did flag the limited periods during which they would receive these as an important issue of concern (see Section 5.3.2).

In line with the experience of the certified farmers that participated in focus groups, several interviewees who work in the cocoa sector indicated that it remains unclear to what extent farmer productivity and income increase significantly as a result of participating in the UTZ certification programmes of Nestlé and other companies (Interviews 5, 11, 14, 23, 31). The most recent comprehensive impact study among 352 farmers of UTZ Certification programmes in three administrative regions in Ghana did not find significant differences between certified and non-certified farmers in terms of increased productivity and incomes (Waarts et al., 2014, pp. 29, 34; UTZ, 2016, pp. 26–27). Interviewees cited various reasons for the lack of productivity increases, such as climate change, the conservative attitudes of farmers towards adopting new practices, and a lack of financial resources to purchase inputs and tools (Interviews 5, 11, 14, 23, 31). Although Nestlé also implements income diversification projects in Ghana.

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37 It is hard to prove the systematic ability of UTZ certification programmes to realise relatively moderate productivity increases, e.g. in the range of 20 percent, let alone more substantial increases that are required to fundamentally improve a farmer’s household income (Waarts et al., 2014, p. 29; Interview 31).
Farmers were generally positive about the measures that had been implemented in their communities to improve the overall health of its members and sanitation facilities in the community (the Gha-WASH project) (Field trips: focus groups and interviews). They also expressed strong satisfaction about the company’s activities regarding child labour, such as the CLMRS and projects the ICI set up, including the organisation of educational sessions for children and adults on improving children’s health and well-being. In some communities, the Cocoa Plan also supported the construction of schools and income diversification projects. First results indeed suggest that Nestlé’s child labour policy is relatively successful, approximately halving the number of children who are registered as being engaged in child labour (Nestlé and ICI, 2017, p. 22). Advocacy groups have explicitly praised the company’s efforts on this issue, citing them as a ‘best practice’ in the cocoa sector (Boles, 2018, p. 47; Fountain and Hütz-Adams, 2018, p. 60).

As noted in Section 5.4.2, the Cocoa Plan pays very limited attention to the environmental sustainability dimension of inclusive value chains. Cocoa Plan farmers are trained to apply Good Environmental Practices as part of the UTZ certification scheme, such as using pesticides only when other methods are ineffective (the Integrated Pest Management approach) and applying them in a measured and safe way (Section 5.3.1). However, several interviewees raised farmers’ low adoption of these practices, excessive use, and unsafe storage of pesticides as an issue of concern, potentially causing strong negative effects on farmers’ personal health and the environment (e.g. pollution of water bodies, biodiversity reduction) (Interviews 11, 16, 23, 27, 28). A study commissioned by UTZ considers several of the most commonly used pesticides in Ghana, including those that are approved by COCOBOD and UTZ, as ‘highly hazardous’ due to their toxic effects on biodiversity (such as bees), water bodies, and farmers’ health (Pesticide Action Network UK, 2018, pp. 1–2). Health risks include severe damages to the eyes of farmers, hormone systems, and the nervous systems of (unborn) children.

Regarding the issue of deforestation, the traceability system (including the GPS mapping of farms) that is part of the Cocoa Plan can help with the implementation of the Cocoa & Forests Initiative, enabling the company to assess whether its cocoa is sourced from deforested areas. However, despite the occurrence of substantial deforestation between 2001 and 2016 in several of the districts in which Cocoa Plan communities are located in Ghana (see for example Global Forest Watch, 2018), it remains unclear how Nestlé addresses the issue of deforestation, both for its Cocoa Plan and conventional cocoa supply chains. In fact, Nestlé does not see cocoa as a priority for the implementation of its ‘zero-deforestation commitment’ (Nestlé, 2013a, 2013b, p. 127, 2015b, p. 192, 2016b, p. 113, 2017d, p. 130, 2018d, p. 97, 2018e).

5.5.2. Participatory governance
The Cocoa Plan does not elaborate on the governance dimension of the programme. Nestlé seems relatively open to feedback and suggestions from the suppliers and organisations based on their ‘on the ground’ experiences with the implementation of the Cocoa Plan (see Section 5.4.1). At the global level, Nestlé invites various advocacy groups to share their views on Nestlé’s overall performance at annual

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38 These results were published in a joint report by Nestlé and the ICI in 2017 and are based on a survey of 1,056 children in Côte d’Ivoire (Nestlé and ICI, 2017, p. 22). Larger-scale figures are yet to be published. It must be noted that the ICI has highlighted the danger of child labour going ‘underground’ as farmers are afraid to be punished for reporting child labour to the CLMRS, which may impede the reliability of the system (Yu, 2018).
stakeholder convenings, which are also attended by the company’s CEO or Chairman (Nestlé, 2013b, pp. 27–28, 2015b, pp. 25–26, 2016b, p. 26, 2017d, pp. 22–23, 2018d, pp. 106–107). Yet it is unclear how stakeholders, most notably cocoa farmers, are involved in the decision-making processes in a programme that is intended to benefit them and their communities.

Although Cocoa Plan farmers in the field trip communities were generally positive about certification, the trainings and the child labour and sanitation projects in their communities, they generally had little power to influence the cocoa buying companies’ decisions, let alone Nestlé’s policies, on the sustainability activities that are implemented in their communities (Field trips: focus groups, interviews; Interviews 3, 4, 23, 27, 28, 29). At the community level, farmers indicated that there is some room for them to be involved in the decisions on the content of the ‘Community Action Plans’ that are set up as part of the child labour projects, which includes issues such as whether to build a school, accommodation for teachers or sanitation facilities as part of the project (Field trips: interviews, focus groups). Yet overall, the Cocoa Plan is implemented through a strong top-down governance mode between the companies and the farmers, in which farmers ultimately have little influence on decisions and policies that directly affect them. Indeed, the Cocoa Plan discourse frames farmers as beneficiaries who are supported in their development by the company’s positive contributions to society (Section 5.2), rather than as equal partners in the supply chain (Interview 29). Although the Cocoa Plan implicitly refers to concepts of farmer agency and power by using terms as ‘farming by choice’, undertaking women’s empowerment projects, and supporting farmers to organise themselves in farmer groups and cooperatives, these terms and activities do not relate to the governance of the supply chain and sustainability programmes. The women’s empowerment projects are mainly instrumental to the goal of preventing child labour (Nestlé, 2015b, p. 107, 2016b, p. 123; Nestlé and ICI, 2017, p. 39; Nieburg, 2017a; Interview 8) and the formation of farmer groups and cooperatives serves to attain certification and facilitate traceability rather than addressing questions of value chain governance.

The biggest point of contention between the farmers and the cocoa buying companies centres around the concept of ‘the entrepreneurial farmer’ (see Section 5.2.2). This vision clashes with the experience of most of the farmers that participated in the focus groups and interviews. Many farmers and Purchasing Clerks have strong expectations of the cocoa buying companies to provide them with inputs, tools, credits, and incentives, such as Wellington boots and cutlasses (Field trips: focus groups, interviews). While companies assert that farmers could buy such small products themselves, for example by using the certification premium they receive (Interview 11), farmers insist on receiving these products from suppliers and consider them as ‘a sign of appreciation’ from the company. Moreover, farmers claim they do not have the financial resources and sufficient access to financial resources (like loans) to make bigger investments, such as fertilizer, spraying machines or protective equipment. They are reluctant to collectively use their premiums for such purchases, as some farmers receive more premiums than others and thus would be paying more.

These clashing expectations and views of farmers and cocoa buying companies seem to considerably limit farmers’ experience of ‘shared value creation’ between cocoa buying companies and themselves (Field trips: focus groups, interviews). Farmers would often experience barriers in communicating concerns to the cocoa buying company with which they work. In some communities, farmers were aware that they were part of Nestlé’s supply chain and sustainability programme, but there are no direct

39 A cutlass costs 15 to 20 Ghana cedis (3 to 4 euros), for example.
40 Although the strong expectations of cocoa farmers to receive incentives and free inputs from companies merit more research, one possible explanation relates to COCOBOD’s long-standing policies to provide free or subsidised inputs (e.g. fertilisers) and services (e.g. spraying teams) (Laven, 2010, pp. 88–90).
communication or governance relations between the company and the farmers that are part of the Cocoa Plan. The strong focus of Nestlé, like many actors in the cocoa sector, on promoting agripreneurship, combined with a long-term view on rationalising Ghana’s cocoa sector (i.e. reducing the number of farmers and merging farm plots to increase productivity and profitability) (Interviews 6, 16, 20), may lead to further tensions between the views of companies and the experience of cocoa farmers. While rationalisation and agripreneurship processes may create benefits for some farmers, they may also exclude others from the sector and clash with the experience of smallholder farmers (also see Section 6.6).

5.6. Limitations of the ‘win-win’ proposition of the Cocoa Plan

Although Nestlé claims that the Cocoa Plan creates shared value by generating economic value for the company as well as societal value (Section 5.2.2), this section argues that the shared value creation logic only works up to a certain extent. The company’s investments in farmer productivity and certification lead to some commercial benefits to the company, but overall, there are limits to the business case of the programme’s investments in social and environmental issues, causing the scope of the Cocoa Plan to still be constrained by the company’s profit targets (also see Section 6.5.1). In fact, while some elements of the programme are successful in creating societal benefits (e.g. on the issue of child labour), this does not result in direct commercial benefits to the company and its shareholders, or may even harm the company’s reputation and sales. The point of this argument is not that the case study company should adjust or abandon such activities due to their incongruence with the CSV concept, but rather to show that the CSV logic of ‘business cases’ for addressing societal issues often does not hold.

The Cocoa Plan functions within the commercial context of Nestlé as a stocklisted company, which especially since 2017 has become highly competitive. Despite Nestlé’s net profit of 7.2 billion CHF (6.2 billion euros) in 2017 (Section 5.2), the activist hedge fund Third Point and other shareholders have been aggressively pushing for a restructuring of the company in order to boost sales growth rates and profits (Bos, 2017; Bradshaw, 2017; Deveau, 2018). This pressure became particularly imminent in 2017 after the Kraft/Heinz takeover attempt of Unilever, a company similar to Nestlé both in terms of its products and its long-term view on doing business (Armstrong, 2017; Interviews 2, 5, 30). Although the takeover fell through, Nestlé feared that it might be the next target of aggressive investors with a strong focus on cutting companies’ expenditures, including those related to sustainability programmes. In response, Nestlé’s new CEO Mark Schneider developed a strong focus on increasing the company’s profits and sales (Gretler and Mulier, 2017; Gretler, 2018). To this end, Schneider announced a 2.5 billion CHF (2.2 million euros) cost-cutting plan, a shares buy-back scheme, and a new strategy to sell off less profitable elements of the company and replace them by new companies with better business prospects.

Although the Confectionery Business Unit reported a 1.2 billion CHF (1 billion euros) trading operating profit and growing sales in 2017 (Nestlé, 2018a, p. 44), Nestlé’s shareholders have questioned its relatively lower growth and profitability figures (Nestlé, 2017a; Nieburg, 2017c). As part of the company’s restructuring strategy, Nestlé announced the sale of its Confectionery business in the United States to Ferrero for 2.8 billion US dollars (2.5 billion euros) in January 2018, which accounted for approximately 10 percent of its total Confectionery sales (Nestlé, 2018a, p. 44, 2018f). Although Nestlé

41 Third Point’s CEO, Daniel Loeb, has sent several open letters to the Nestlé management and launched a campaign called ‘#NestleNOW – Sharper, Bolder, Faster’, in which it strongly criticises the company’s financial performance and management (Third Point, 2018). So far, Third Point has not directly mentioned the company’s CSV strategy in its communications.
seems to be committed to maintaining its Confectionery business in the rest of the world, the company’s CEO has expressed its concerns about the long-term future of the department due to its (expected) lower profitability and growth rates (Nestlé, 2017a; Nieburg, 2017b).

It is within this increasingly competitive commercial context that the Cocoa Plan should create value to Nestlé by reducing the company’s costs as well as improving its reputation and revenues (Section 5.2.2). According to the shared value logic, the increased costs of cocoa supplies (i.e. the 8 percent premium to the purchase price per tonne of cocoa that is sourced under the Cocoa Plan (Section 5.3.2)) should in some way economically benefit Nestlé, if the company’s profit margins are to remain at least at equal levels (Interview 30). Yet the commercial benefits of the programme do not weigh up to the the overall costs of the Cocoa Plan, 41.8 million CHF (36.2 million euros) in 2017 (Section 5.3.2), as the company does not intend to ultimately achieve full coverage of its cocoa supply chain by the Cocoa Plan. It argues that it prefers to invest in the quality of the Cocoa Plan for approximately half of its cocoa uptake above covering 100 percent of its cocoa supply at a more superficial level (Nieburg, 2017a, Interviews 30, 31). The development of the CLMRS was cited as an example of a project that probably would not have been developed if the company had been aiming at full coverage of its cocoa supply chain (Interview 30). Seeing the seemingly healthy (trading operating) profits of Nestlé and the Confectionery Business Unit, this argument suggests that the Cocoa Plan does not provide a sufficiently convincing business case to justify further investments in the programme’s budget. In other words, the scope of the Cocoa Plan is limited by the company’s budgets and profit maximisation objectives (Interviews 8, 31).

In terms of revenue, the Cocoa Plan’s intentions to meet consumer demands do not lead to higher sales figures (Interview 30). Although consumer surveys about chocolate consumption generally show that consumers attribute high importance to the sustainability policies of chocolate manufacturers, this does not play an important role in the consumers’ final purchase choice of a chocolate product and brand (Lommen, 2017; Interview 30). Market research in the Netherlands, commissioned by Nestlé, shows that the primary factors influencing a consumer’s purchase decision are the chocolate product’s flavour, type, and price, with sustainability being only one of the least important factors (Lommen, 2017; Interview 30). At a global level, there is a much stronger demand for ‘sustainable products’ in certain markets (e.g. Western Europe and North America) than in others (e.g. Eastern Europe or Asia), which is also reflected by Nestlé’s decision to use 100 percent certified cocoa in certain markets (e.g. the Netherlands, the United Kingdom and Ireland (Nestlé UK, 2015; Nestlé Chocolade, 2017)), while its global Cocoa Plan coverage was 42.9 percent in 2017 (Figure 5.3). This lack of consumer demand limits the business case for companies to extend their sustainability programme to their full cocoa uptake (Interviews 30, 31).

These limitations to the business case also lead to tensions between different divisions and country offices within Nestlé, for instance about the budget that is dedicated to the Cocoa Plan (Interview 30). Another concrete example of these discussions concerns the amount of space that is dedicated to communication about the Cocoa Plan on the packaging of products which are sold in several countries in which consumers’ attitudes towards sustainability vary strongly (Interview 30). Moreover, Nestlé’s commitment to exclusively use certified cocoa in a specific market can increase production costs, for example by complicating the production of new products.

This tension between investments in the Cocoa Plan which do not result in direct improvements in revenue or reputation and the company’s profit objectives is also reflected in the company’s efforts to address child labour in the cocoa sector. Nestlé has repeatedly indicated that the long-term financial feasibility of the system is a problematic issue and that it has been looking to improve ‘the cost
effectiveness’ of the system, which cost 5 million CHF (4.3 million euros) on average in 2016 and 2017 (Nestlé, 2015b, p. 211, 2016b, p. 240; Nestlé and ICI, 2017, pp. 42, 49). This pressure on cost arguably also relates to the experience of cocoa farmers who are involved in the implementation of the CLMRS, who felt that the time and efforts to which they had to commit to carry out their tasks did not weigh up to the compensation they received as Community Facilitators or the voluntary nature of the Child Protection Committee (Box 5.2). Nestlé is currently integrating the funding of the CLMRS in the existing certification premium that is paid to farmer organisations (Nestlé and ICI, 2017, p. 48), while Nestlé still provides additional financing for specific remediation interventions, such as the construction of schools, women’s empowerment projects or the provision of education materials. The integration of the CLMRS cost in the certification premium suggests that a smaller budget is available for other activities, such as farmer trainings or the provision of inputs. Seeing the relatively modest costs of the CLMRS in proportion to the Confectionery department’s turnover and trading operating profit (Section 5.2), this again indicates that there is a clear tension between addressing a value chain inclusivity issue such as child labour and increasing profits, especially at times when the pressure to maximise profits increases (Interviews 2, 5 and 30).

Box 5.2 – Community Facilitators and Child Protection Committees in the CLRMS

The Child Labour Monitoring and Remediation System (CLMRS) had been implemented in four of the field trip communities, of which two work with Community Facilitators who have been appointed by the community members to implement the CLMRS and are responsible for monitoring about 50 farmer households each. The other two communities work with Child Protection Committees, which consist of about seven community members.

Both Community Facilitators and Child Protection Committee members indicated that the ICI had asked the communities to elect volunteers for the CLMRS. Several Community Facilitators and Child Protection Committee members, however, raised their concerns about the workload that the CLMRS requires (Field trips: interviews). The Facilitators and Committee members mentioned spending approximately one to two days a week on their work for the CLMRS and some also reported working several hours at night to meet deadlines for transferring the hardcopy data they had collected from farmers to the digital monitoring system. The farmers felt that the amount of time they were required to spend on collecting the data through house and farm visits (some of which are in remote or less accessible locations) and entering that data into the system was disproportionate to the compensation they were receiving. Child Protection Committee members reported not receiving any compensation and self-funding repairs to the bikes with which the ICI had provided them for undertaking visits to farmers outside of the community. Community Facilitators said that, until recently, the ICI and the cocoa buying company also considered them volunteers and they would only receive a modest sum of money (60 Ghana cedis (12 euros) per three months) to fund small expenses like bike repairs and phone credit to send data to the CLMRS database. In late 2017, the buying company involved offered Community Facilitators a contract and increased the quarterly budget to 150 GHS (30 euros). This budget now serves both as a fund for small expenditures and as compensation to the Facilitators, assumedly to address the workload/compensation issue.

Although these observations are anecdotal, interviewees suggested that many of their peers in other communities had similar experiences with the system and its workload. The ICI indeed considers the work for Child Protection Committees as voluntary work (Interview 25). It also states that the compensation for Community Facilitators is above Ghana’s minimum wage and should be seen as an additional source of income rather than an actual salary. In addition, the ICI fully compensates the days spent on trainings (including food and travel costs).

The commercial value of the Cocoa Plan’s activities on child labour is further limited by the so-called ‘paradox of CSR communication’: while companies respond to consumer pressure by taking actions and reporting more transparently about value chain inclusivity issues, these actions increase rather than decrease consumers’ negative attitudes towards that company as more information about the scope of these issues becomes available (Morsing et al., 2008; Waddock and Googins, 2011). Nestlé has been
reporting relatively transparently about the number of children in part of the Cocoa Plan communities which have been registered in the CLMRS as engaging in hazardous child labour (Nestlé and ICI, 2017) and the challenges it faces on the issue child labour. The independent human rights impact assessments of the Fair Labor Association (2018) are publicly available. Yet despite the positive first results (Section 5.5.1) resulting in an improved reputation among consumers (which according to the shared value logic would be the commercial benefit of the actions on child labour (Nestlé and ICI, 2017, p. 9)), Nestlé’s transparency about its efforts has led to more negative press coverage. Although the company actively tries to change these perceptions by generating positive press coverage, for example by giving interviews (Van Gelder, 2018a) or organising press visits to Cocoa Plan communities (Dobber, 2016), this has so far not resulted in changing attitudes from consumers (Interview 30).

5.7. Concluding remarks
This analysis has shown that Nestlé’s operationalisation of the CSV theory in its discourse and practices blends a business case-oriented win-win approach with discourses on community development and addressing human rights issues. Nestlé is selective in the ways it couples its comprehensive discourse on rural development to its corporate practices, both in terms of the issues it addresses and the share of its total cocoa uptake to which it applies its discourse. This selectivity is reflected in the inclusivity of its value chain: while the Cocoa Plan performs relatively strongly on certain inclusivity issues, most notably child labour, it achieves only limited results in terms of farmer incomes. Some of the Cocoa Plan’s activities allow for the involvement of farmers in decisions at the local level, but the programme does not address the role of farmers in value chain governance as a whole. Other issues, most notably deforestation, remain largely unaddressed. Addressing inclusivity issues in the cocoa sector often does not result in direct commercial benefits to the company and therefore conflicts with Nestlé’s new growth and profit maximalisation strategy. As such, inherent trade-offs within the company’s ‘win-win’ approach to addressing value chain inclusivity issues remain.

42 Examples include headlines such as ‘Nestle ‘failing’ on child labour abuse, says FLA report’ (Hawksley, 2012) and ‘Child labour on Nestlé farms: chocolate giant’s problems continue’ (Sandler Clarke, 2015), which appeared on the BBC and Guardian websites respectively.
6. Deconstructing Olam’s approach to shared value creation in Ghana’s cocoa sector

6.1. Introduction
This chapter focuses on how Olam operationalises the CSV approach in its discourse and practices in the cocoa sector, in particular in Ghana. The analytical framework is used to analyse the inclusivity of the company’s discourse and practices and subsequent shared value creation processes. While the data that was collected does not allow for an in-depth analysis of shared value creation processes in several of Olam’s sustainability programmes in Ghana (see Section 2.7), this chapter addresses some of the most interesting outcomes based on the data available. It first briefly outlines Olam’s discourse on Growing Responsibly and the Olam Livelihood Charter (OLC) (Section 6.2), followed by the company’s practices in the cocoa sector (6.3). The chapter then presents an analysis of the processes of coupling and decoupling between Olam’s discourse and practices (6.4), the win-win logic which underpins the company’s discourse and practices (6.5), and the inclusivity of Olam’s cocoa value chain (6.6). Section 6.7 highlights the main findings of this chapter.

6.2. Corporate discourse: Growing Responsibly and the Olam Livelihood Charter
Olam is a Singaporean agricultural business which cultivates, sources, processes, and trades various commodities around the world, including rice, spices, coffee, nuts, and cocoa (Olam, 2018d, p. 4). The company was founded in 1989 and has become one of the world’s largest agribusinesses, employing over 72,000 people in 66 countries. Olam sells its commodities to 22,000 customers worldwide, such as other trading companies and food manufacturers. Although Olam is publicly listed on the Singapore Exchange (SGX), two shareholders hold most of the company’s shares: Temasek Holdings (53.6 percent of total issued share capital) and the Mitsubishi Corporation (17.4 percent) (Olam, 2018d, p. 141). Temasek Holdings is an investment company which is fully owned by the government of Singapore. Olam’s profits (after tax and minority interest) rose to 581 million Singapore dollars (372 million euros) in 2017, 2.2 percent of the company’s total turnover of 26.3 billion dollar (16.9 billion euros) (Olam, 2018d, pp. 30, 44). The company’s confectionery and beverage ingredients division, which mainly comprises coffee and cocoa products, accounted for about one third of its total turnover. In Ghana’s cocoa sector, Olam is both active as a buying company (LBC) and as a cocoa trading and processing company. Its processing factory is located in Kumasi.

6.2.1. Olam’s discourse on Growing Responsibly
In Olam’s (2016b, pp. 13–14) own words, sustainability issues were ‘not high on [its] agenda’ until the late 2000s. Since 2012, its approach to business shifted towards an ‘ethos of mutuality’ focused on ‘unlocking mutual value’ between Olam and its farmer suppliers. This approach combines the company’s commercial ambitions (i.e. becoming ‘the most differentiated and valuable global agri-

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43 For example, the Olam Farmer Information System (OFIS) is an interesting topic on which insufficient data was collected. OFIS is a data collection and traceability system which provides farmers, Olam and its customers with information on a wide range of topics, including farm productivity, payment records, and input use (Olam, 2017b, p. 45). OFIS is currently being implemented in several of Olam’s supply chains, including cocoa, and has the potential to contribute to tackling deforestation issues and to provide more insights into the impact of sustainability programmes. It would also be interesting to research the implications of the tool regarding (power) relations between farmers and companies (Dolan and Rajak, 2016, p. 13).

44 See Annex C for an overview of the documents that were analysed. The lists of interviews and field trips can be found in Annexes D and F respectively. Annex I displays the exchange rates that were used in this study.

45 Olam does not publish specific figures for its cocoa division.
business by 2040’) with the fulfilment of its ‘purpose’ of ‘Growing Responsibly’ (Olam, 2016b, p. 2). Olam defines this purpose as a ‘responsibility’ to operate in ‘an ethical, socially responsible and environmentally sustainable way’ as well as to ‘protect’ its investors and shareholders by following ‘a sound business model’ (Olam, 2016b, p. 15). The Growing Responsibly mantra should both guide and contribute to the company’s primary goal of increasing its financial value and profitability rates, as emphasised by Olam’s co-founder and CEO Sunny Verghese (Box 6.1). The company’s sustainability strategy serves to promote the company’s growth ambitions, to mitigate ‘sustainability risks’ which may impact both its business and society at large (e.g. climate change), to reduce the company’s environmental impact, and to contribute to farmer livelihoods, food security and labour practices (Olam, 2016b, p. 16). Olam integrates sustainability concerns into its business operations by viewing them as part of the seven types of ‘capital’ on which it depends, including financial, manufactured, human, social, and natural capital46 (Olam, 2018d, pp. 20–21). The company aims to ‘create long-term value’ regarding each of these types of capital, thereby again integrating value creation for shareholders (financial capital) with value creation for, amongst others, smallholder farmers (social capital) and the environment (natural capital).

6.2.2. The Olam Livelihood Charter and Unlocking Mutual Value in the cocoa sector
To integrate its vision of Growing Responsibly into the company’s agricultural supply chain operations, Olam has developed a Supplier Code and the Olam Livelihood Charter (OLC). The Supplier Code covers Olam’s expectations from its suppliers in terms of avoiding environmental damage, adherence to labour standards, and other social and environmental aspects of responsible business conduct (Olam, 2018c). The OLC outlines the company’s vision of ‘bringing prosperity to rural communities’, creating long-term relationships, and transferring knowledge and skills through partnerships (Olam, 2016a, p. 1). To gain ‘OLC status’, a value chain sustainability programme must contribute to each of the Charter’s eight principles, including increasing yields, improving labour practices, and traceability (Box 6.2). In

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46 This is also exemplified by Olam’s decision to merge its annual financial report and sustainability report into a single integrated annual report in 2016 and 2017 (Olam, 2017b, 2018d).
addition to these OLC programmes, Olam also implements other sustainability programmes which are not included in the OLC’s progress reports because they do not address each of the eight principles.

As part of its overall ambition to achieve ‘end-to-end sustainable supply chains by 2020’ (Olam, 2016b, p. 2), Olam’s concrete objective for its cocoa supply chain is to source 100 percent traceable and sustainable cocoa in its ‘direct origination supplies’ by 2020 (Olam Cocoa, 2017a, p. 14). The company’s approach to sustainability in the cocoa sector covers the eight OLC principles, putting the strongest emphasis on supporting farmers to attain increased yields (e.g. by training farmers, providing credits and inputs) and developing a traceability system through which the company can track the origins of its cocoa supply back to the community or farm from which it was sourced (Olam, 2017c, 2017d, pp. 6–7; Olam Cocoa, 2017a, 2017b; Brayn-Smith, 2018). Other topics the company seeks to address include labour practices (specifically child labour), environmental impact (most notably deforestation), access to markets and finance, and community development. Olam is a strong proponent of applying a landscape approach to addressing inclusivity issues in cocoa growing regions, such as deforestation and declining biodiversity and introduced a company-wide Living Landscapes Policy in 2018 (also see Box 6.3) (Olam, 2015, pp. 11–12, 2018b; Olam Cocoa, 2017a).

In line with CSV theory and the company’s general vision on sustainability (Box 6.1), Olam sees the OLC as a tool to expand the economic and social value it generates through its supply chain activities,

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Box 6.2 – The Olam Livelihood Charter Principles and indicators

<table>
<thead>
<tr>
<th>Principle</th>
<th>Description</th>
<th>Indicator for cocoa</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Finance</td>
<td>We offer farmer groups finance for crop production and asset investments.</td>
<td>Amount of finance provided</td>
</tr>
<tr>
<td>2. Improved yield</td>
<td>We invest in training and support farmers with the supply of inputs such as fertiliser, seeds or seedlings.</td>
<td>Number of trained farmers, distributed seedlings and distributed insecticide</td>
</tr>
<tr>
<td>3. Labour practices</td>
<td>We train farmers on health and safety, gender inclusion, the elimination of child labour and farming as a business.</td>
<td>Number of trained farmers, number of protective equipment distributed</td>
</tr>
<tr>
<td>4. Market access</td>
<td>We offer farmers a fair and competitive price. By remaining on the ground throughout the entire crop season, farmers come to see us as a reliable partner.</td>
<td>OLC tonnage</td>
</tr>
<tr>
<td>5. Quality</td>
<td>We encourage farmers to produce good quality crops by enhancing value to farmers and our customers through paying premiums.</td>
<td>Amount of certification premiums paid</td>
</tr>
<tr>
<td>6. Traceability</td>
<td>We ensure products can be tracked to source and certified where required.</td>
<td>% traceable, certified supply, mapped farm area</td>
</tr>
<tr>
<td>7. Social investment</td>
<td>We support rural health, education and infrastructure to strengthen the potential of farming communities.</td>
<td>Total investments in infrastructure support, examples of projects</td>
</tr>
<tr>
<td>8. Environmental impact</td>
<td>We are reducing our overall environmental footprint by training farmers on Climate-Smart Agricultural practices to increase productivity, improve soil, water and forest management.</td>
<td>Number of trained farmers</td>
</tr>
</tbody>
</table>

(Source: Olam, 2017a, pp. 1, 6)

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47 It is unclear how exactly Olam defines ‘direct origination supplies’ or its ‘direct supply chain’, especially as the company also speaks of ‘our goal of 100% sustainably sourced cocoa worldwide by 2020’ in general, without making a distinction between its direct and indirect supply chains (Olam, 2017d, p. 6; Yu, 2017).
including cocoa (Greene, 2015, Interview 7). The ‘unlocking of mutual value’ between Olam, its customers, and smallholder farmers should help farmers to ‘overcome economic, environmental and social challenges’, most notably through increased incomes as a result of growing yields (Olam, 2016a, p. 1). Olam aims to benefit from its investments in sustainability programmes by improving the long-term stability of its supply at a general level (e.g. farmers continue to grow cocoa instead of switching to other crops or migrating to urban areas) and for Olam in particular (farmers continue to sell their crop to Olam) (Olam, 2016b, p. 31). Increasing yields also enables Olam to meet the growing demand for cocoa on the world market and to deal with long-term environmental risks to the continuity of its supply, such as climate change. Moreover, Olam can develop deeper and longer relationships with its customers (i.e. chocolate manufacturers) through the implementation of sustainability programmes, allowing the company to enter into contracts for a period of three years or longer instead of the more conventional short-term transactional sales contracts (Interview 7). The implementation of sustainability programmes and selling cocoa with certain sustainability-related attributes, such as certified, traceable or deforestation-free cocoa, also provides Olam with additional sources of income and opportunities to gain a competitive advantage over other cocoa suppliers (Olam, 2017b, p. 9, 2017d, pp. 2, 7). Moreover, the company’s traceability system enables the company to increase supply chain transparency (e.g. to detect smuggling of cocoa between Côte d’Ivoire and Ghana or the mixing of conventional cocoa beans with certified beans) and to better forecast yields, which allows the company and its customers to better anticipate developments on the world market (Olam, 2018d, p. 90).

6.3. Corporate practices: the implementation of the Olam Livelihood Charter in Ghana

The Livelihood Charter activities consist of the separate sustainability programmes that Olam implements for its customers and its own projects, for example to increase the supply of certified cocoa (Interview 7). In addition, the company participates in partnership projects with certification bodies, other companies, civil society organisations, and public institutions. In 2017, Olam considered 26 percent of its total cocoa supply to be ‘sustainable’, which includes 21 percent of its supply that was sourced through OLC programmes (Figure 6.1). Yet it is unclear how Olam defines ‘sustainable cocoa without OLC status’ and its reporting on this matter is ambiguous. The programmes that fall under the OLC cover 21 percent of the company’s total cocoa supply (Olam, 2017d, p. 14, 2018a). Although the programmes which Olam implements under the OLC differ in their aims and focus areas, attaining certification, building up traceability systems, and training farmers are three core elements of the OLC. In 2017, 95 percent of the OLC cocoa supply was UTZ, Rainforest Alliance, Fairtrade, Organic or otherwise certified (Olam, 2018a). Approximately 83 percent of the OLC cocoa was traceable, down from 100 percent in the previous two years (Olam, 2016a, p. 10, 2017a, p. 6, 2018a). In 2016, Olam trained more than 70 percent of the 130,000 farmers participating in OLC programmes on agricultural

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48 Mark Kramer, one of the leading advocates of the CSV discourse, cites the activities of Olam and other cocoa trading companies within the sector’s CocoaAction strategy as an example of how companies can create shared value by investing in capacity building of farmer groups and cooperatives (Kramer and Pfitzer, 2016, p. 86).

49 A traceability system, especially when it traces the origins of a bag of cocoa back to the farm level, enables Olam to verify that the cocoa was not sourced from a protected or a recently deforested natural area.

50 Olam does not define ‘sustainable cocoa’ in its own documents. On ConfectioneryNews.com, the company defines ‘sustainable cocoa’ as cocoa that has either been externally certified (e.g. UTZ, Rainforest Alliance, Fairtrade) or internally verified under its OLC programmes (Yu, 2017). Yet the figures Olam publishes about its total supply of ‘sustainable cocoa’ are higher than the tonnages it reports for its OLC cocoa programme (see Figure 6.1). It is unclear what ‘sustainable cocoa without OLC status’ means, as all programmes that involve certification are automatically included in the OLC (Olam, 2016b, p. 40). On ConfectioneryNews.com, Olam says that it sourced 200,000 tonnes of OLC cocoa in 2016 (Yu, 2017), while its OLC report for 2016 states a total of 168,956 tonnes (Olam, 2017a, p. 6). All in all, Olam’s reporting in this regard is confusing, to say the least.
practices, biodiversity, and labour practices, including the issue of child labour (Olam, 2017a, p. 6).\textsuperscript{52} Olam has mapped about 40 percent of the farmland from which it sources OLC cocoa, which further enables the roll-out of its traceability system, the Olam Farmer Information System (OFIS). In addition, the company invests in infrastructure, such as motorbikes, farming tools, and seedling nurseries (worth 300,000 US dollar in 2016), and provides seedlings, inputs, protective clothing and interest-free credits to farmers (Olam, 2017a, p. 6). The company has also implemented the CLMRS with cooperatives from which it sources cocoa in Côte d’Ivoire (Brayn-Smith, 2018). Olam pays a premium on top of the standard price per cocoa bag to all OLC cocoa farmers, including those who are not certified (Boles, 2018, p. 60).\textsuperscript{53}

In 2016, Olam implemented 15 OLC programmes in its cocoa supply chains in Ghana, Côte d’Ivoire, Nigeria, Tanzania, Indonesia, Papua New Guinea, and Ecuador (Olam, 2017a, p. 6).\textsuperscript{54} In Ghana, 30 to 35 percent of the 100,000 farmers who supply cocoa to Olam participate in the company’s sustainability

\textsuperscript{51} Data on Olam’s total cocoa supply in 2014 and 2015 was unavailable. A Stop the Traffik report on child labour states that 35 percent of Olam’s cocoa supply in 2017 was covered by its sustainability programmes (Boles, 2018, p. 60), but the 26.0 percent figure used here seems more plausible (Fountain and Hütz-Adams, 2018, p. 42). This represents a relative increase of 24 percent compared to 2016 (rather than 66 percent), which also corresponds with earlier predictions of the company about increasing its supply of ‘sustainable cocoa’ by 20 percent in 2017 (Olam, 2017d, p. 2).

\textsuperscript{52} Calculations by the author. Remarkably, the 2017 overview of Olam’s OLC performance indicators (Olam, 2018a) shows several figures that are identical to those of 2016 (e.g. number of trained farmers and distribution of protective equipment) (Olam, 2017a, p. 6), which is why the figures for 2016 are used here.

\textsuperscript{53} The company does not publish cost overviews of its sustainability activities, although it does state that it spends about 20 to 30 million US dollar (18 to 26 million euros) annually on certification and quality premiums (Olam, 2016a, p. 10, 2017a, p. 6, 2018a).

\textsuperscript{54} Olam has not (yet) published an OLC report for 2017.
programmes or projects (Interview 26). Amongst other programmes, Olam is involved in the implementation of sustainability programmes of Lindt and Mondelēz. The company also participates in projects with the Rainforest Alliance (e.g. the Rainforest Alliance-Olam Partnership for Livelihoods & Landscapes in Western Ghana), and partnership-based projects, such as the Cocoa Rehabilitation and Intensification Programme (CORIP). Olam does not publish a transparent overview of the programmes implemented under the OLC or as part of its sustainability strategy in general, making it hard to understand the full scope of the company’s operations. The company’s suppliers of cocoa in Ghana are all obliged to sign the Olam Supplier Code, although Olam generally does not verify adherence to the code (Interviews 7, 21).

6.4. (De)coupling discourse and practices

Olam’s vision on Growing Responsibly demonstrates that the company continues to seek profit and shareholder value maximisation as its ultimate goal and ‘governing objective’ (Olam, 2018d, p. 2). The use of the word ‘responsibly’ as an adverb reflects the idea that responsible, ethical business behaviour is just a means of achieving the end goal of profit maximisation, rather than a goal in itself. Olam’s vision on Growing Responsibly and the company’s ‘Corporate Responsibility and Sustainability’ reports (Olam, 2015, 2016b) suggest a strong focus on the company’s ‘responsibilities’ and application of business ethics. Yet when using ‘Growing Responsibly’ in relation to the position of smallholders in the company’s agricultural supply chains, Olam’s discourse shifts to a more supportive, additional approach (‘do good’), in which the company positions itself as an organisation ‘supporting and bringing prosperity to smallholders’ which can ‘positively contribute to sustainable development issues’ by ‘catalysing economic opportunity, inclusion and good health’ (Olam, 2016b, pp. 7–8, 2017a, p. 1, 2017b, p. 42; Olam Cocoa, 2017a). As such, the company’s approach to its value chain practices is arguably based most strongly on CSV theory and the ‘business as development agent’ discourse.

The coupling of Olam’s discourse with its practices requires the translation of general concepts into concrete definitions and indicators. For example, Olam operationalises its discourse on sustainability in the cocoa sector into specific attributes of the company’s cocoa supply, specifically its traceability and either certified or OLC-verified status. Yet by themselves these attributes of cocoa do not directly translate into ‘a fully sustainable cocoa supply chain’ which sufficiently addresses the most important value chain inclusivity issues in the sector. Traceability and certification are outputs, which do not necessarily link to (intended) outcomes or impacts, such as preventing deforestation or improving farmer incomes (see Section 5.5.1, for example). The same focus on the activities which Olam undertakes rather than outcomes or impact can be seen in the eight principles and related performance indicators of the OLC (Box 6.2), which mainly focus on programme activities and outputs (e.g. increasing yield, training farmers on labour practices, distributing seedlings) rather than concrete outcomes and impacts (e.g. increased farmer incomes, reduction of child labour, prevention of deforestation). Put in shared value terminology, the indicators do not shed light on what societal value is created in terms of impact. The company may create shared value through its ‘support’ of farmers and ‘contributions’ to livelihoods and communities, but without clearly operationalising goals or intended impacts, the coupling between corporate discourse, practices and societal value creation remains unclear.

In terms of scope, the company’s discourse on sustainability is coupled with its practices in 26 percent of its cocoa supply chain in 2017 (Figure 6.1). Taking into account the vast size of Olam’s cocoa

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55 Olam is one of the suppliers which is involved in the Nestlé Cocoa Plan in Côte d’Ivoire (Dobber, 2016), but does not work with Nestlé in Ghana.
operations, this means that 4.2 percent of the worldwide cocoa production in 2017 was covered by the company’s sustainability programmes.\textsuperscript{56} On the other hand, it also means that value chain inclusivity issues, such as deforestation or farmer poverty, remain unaddressed in about three quarters of Olam’s supply chain. With OLC tonnages only increasing by 15 percent per year between 2015 and 2017, it seems unlikely that the company will achieve its target of ‘100 percent sustainable and traceable supply chains by 2020’\textsuperscript{57} and thus fully integrate its discourse into its corporate practices.

6.5. The business case discourse and corporate practices
This section specifically analyses how Olam translates its business case-based discourse on sustainability into its corporate practices. It will argue that, while a business case logic can produce outcomes that benefit both the company and society in some cases, market dynamics and the company’s commercial objectives limit the potential of a shared value-based approach to addressing value chain inclusivity issues, such as deforestation or farmer poverty. Partnership projects in which Olam participated in Ghana managed to overcome some of these limitations, although they require relatively large amounts of public funding and still have clear limitations in terms of scale and impact on value chain inclusivity issues.

6.5.1. Limitations of the ‘win-win’ logic
The company’s corporate practices in the cocoa sector are strongly based on the company’s overall business case approach to ‘Growing Responsibly’ (Box 6.1) (Interviews 7, 21). Market demands largely drive the implementation of Olam’s sustainability strategy, in the sense that for the implementation of sustainability programmes Olam mainly relies on having customers that are willing to fund such a programme or to purchase certified cocoa (Olam, 2016b, p. 40). For example, one of the Olam farmer communities that were visited as part of this research had recently switched from Rainforest Alliance to UTZ certification in response to changing market demand (Field trips: focus groups; personal communication). Such changes of certification schemes may not always match the needs of the communities or regions that are concerned, however (Interview 10). Although almost all OLC cocoa is certified, thereby providing a common basis for the company’s approach to sustainability, Olam generally still operates in response to market demands rather than on the basis of a structured, holistic approach to inclusivity issues in its own supply chain.

Commitments from chocolate manufacturers to only source certified cocoa by 2020 (e.g. Mars, Hershey or Ferrero) or to avoid sourcing cocoa from deforested areas under the Cocoa & Forests Initiative may increase the demand for certified or traceable cocoa, but do not lead to a sufficient global market demand allowing Olam (and other major cocoa traders) to profitably achieve their goal of 100 percent sustainable and traceable cocoa by 2020 (Interview 31). For this reason, Olam also offers the possibility of buying ‘OLC-verified’ cocoa for clients who are unwilling to pay for certified cocoa (Olam, 2016b, p. 40). This cocoa has been produced as part of a sustainability programme which addresses all eight OLC principles, but has not been systematically audited or inspected in order to reduce costs. While this may increase the uptake of ‘sustainable cocoa’ on the global market, the lack of an independent verification or auditing mechanism makes it hard to assess to what extent OLC-verified cocoa succeeds in addressing value chain inclusivity issues and whether a supply chain is indeed ‘100 percent sustainable’.

The market dynamics of the global cocoa market price and the market price of certified cocoa lead to further tensions between profit maximalisation and sustainability objectives. Following the strong price

\textsuperscript{56} Calculation by the author, using the ICCO (2018b) estimated total production of cocoa beans for 2016/2017.

\textsuperscript{57} Calculation by the author (Figure 6.1).
drop in cocoa on global markets in 2016/2017, COCOBOD decided to reduce the purchase price it pays to LBCs, while maintaining the farmgate price LBCs are required to pay to farmers (Section 4.3). This margin reduction may reduce the financial ability of Olam Cocoa and other LBCs to invest in sustainability programmes in the long term, as they also aim to maintain profitability levels (Interviews 11, 26). This in turn may lead to increased pressure on the cost-effectiveness of sustainability programmes, and, for example, to the number of trainings farmers receive being reduced. It must be noted that while market dynamics are the direct cause of the pressure on LBCs, COCOBOD’s pricing and margin policies also play a crucial role in this case (Interviews 5, 6, 16).

The impact on the cost-effectiveness of sustainability programmes for cocoa buying and trading companies in general is further exacerbated by the dynamics in the markets for certified cocoa (Interviews 3, 14, 23, 31). Whilst the Fairtrade certification system uses a fixed minimum price and premium, the premiums of UTZ and Rainforest Alliance are flexible. At the moment, there is a substantial oversupply of certified cocoa on the global market (e.g. UTZ, 2018a, p. 17), leading to a drop of the market price of certified cocoa. For example, the average additional price chocolate manufacturers pay to cocoa trading companies for UTZ certified cocoa has decreased by some 40 to 50 percent since 2013 (Interview 31), as is also reflected by the falling premiums farmer groups and cooperatives receive (83 euros in 2017 compared to 122 euros per tonne in 2013 (UTZ, 2018a, p. 14)). The price drop increases the pressure on trading companies, cocoa buying companies, and cooperatives to implement the certification programme as cost-efficiently as possible. In addition, high levels of cost-efficiency allow cocoa buying and trading companies to increase their profits or to invest in other elements of their operations, such as new trucks to transport cocoa (Interview 31). Cooperatives and cocoa buying companies may therefore cut back excessively on farmer training costs, possibly resulting in fewer field officers and trainings for farmers and inflated numbers of certified farmers and bags of cocoa (Interviews 14, 23). Moreover, there are serious issues related to the mixing of conventional cocoa with certified cocoa in order to sell more bags at a premium price, which in turn also contributes to the oversupply of certified cocoa on the global market (Interviews 28, 31). The low price for certified cocoa and a situation of oversupply increases the risks for farmers, cocoa buying and trading companies to invest in sustainability activities, as they might not be able to receive a profitable certification premium or even any premium at all for certified cocoa (Interview 31). These issues apply in particular to programmes which have certification as their only goal (as opposed to other sustainability programmes in which customers also choose to pay for additional activities, such as the implementation of the CLMRS).

6.5.2. ‘Win-win’ through partnerships

In line with the CSV approach (Porter and Kramer, 2011, p. 13; Kramer and Pfitzer, 2016, p. 84), Olam actively seeks to develop partnership projects with government institutions, civil society organisations, multilateral agencies, and research institutions (Interview 21). Partnerships can be a way for Olam (and other companies) to overcome the lack of a direct business case and to address questions which extend beyond the company’s own supply chain, for example regarding landscape governance. Olam sees partnerships as an important way to ‘unlock mutual value’ between different stakeholders in terms of expertise, manpower and funds (Olam, 2016b, pp. 5, 16, 2017b, p. 16), with financial support from governments, development finance banks and multilateral institutions (e.g. the World Bank) being an important element of those partnerships (Olam, 2016b, pp. 40, 150).

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58 Again, it must be noted that this discussion focuses on general market dynamics. Olam is one of the major players in these markets (Section 4.2).
Box 6.3 – Olam’s partnerships in Ghana: the Olam-Rainforest Alliance projects and CORIP

The Rainforest Alliance-Olam Climate Cocoa Partnership aimed at preventing deforestation and supporting farmers in the Juabeso-Bia District to adapt to climate change (Brasser, 2013, pp. 9–10). To achieve this aim, the project consisted of training farmers in order to attain Rainforest Alliance certification, developing agroforestry systems by planting shade trees, implementing income diversification projects, and setting up a multi-stakeholder, community-based Landscape Management Board (USAID, 2014, pp. 14–15). Approximately 2000 farmers attained certification as a result of the project (Kissinger et al., 2015, p. 283). An impact assessment evaluated the project positively but could not confirm whether the project had been successful in avoiding forest degradation and deforestation as a result of the cultivation of cocoa (USAID, 2014, p. 34). In late 2017, the Landscape Management Board was still functional (Interview 26). The second Rainforest Alliance-Olam partnership will ‘replicate’ the first project in another district in the Western Region (Partnerships for Forests, 2018).

The CORIP project aimed at developing models to provide services to farmers in order to increase their productivity, management skills, and incomes, in line with the ‘entrepreneurial farmer’ vision (Section 5.5.2) (Interview 16, Field trips: interviews, Solidaridad Network, 2018a). Together with the implementing organisation Solidaridad, the participating companies opened twenty Rural Service Centers throughout Ghana (four of which were opened by Olam (Interview 26)), at which farmers were able to purchase fertilisers, pesticides, protective equipment as well as services such as agronomical advice and labour and financial services. Other elements included training farmers about agricultural practices and opening demonstration farms, which had been designed according to the most efficient agronomic practices and planted with new high-yielding varieties of cocoa trees. A follow-up project focused on financial services provision to farmers (CORIP-II) is currently being set up in Ghana, while CORIP also serves as a model for projects in other West African countries (Interview 16, Solidaridad Network, 2018b).

CORIP’s impact evaluation had not yet been published as at the time of writing this thesis. Nevertheless, Solidaridad and the Netherlands Embassy in Ghana claim that the 40,000 farmers who participated in the project have seen their yields increasing by 75 to 350 percent (Interview 16, Solidaridad, 2017). The project asserts that farmer yields increased to 900 to 1,200 kg/ha (Solidaridad, 2017; The Netherlands Embassy in Ghana, 2017; Solidaridad Network, 2018a), which in Ghana are exceptionally high figures (Interviews 18, 23). In Olam’s project area, a CORIP demonstration farm achieved a yield of 600 kg/ha (Interview 26). Average yields of other farmers in the project increased too, but still remained substantially lower than those of the demonstration farm. As such, the exact impact of the project on all of the 40,000 participating farmers currently remains unclear (Interviews 18, 23).

Table 6.1. Funding of three major partnerships in which Olam Cocoa participated in Ghana (compiled by the author).

<table>
<thead>
<tr>
<th>Project</th>
<th>Private funding</th>
<th>Public funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rainforest Alliance-Olam Climate Cocoa Partnership for REDD+ Preparation (2009-2014) (Source: USAID, 2014, p. 14; World Cocoa Foundation, 2017a, p. 5)</td>
<td>1 million US dollars (880,000 euros)</td>
<td>3 million US dollars (2.6 million euros) Olam (&gt;500,000 dollars), Global Environmental Facility Norwegian Agency for Development Cooperation, United States Agency for International Development (USAID)</td>
</tr>
<tr>
<td>Cocoa Rehabilitation and Intensification Programme (CORIP-I) (2013-2017) (Source: De Zeeuw and Kalkman, 2017, p. 28)</td>
<td>7 million euros</td>
<td>7 million euros Seven companies, including Olam, Cargill, Touton and ECOM The Netherlands Embassy in Ghana</td>
</tr>
<tr>
<td>Rainforest Alliance-Olam Partnership for Livelihoods and Forest Landscape Management in Western Ghana (2017 - ?) (Source: DFID, 2018, p. 16)</td>
<td>Unknown, potentially up to 12.5 million British pounds (14 million euros)</td>
<td>315,000 British pounds (355,000 euros) Olam and other companies United Kingdom Department for International Development (DFID)</td>
</tr>
</tbody>
</table>
In Ghana, Olam has engaged in several partnership projects, most notably CORIP and two landscape management projects with the Rainforest Alliance (Box 6.3). These partnerships aim at creating synergies between societal objectives and the company’s interests, which include increasing its supply of certified cocoa, mitigating climate change-related supply chain risks, and improving its reputation (Brasser, 2013, pp. 7–8; USAID, 2014, p. 13; Kissinger et al., 2015, p. 289). Each of these projects was co-funded by Olam (and other companies in the case of CORIP) and a number of foreign government agencies (Table 6.1). Ghanaian government institutions (such as COCOBOD and the Forestry Commission), as well as the Rainforest Alliance certification body, and civil society organisations (e.g Solidaridad) were also involved in the projects. For the landscape management projects, public funding served to implement additional activities such as reforestation of degraded areas, income diversification projects, and the development of the Landscape Management Boards (Kissinger et al., 2015, p. 280; DFID, 2018, p. 16). According to Brasser (2013, p. 12), Olam’s participation in the project was based more on a long-term view on sustainable landscapes rather than achieving direct returns on investment.

On the one hand, these projects show that shared value-based partnerships can indeed lead to positive value chain inclusivity outcomes, for example regarding the participatory role of farmers in the Juabeso-Bia landscape management project (see Box 6.3 for a discussion of the outcomes of CORIP) (Ros-Tonen et al., 2018, p. 7). On the other hand, high (transaction) costs and the complexity of institutional arrangements in landscape-based approaches make such projects less suitable to address inclusivity issues in supply chains at larger scales (Ros-Tonen et al., 2018, p. 9). Moreover, both CORIP and the Juabeso-Bia landscape project raise questions about the extent to which the companies’ commercial benefits from the partnerships justify the comparatively large amounts of public money that are invested in them (in these two cases half to three quarters of the project budget, respectively) (Table 6.2) (Interview 18). For instance, the activities of CORIP, such as training farmers, the provision of inputs, and the rehabilitation of cocoa farms, are closely linked to the daily business operations and commercial interests of the participating companies (Interview 18). The embassy claims that co-funding was required for the project because the companies considered such activities as too risky an investment (Interview 16). However, a number of interviewees working in the cocoa sector dispute this, stating that the participating companies were planning to implement most of CORIP’s activities anyway (Interviews 18, 23; also see De Zeeuw and Kalkman, 2017, p. 31). Although Olam’s contribution to the Juabeso-Bia project went beyond the company’s direct financial interests, the company continues to reap substantial commercial benefits from the project in the long term by being able to sell the cocoa from the project area at a higher price due its Rainforest Alliance certified and ‘climate-smart’ status (Brasser, 2013, p. 11).

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59 In May 2018, Solidaridad was unable to share further information about the outcomes of CORIP, as the final evaluation had not yet been conducted and the project’s mid-term evaluation is not for public use (personal communication). The Dutch Embassy referred to Solidaridad for details on the project’s outcomes and evaluation (personal communication).

60 These examples were selected based on the projects Olam (2017b) highlights in its Cocoa Sustainability report and those that were mentioned by employees of the company during interviews.

61 According to Brasser (2013, p. 11), Olam expected to earn up to 600,000 USD (530,000 euros) in additional premiums annually towards the end of the project, based on an estimated yield of at least 3,000 tonnes and estimated market prices of 150 USD/tonne for Rainforest Alliance cocoa and another 50 USD/tonne for ‘climate-smart cocoa’. Despite the fact that current market prices for certified cocoa are substantially lower (Section 6.5.1) and that most of the additional premium Olam earns should go to the farmer group and cash premiums, the project’s investments in training and certifying farmers are likely to still yield significant returns in the long run.
6.6. Analysing the inclusivity of Olam’s discourse and practices

Based on the data available, this section discusses some of the implications of Olam’s approach to addressing farmer poverty, which mainly focuses on increasing yields and income diversification. Olam sees increasing yields as a crucial method to address farmer poverty, child labour, and deforestation (Olam, 2017c; Brayn-Smith, 2018). While practically all actors in the cocoa sector recognise higher yields per hectare as key to increasing farmer incomes, increasing productivity can also generate significant negative side effects. Although certification standards and farmer trainings address some of those trade-offs in theory, farmer practices may differ (Interviews 23, 25, 28). The unsafe and unmeasured application of pesticides, in spite of farmer trainings, currently poses substantial risks to farmer health, soil fertility, and biodiversity in Ghana (see Section 5.5.1). It is also unclear to what extent yield increases help reduce and prevent cocoa-induced deforestation, as increased yields and incomes may also make it more attractive to expand cocoa farms (Interview 28). Furthermore, depending on the context, productivity increases may raise a farmer’s demand for (hazardous) labour from children in the household (Vigneri et al., 2016, pp. 145–148, Interview 25). As such, the method of increasing yields to address value chain inclusivity issues is not as straightforward and positive as cocoa companies might suggest.

Olam recognises that large-scale yield increases as a result of better farming methods and use of inputs may lead to a situation of oversupply on global cocoa markets, causing prices to fall and subsequently eliminating the positive impact of yield increases on farmers’ incomes (Interview 7). In the long term, Olam sees the need for ‘rationalising’ the cocoa sector in Ghana, by which it means that the total number of farmers should decrease in order to create larger farm plots that generate higher incomes for farmers (Interview 7, Olam, 2016b, p. 37). At a sector-wide level, these processes could potentially affect a substantial proportion of the estimated 800,000 cocoa farmers in Ghana and are likely to be most disfavourable to farmers (and their communities62) who do not fit in the ‘entrepreneurial farmer’ vision (also see Section 5.5.2). Although the company explicitly opposes a general shift from smallholder to commercial farming (Olam, 2016b, p. 37), it is unclear how the company views the likely effects of such restructuring processes, such as the accumulation of land and capital by some farmers and the dispossession of others (Li, 2014).

In addition to its focus on increasing yields, Olam also implements income diversification projects to increase farmers’ incomes and resilience to market price fluctuations and to reduce the occurrence of wild animal hunting in forests. The scale at which the company implements these projects, such as providing farmers with beekeeping, snailkeeping or grasscutter rearing facilities, is unclear. Moreover, income diversification and ‘alternative livelihood’ projects in Ghana aimed at nature conservation have in the past regularly failed to make long-term impact due to their incongruence with farmers’ needs, interests, skills, and capital, lacking market access or demand, and marginal returns (Interview 28; Hilson and Banchirigah, 2009; Acheampong et al., 2014). Research also suggests that many cocoa farmers already have diversified income streams, often including income from plantain, cassava or yam cultivation (Laven et al., 2017, p. 9; True Price and Fairtrade International, 2018).

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62 For example, Olam currently selects the communities from which it sources the highest amounts of cocoa for its investments in infrastructure (such as mechanised boreholes) (Field trips: personal communication). Such investments have a long-lasting positive impact on the loyalty of farmers to sell their cocoa to Olam. Conversely, Olam will not invest in communities that are not of high commercial interest to the company.
6.7. Concluding remarks

Olam’s shared value-based approach to business yields limited results regarding the most important inclusivity issues in its cocoa supply chain, such as deforestation and farmer poverty. While OLC programmes may be successful in addressing certain issues in specific areas (e.g. participatory governance in the Juabeso-Bia project), the overall impact of the OLC on social wellbeing and environmental sustainability issues such as farmer poverty and deforestation remains unclear. Olam’s discourse and practices mainly focus on activities and outputs (e.g. traceability and training farmers), which do not automatically lead to desired impacts on inclusivity issues (e.g. deforestation and farmer incomes, respectively). Moreover, the win-win logic of Olam’s shared value creation processes, most notably those related to increasing yields, fails to address trade-offs between different dimensions of inclusivity, such as the impact of yield increases on environmental sustainability.

The market-driven shared value logic on which Olam’s approach to addressing value chain inclusivity issues is based is inherently limited by the market dynamics in which it is embedded. The company’s view of sustainability programmes as an additional source of revenue, combined with the strong influence of market dynamics, creates an incentive to reduce the implementation costs of these programmes, hence limiting their scope and impact. Moreover, Olam’s market-driven approach to sustainability implies that inclusivity issues in part of its supply chain remain unaddressed if there is no ‘market demand’ to address those. As such, Olam currently implements its sustainability programmes in 30-35 percent of its supply in Ghana and about a quarter of its global cocoa supply chain. Partnership projects may help to overcome such issues to a certain extent, although the cases presented in this chapter require relatively large amounts of funding from the public sector and have their limitations in terms of scope and impact. Addressing issues like farmer poverty, child labour, deforestation, or the weak position of farmers in value chain governance at scale does not lead to the commercial and ‘shared value’ benefits that would justify investments from a company that has profit maximisation as its core objective.
7. Conclusion

7.1. Findings: Creating Shared Value by Nestlé and Olam

The aim of this thesis research is to add an in-depth, concrete empirical perspective to the often more theoretical and general debates on Creating Shared Value (CSV). This study has constructed an in-depth analysis of the shared value-based discourses and practices of two case study companies from a value chain inclusivity perspective. Despite this specific case study approach, many of the processes and outcomes that are described in this thesis are arguably similar to those found when analysing the discourses and practices of other large companies that apply CSV theory, both in the cocoa sector and in other global smallholder-based value chains. While taking into account the limitations of case study research, the data that was collected and the methods that were applied in this study, this makes the outcomes of this thesis transferable as a more general contribution to debates on CSV and the role of business as a development agent.

This study has analysed the way through which the case study companies, Nestlé and Olam, have integrated CSV theory in their discourse and supply chain practices in Ghana’s cocoa sector by implementing sustainability programmes. The Nestlé Cocoa Plan and the Olam Livelihood Charter covered 43 and 26 percent of the companies’ respective cocoa supply chains in 2017, which, taking into account the vast scale at which these companies operate, accounts for a relatively large share of the world’s total cocoa supply. Both companies aim to create shared or mutual value with these programmes, which benefits both their commercial performance as well as society at large. The Nestlé Cocoa Plan intends to create shared value by addressing several value chain inclusivity issues, such as farmer poverty and child labour, while also supporting the company’s commercial interests, such as meeting demands from consumers. Similarly, Olam’s sustainability programmes aim at providing the company with additional sources of revenue as well as fulfilling the company’s vision of Growing Responsibly to address value chain inclusivity issues. The main instruments in both sustainability programmes, that is farmer training, certification, and the provision of seedlings and inputs, aim at generating value for farmers by increasing yields and for the companies by increasing and stabilising the long-term supply of cocoa.

Yet this analysis has shown that the shared value or ‘win-win’ logics that underpin these companies’ strategies only work to a limited extent, both when it comes to creating economic as well as creating societal value. The commercial benefits of the Cocoa Plan are less clear than Nestlé’s CSV discourse suggests. Although the programme responds to consumers’ expectations regarding corporate sustainability, it has not led to substantially higher sales or an improved reputation. Contrary to what its CSV discourse suggests, Nestlé implies that it sees the cost of the Cocoa Plan and in particular the company’s efforts on the issue of child labour more as an expenditure than a shared value creation process which generates sufficient benefits to the company to sustain itself. The company’s profit maximisation objectives ultimately still prevail above its focus on Creating Shared Value, especially since the company embarked on a rigorous cost-cutting and profit-enhancing strategy in 2017. For Olam, there is a limit to the number of its customers that are willing to fund sustainability programmes and to the budgets these customers are willing to invest, despite the growing market for ‘sustainable cocoa’. Moreover, the commercial interests related to the implementation of sustainability programmes create incentives for cocoa buying and trading companies like Olam to implement these programmes as cost-efficiently as possible, which limits the impact of these programmes.
The overall impact of the societal value Nestlé and Olam’s sustainability programmes intend to create on addressing value chain inclusivity issues remains limited. Although the impact of these programmes also depends on the role of COCOBOD and the Ghanaian government, it is unclear to what extent the main instruments of the programmes, such as farmer training and the implementation of certification schemes, succeed in addressing value chain inclusivity issues. Certification leads to positive outputs on some aspects of social wellbeing, but its ultimate impact on farmer poverty remains unclear. Regarding environmental sustainability, the Cocoa Plan fails to address deforestation, while Olam is yet to show results of its actions on the issue, such as the implementation of its traceability system. Moreover, trade-offs emerge within the shared value creation processes these programmes aim to generate. Although increasing productivity through the use of pesticides can lead to increased yields and farmer incomes, some of the most-used pesticides in Ghana have highly toxic impacts on biodiversity and farmers’ health. In terms of participatory governance, the case study companies’ view of the ‘entrepreneurial farmer’ causes significant tensions with farmers, which may grow further when this view is translated to land tenure restructuring processes in Ghana. Interestingly, perhaps the most successful intervention of the two case study companies (Nestlé’s strategy to reduce child labour in its cocoa supply chain) is grounded in a human rights approach rather than CSV theory.

7.2. Implications for Creating Shared Value theory
This research shows that the Creating Shared Value logic finds itself entangled in the ‘Porter Paradox’ (Blowfield and Dolan, 2014, p. 34). Although the theory works up to a certain extent for certain issues, it does not enable the case study companies to overcome trade-offs between profit maximisation objectives and substantially addressing inclusivity issues in their entire supply chains. CSV theory attempts to incorporate Michael Porter’s (1980) theory on competitiveness, arguing that addressing a wide range of social and environmental issues by redefining them as shared value opportunities will ultimately benefit a company’s competitiveness (Porter and Kramer, 2006, 2011, p. 8). Yet this study shows that despite the long-term views the case study companies maintain in their discourses, their supply chain practices still depend on market dynamics and available funding from company or even public budgets. There is no clear, commercially profitable ‘business case’ for large multinational enterprises to address value chain inclusivity issues, such as deforestation or child labour. A business case approach also creates incentives for companies to reduce the costs (and thereby the impact) of ‘societal value creation’. In a still largely short term-oriented, competitive business environment, a company would reduce, rather than enhance, its competitiveness by integrating such ‘external costs’ in its business operations at scale. As long as financial value maximisation continues to be the ultimate performance indicator to which a company is held to account by its shareholders, tensions between tackling inclusivity issues and commercial objectives remain, with the latter being most likely to prevail.

CSV theory allows companies to develop broad discourses on ‘sharing value’ with society, without clearly defining how these should translate into corporate practices and what ‘societal value creation’ should entail. This study has shown that companies mainly define societal value in terms of activity and output indicators, without setting clear goals in terms of impact. Moreover, the CSV discourse allows for selective coupling between corporate discourses and practices, leaving certain issues or parts of the value chain unaddressed. CSV theory does not give guidance on what kind of shared value creation a company should aim for, how it should do so, and when it is doing ‘enough’. As such, shared value creation also blurs the boundaries between traditionally public domains and private activities, as companies’ definitions of ‘shared value creation’ may also involve traditionally public activities, such as building schools or building water infrastructure.
In the absence of a normative framework in CSV theory, this thesis used the concept of value chain inclusivity as an analytical lens to assess corporate discourses, practices, and shared value creation processes. This analytical framework may contribute to further research on understanding the societal impacts of CSV-based corporate strategies in supply chains, with a specific focus on processes of coupling and decoupling, and potential trade-offs. In addition to examining supply chains of individual companies, the framework could also be applied at a sector-wide or project-specific level. Further research may expand the framework to assess the role of governments and other actors in shared value creation processes. Such research could focus on, amongst other topics, the role of governments in addressing value chain inclusivity issues, the distribution of (financial) inputs and benefits in shared value-based partnerships, and the dual roles of civil society organisations as advocacy groups and service providers within shared value creation processes. Depending on the research objective, other analytical frameworks, for example with a more specific focus on income, environmental impacts (Bolwig et al., 2010), capabilities (Renouard and Ezvan, 2018), power relations (Gradin, 2016), or human rights (Hahn, 2012), could also be used.

7.3. Shared value creation as a means to address value chain inclusivity issues?
Ultimately, this thesis finds that CSV theory is too limited to substantially and comprehensively address value chain inclusivity issues due to its inherent shortcomings in defining societal value, addressing trade-offs, and acknowledging the limits of market-based approaches to societal issues. Although CSV theory may be more successful in integrating societal concerns into business models than more conventional approaches to business, a ‘reinvention of capitalism’ it is not. It reinstates market-driven, voluntary, and neoliberal approaches to addressing societal problems and maintains shareholder value maximisation as the core objective of a company. While these conclusions may not seem all that surprising seeing previous critiques of CSV and the business as development agent discourse (Blowfield and Dolan, 2010, 2014; Aakhus and Bzdak, 2012; Beschorner, 2013; Crane et al., 2014; Dembek et al., 2016; de los Reyes et al., 2017; Voltan et al., 2017), they do stand in stark contrast to the popularity and strong influence of CSV theory on corporate strategies, government policies, and academic teaching.

This research suggests that companies, civil society organisations, and governments need to recognise and act upon the limits of market-based approaches to value chain inclusivity issues. Rather than approaching these issues from a business case and ‘value creation’ perspective, companies should increase their focus on conducting business in a responsible and ethical manner, for example by enforcing responsible business conduct standards throughout their entire supply chains and setting concrete and measurable goals on this matter. In doing so it may be helpful to adopt a ‘paradox perspective’ on addressing value chain inclusivity issues (Hahn et al., 2010, 2018). Such a perspective entails that companies explicitly acknowledge tensions and trade-offs between different interests, objectives, and outcomes, and proactively develop strategies to address such tensions in their corporate practices. The case study companies’ respective approaches to reducing child labour and preventing deforestation through traceability systems may be useful starting points in this regard. In turn, government policies and legislation in both cocoa producing and consuming countries could ensure the sector-wide application of such responsible business conduct standards, thereby eliminating the need for inherently limited business case logics.
References


Solidaridad Network (2018a) CORIP: Bridging the Service Delivery Gap in Cocoa Production. Available at: https://www.youtube.com/watch?v=A1uwAO2ahA.
Tony’s Chocolonely et al. (2017) Een wet zorgplicht kinderarbeid, pakt kinderarbeid serieus aan [open brief].


**Annexes**

**Annex A – Operationalisation of the analytical framework**

This operationalisation table shows how the concepts in the analytical framework (Section 3.6) and research questions (Chapter 1) have been operationalised. Although the table relates to the entire theoretical framework, it is based in particular on Bolwig et al. (2010, pp. 174–175), Hahn et al. (2010, pp. 222–223), Dembek et al. (2016, p. 235), Gradin (2016, pp. 362–363), Likoko and Kini (2017, p. 86), Gupta et al. (2015, p. 550), and Jamali et al. (2017, pp. 6–7). Seeing the qualitative methodological approach of this thesis, the indicators have been formulated as qualitative, guiding questions, while also leaving room for indicators to emerge from the data.

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Variables</th>
<th>Indicators / guiding questions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Corporate discourse</strong></td>
<td>Vision of the company’s approach to business</td>
<td>What discourse does the company develop on its relationship with society, both in general and in its supply chains?</td>
</tr>
<tr>
<td></td>
<td>Issues to be addressed</td>
<td>Which issues are addressed in the company’s discourse?</td>
</tr>
<tr>
<td></td>
<td>Value to be created / shared</td>
<td>How does the company define the value that it intends to create for or share with society?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Who are the (intended) beneficiaries?</td>
</tr>
<tr>
<td><strong>Corporate practices in the value chain</strong></td>
<td>Means</td>
<td>What instruments or methods are applied?</td>
</tr>
<tr>
<td></td>
<td>Beneficiaries</td>
<td>How is value distributed between different (intended) beneficiaries and the company?</td>
</tr>
<tr>
<td></td>
<td>Value chain integration</td>
<td>How are these corporate practices integrated in the company’s supply chain?</td>
</tr>
<tr>
<td><strong>Shared value creation processes</strong></td>
<td>Processes</td>
<td>What kind of processes are considered to create shared value?</td>
</tr>
<tr>
<td></td>
<td>Societal value</td>
<td>What types of (intended) ‘societal value’ have been created?</td>
</tr>
<tr>
<td></td>
<td>Economic value</td>
<td>What are the outcomes of societal value creation processes?</td>
</tr>
<tr>
<td></td>
<td>Social wellbeing</td>
<td>What types of (intended) ‘economic value’ have been created for companies?</td>
</tr>
<tr>
<td></td>
<td>Environmental sustainability</td>
<td>What are the outcomes of economic value creation processes?</td>
</tr>
<tr>
<td><strong>Value chain inclusivity</strong></td>
<td>Social wellbeing</td>
<td>How are human rights issues addressed?</td>
</tr>
<tr>
<td></td>
<td>Environmental sustainability</td>
<td>How is the issue of poverty addressed?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>How are labour rights issues addressed?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>How are negative impacts on climate change mitigated?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>How are negative impacts on deforestation mitigated?</td>
</tr>
<tr>
<td><strong>Participatory governance</strong></td>
<td>How are negative impacts on biodiversity mitigated?</td>
<td></td>
</tr>
<tr>
<td>----------------------------</td>
<td>--------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td></td>
<td>How does the value chain function in terms of agency of value chain actors?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>How have power relations in value chain governance developed?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>How do value chain governance systems function in terms of accountability, equity, and representativeness?</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Win-win/trade-offs</strong></th>
<th>How are outcomes and impacts distributed between economic and societal value creation?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>How are outcomes and impacts distributed between different dimensions of value chain inclusivity?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Outcomes / impacts</strong></th>
<th>How do shared value creation processes balance short and long-term interests?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Time</strong></td>
<td>How do shared value creation processes relate to trade-offs and synergies in value chain governance relations?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Process</strong></th>
<th>How do shared value creation processes distribute outcomes at different scale levels? (e.g. community/sector/society/company)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scale level</strong></td>
<td>How do trade-offs and synergies relate to the value chain? (e.g. scope, between different value chain levels)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>(De)coupling</strong></th>
<th>How are corporate discourses translated in terms of definitions and means of practices?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>How are discourses coupled with or decoupled from corporate practices?</td>
</tr>
<tr>
<td></td>
<td>How do the corporate practices relate to the discourses they are part of?</td>
</tr>
</tbody>
</table>

| **Re-contextualisation through the value chain** | How do discourses ‘travel’ through the value chain and how are they translated in different contexts and value chain levels? |
Annex B – Conferences and debates attended during the research process

During the research process I attended several conferences and debates, which are listed below.

<table>
<thead>
<tr>
<th>Date</th>
<th>Name</th>
<th>Location</th>
</tr>
</thead>
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<tr>
<td>24 February 2017</td>
<td>Chocoa Conference 2017</td>
<td>Beurs van Berlage, Amsterdam</td>
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<tr>
<td>25 April 2017</td>
<td>De onzichtbare arbeider: uit het oog uit het hart</td>
<td>De Balie, Amsterdam</td>
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<tr>
<td>13 &amp; 14 November 2017</td>
<td>Fairtrade Africa – West Africa Network Regional Fairtrade Convention 2017</td>
<td>Accra International Conference Centre</td>
</tr>
<tr>
<td>23 &amp; 25 February 2018</td>
<td>Chocoa Conference &amp; Festival 2018</td>
<td>Beurs van Berlage, Amsterdam</td>
</tr>
<tr>
<td>9 April 2018</td>
<td>Eerlijk over Chocola</td>
<td>Pakhuis de Zwijger, Amsterdam</td>
</tr>
<tr>
<td>12 April 2018</td>
<td>Afrikadag: De cacaoketen: rijkdom, armoede en boerenstrijd</td>
<td>Koninklijk Instituut voor de Tropen, Amsterdam</td>
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</tbody>
</table>
Annex C – Samples for the document analysis

These tables show which documents have been analysed as part of the research project. When no page numbers are mentioned, the entire document was part of the analysis. Full references can be found in the References section.

**Nestlé**

<table>
<thead>
<tr>
<th>Reference</th>
<th>Name</th>
<th>If applicable: page numbers</th>
</tr>
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<tbody>
<tr>
<td>Nestlé, 2008</td>
<td>The Nestlé Creating Shared Value report 2008</td>
<td>2-9; 26-36; 54-55</td>
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<td>Nestlé, 2011a</td>
<td>Nestlé Creating Shared Value and Rural Development Report 2010</td>
<td>3-6; 32-38; 54-62; 81-90</td>
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<td>Nestlé, 2011b</td>
<td>Nestlé Creating Shared Value update 2010</td>
<td>2-19; 22-27; 31-33; 36; 39-42</td>
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<tr>
<td>Nestlé, 2013b</td>
<td>Nestlé in Society. Creating Shared Value and meeting our commitments 2012</td>
<td>3-19; 23-29; 33-40; 99-111; 115-126; 142-145; 208-227</td>
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<tr>
<td>Nestlé, 2015b</td>
<td>Nestlé in Society. Creating Shared Value and meeting our commitments 2014</td>
<td>6-20; 25-26; 30; 77-90; 96; 102-107; 196-198; 209-212</td>
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<td>Nestlé, 2016b</td>
<td>Nestlé in Society. Creating Shared Value and meeting our commitments 2015</td>
<td>3-20; 25-26; 31; 91-104; 112-113; 121-124; 162-163; 239-242</td>
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<td>Nestlé, 2017d</td>
<td>Nestlé in Society. Creating Shared Value and meeting our commitments 2016</td>
<td>2-10; 13-23; 74-84; 76-89; 106; 130; 132-138; 143-145</td>
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<td>Nestlé, 2018d</td>
<td>Nestlé in Society. Creating Shared Value and meeting our commitments 2017</td>
<td>4-13; 45; 47-48; 50-55; 57; 59; 61; 90; 97; 102; 106-109</td>
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<td>Nieburg, 2017a</td>
<td>Article &amp; podcast: Nestlé public affairs director: Cocoa child labor prevention scale up 'will take time'</td>
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<td>Lommen, 2017</td>
<td>Interview in FoodPersonality Magazine: ‘Albert Heijn nummer één, met huiswerk voor iedereen’</td>
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<td>Olam, 2016a</td>
<td>8 Principles, 5 Years of Impact. Olam Livelihood Charter 2015</td>
<td>1-5; 10-11</td>
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<td>Olam, 2017a</td>
<td>Equipping smallholders to secure their future. Olam Livelihood Charter 2016</td>
<td>1; 6-7</td>
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<td>Olam, 2017b</td>
<td>Maximising value and purpose. Annual report 2016</td>
<td>2-7; 45-46; 54-57; 81-84</td>
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<td>Olam, 2017c</td>
<td>Olam comment on the cocoa sector report from Mighty Earth NGO</td>
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<td>Olam, 2017d</td>
<td>Olam Insights Issue 1/2017: Scaling and transforming Olam Cocoa to spur growth</td>
<td>1-2; 6-7</td>
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<td>Olam, 2018d</td>
<td>Re-imagining global agriculture. Annual report 2017</td>
<td>1-21, 52-53</td>
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<td>Olam Cocoa, 2017a</td>
<td>Holistic support for farmers and communities</td>
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<td>Olam Cocoa, 2017b</td>
<td>Olam Cocoa Sustainability Overview 2017</td>
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<td>Brayn-Smith, 2018</td>
<td>Child labour in cocoa: Why it's so hard to combat and what we're doing about it</td>
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</table>
Annex D – List of interviews

<table>
<thead>
<tr>
<th>Interview number</th>
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<td>1</td>
<td>The Netherlands</td>
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<td>Other (academia)</td>
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</tr>
<tr>
<td>4</td>
<td></td>
<td>19-9-2017</td>
<td>Other (media)</td>
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<td>6</td>
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<td>7</td>
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<td>31</td>
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<td>4-5-2018</td>
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</table>
Annex E – General topic list for interviews

Note: this is a general topic list. During the research process topic lists were adapted depending on the interviewees and outcomes from previous interviews.

CSV discourse
- Definition of CSV, what value(s) is shared?
  - Role of companies as development agent
  - Travelling through value chain
    - Within company
    - Global supply chain relations
- General opinion on CSV
- Definitions
  - Grand concepts ‘development’, ‘sustainability’, ‘value’ etc.
  - Problems and solutions
  - Which issues are (not) discussed in discourse?
- Difference with CSR

CSV practice
- Implementation – how?
  - Nestlé and Olam in Ghana in particular
- CSV partnerships – what value is shared, with whom, for whom?
  - Role of state
  - Role of NGOs
  - Role of farmer organisations
- Outcomes/impact of CSV
  - People/planet/profit
  - Drivers/process/business operations/projects/communications
- Limits of CSV
- Tensions/trade-offs in CSV arrangements, conflicts, limits.
  - Where does CSV end?
  - Trade-offs/win-win-lose situations?
- Certificering
  - Good agricultural practices, productivity, environmental training
- CSV & farmer incomes/productivity issue
  - Price
- Role of local context
- Farmers
  - Perception of CSV
  - Offering technical support by lead company (to lure farmers)
  - Entrepreneurial farmer (also more of the beneficiary?)
  - Bottom-up participation of farmers
  - Confusion with other sustainability efforts
- Dissemination/recontextualization through value chain
  - How are problems and solutions defined?
- Suggestions for research
- Suggestions for respondents
Annex F – List of field trips

Eight field trips to cocoa farmer communities that participate in the case study companies’ sustainability programmes took place between mid-November and mid-December 2017. For reasons of anonymity, the names of the communities that were visited and the exact dates of the field trips are not listed here.

<table>
<thead>
<tr>
<th>Field visit number</th>
<th>Region</th>
<th>District</th>
<th>Works with?</th>
<th>Facilitated by company?</th>
<th>Focus groups</th>
<th>Interviews</th>
</tr>
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<tr>
<td>1</td>
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<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Ahafo Ano South</td>
<td>Nestlé</td>
<td>No</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Western Region</td>
<td>Sefwi Wiawso</td>
<td>Olam</td>
<td>Yes</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Sefwi Wiawso</td>
<td>Olam</td>
<td>Yes</td>
<td>1</td>
<td>1</td>
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</tbody>
</table>
Annex G – Field research guide & focus group topic list

**Aim:** To observe the implementation of CSV-based sustainability strategies through on-the-ground (material) CSV arrangements and practices and to collect data on the perceptions of farmers, their families, the involved communities and other stakeholders on these arrangements/practices

**Topics/questions:**
- What kind of CSV arrangements are created on the ground by the case study companies and their partners? *(definitions)*
- What are the *aims*?
- What are the *means* applied?
- Who are the *beneficiaries*?
- What are the *outcomes*?
- What (power) *relations* are established?
- What *trade-offs/tensions* are at play, if any?
- What are the *perceptions* of stakeholders?

**Respondents:** farmers, their families, their labourers, the involved communities and other stakeholders

**Observe:** projects, buildings, signs/banners, interactions, shirts, etc.

**Means:** Field trip with partners, own field research: chats, observations, interviews with farmers and focus groups

**Concrete questions:**
- What activities are Nestlé/partners undertaking here? *(definitions)*
- How does it work? *(means)*
- What are the *outcomes*? (economic/social/environmental)
- What is your opinion on the projects/activities? *(perceptions)*
- What is your opinion of the case study company N/O? What do you expect from them? Do the policies/activities/projects meet your needs? Entrepreneurial farmer? *(perceptions)*
- What is your relationship with the PC/implementing company? Can you participate in decisions, deliver feedback? *(relations)*
- Who benefits? *(beneficiaries)*
- Do you see any *trade-offs/tensions*?
- What is going well/what could go better? *(outcomes)*
- What are your general wishes about your work, relationship with PC/implementing company, situation in community/village/district/region/country, life, … etc.?

**Take into account:**
- Gender balance
- Age balance
- Going beyond gatekeepers/leaders/dominant/obvious players
Annex H – Final code list

**Actors**
- ACT-Cocoa sector in general
- ACT-COCOBOD
- ACT-Communities
- ACT-Consumers
- ACT-Farmers
- ACT-Investors/shareholders
- ACT-Nestlé
- ACT-NGOs
- ACT-Olam
- ACT-Opinion leaders
- ACT-Purchasing Clerks
- ACT-Retailers
- ACT-State
- ACT-Suppliers

**Beneficiaries**
- BEN-Distribution
- BEN-Included beneficiaries

**Definitions**
- DEF-Always have done CSV
- DEF-Business case/win-win
- DEF-Capitals set
- DEF-Challenges
- DEF-Company's position
- DEF-Company’s approach to sustainability/CSV
- DEF-Corporate sustainability policies (general)
- DEF-Issues to be addressed
- DEF-Targets/progress
- DEF-Value to be created/shared

**Issues in cocoa sector**
- ISS-Absent/failing states
- ISS-Attractiveness of farming/young generations
- ISS-Biodiversity
- ISS-Carbon footprint of transport
- ISS-Certification problems
- ISS-Child labour
- ISS-CL-Attitudes and perceptions
- ISS-CL-Birth certificates
- ISS-CL-Community Facilitator payment
- ISS-Climate change (adjustment)
- ISS-Cocoa quality
- ISS-Commercial competition
- ISS-Community development
- ISS-Company growth
- ISS-Company scale of operations
- ISS-CORIP
- ISS-Cost of production
- ISS-Deforestation
- ISS-Discrimination (of female farmers)
- ISS-Education
- ISS-Environment (general)
- ISS-Farm workers
- ISS-Farmer access to credit
- ISS-Farmer empowerment
- ISS-Farmer livelihoods
- ISS-Farmer/community resilience
- ISS-Farming practices/productivity
- ISS-Freeriders/low base threshold
- ISS-Global food demand
- ISS-Hidden/unpaid work by women
- ISS-Human rights (compliance)
- ISS-Infrastructure
- ISS-Labour conditions
- ISS-Lack of communication
- ISS-Land rights (of farmers)
- ISS-License to operate
- ISS-Living income
- ISS-Low yields/diseases/trees
- ISS-Nutrition/health of farmers

- ISS-Outdated forest maps
- ISS-Permissibility consumer
- ISS-Poverty/farmer income
- ISS-Power relations
- ISS-Pressure on land (from cities/other crops/galamsy...)
- ISS-Price
- ISS-Price-margins multiplier through chain
- ISS-Rationalisation of agriculture
- ISS-Retreating/neoliberal state
- ISS-Rural development (general)
- ISS-Sanitation
- ISS-Shade trees
- ISS-Shifting attention away from CSV
- ISS-Smuggling Ghana-Côte d'Ivoire
- ISS-Soil fertility
- ISS-State price margin
- ISS-Sustainability of supply
- ISS-Sustainable agriculture (general)
- ISS-Women's empowerment

**Means to address issues**
- MEA-P-Agroforestry
- MEA-P-Assessment of farmer needs
- MEA-P-Business management training
- MEA-P-Child labour projects
- MEA-P-Choice of suppliers
- MEA-P-Community Service Groups
- MEA-P-Company guidelines/commitments/codes of conduct
- MEA-P-DEFO-Deforestation
- MEA-P-DEFO-Deforestation livelihoods projects
- MEA-P-DEFO-Reforestation
- MEA-P-Demo plot
- MEA-P-Education projects
- MEA-P-Environmental practices
- MEA-P-Farm audits
- MEA-P-Farmer information system
- MEA-P-Farmer materials (plantlets)
- MEA-P-Farmer training/productivity
- MEA-P-Financial support
- MEA-P-Good Agricultural Practices
- MEA-P-Human rights impact assessment (FLA)
- MEA-P-Improving roads
- MEA-P-Incentives
- MEA-P-Income diversification
- MEA-P-Inputs/agrochemicals
- MEA-P-Integrated reporting
- MEA-P-Landscape approach
- MEA-P-Mapping farms
- MEA-P-Monitoring
- MEA-P-Multistakeholder initiative/partnership
- MEA-P-Other
- MEA-P-Other health projects
- MEA-P-Premium
- MEA-P-Reforestation
- MEA-P-Research
- MEA-P-Responsible sourcing
- MEA-P-Rural Service Centers
- MEA-P-Sectorwide alliances/approaches
- MEA-P-Social projects (in general)
- MEA-P-Staff training
- MEA-P-Stakeholder consultation
- MEA-P-Structure (Coop/FG)/access to markets/value chain
- MEA-P-Supplier audits
- MEA-P-Support international processes
- MEA-P-Supporting young farmers
- MEA-P-Technological innovation
- MEA-P-Traceability
- MEA-P-Transparency
- MEA-P-Water/sanitation projects
- MEA-P-Women's empowerment projects
- MEA-P-Youth employment project
Means (general)
MNS-Financial
MNS-Governance
MNS-Governance-Feedback loops/bottom-up/top-down
MNS-Operations
MNS-Policies
MNS-Projects

Outcomes
OUT-Agency farmer/coop
OUT-Coverage
OUT-Economic
OUT-Environmental
OUT-Farming by choice
OUT-Impact
OUT-Outcome/output
OUT-P-Farmer loyalty
OUT-Social
OUT-Yield indicator

Questions
QUE-Tips for further research

Topics
TOP-'Ideological' positions
TOP-Bureaucracy NGOs
TOP-Certification
TOP-Commitment from CEO/management
TOP-Company as development agent
TOP-Company lobby at government
TOP-Competition law constraints
TOP-Contributing positively
TOP-Difference with CSR
TOP-Different approaches by companies
TOP-Emphasis on ethics
TOP-Entrepreneurial farmer
TOP-Farmer-company relations
TOP-Farmer mentality (conservative)
TOP-In-house programme (instead of certification)
TOP-Internal discussion about sustainability
TOP-Limits of CSV
TOP-Local context
TOP-Long term sustainability/impact of projects

TOP-Low-cost implementation
TOP-Measuring CSV
TOP-Migrant labour/refugee crisis
TOP-Millennium Development Goals
TOP-Motivations for investments in supply chain
TOP-New ISO standard
TOP-Philanthropic contributions
TOP-Precompetitive/competitive spheres
TOP-Processing/manufacturing
TOP-Recontextualization through VC
TOP-Relation Europeans/Africa/Ghana
TOP-Reputational risks
TOP-Structure of sector
TOP-Supplier-manufacturer relationship
TOP-Sustainable Development Goals
TOP-Trade and Aid policies
TOP-Unilever comparison

Trade-offs
TRO-Child labour-productivity
TRO-Environment-productivity
TRO-Farmer/forest livelihoods-no deforestation
TRO-Investments-cheapest short term solution
TRO-Overproduction/price drop
TRO-Trade-offs

Value created for company
VAL-P-Assurances for customers (manufacturers)
VAL-P-Attract financing from Development Finance Institutions
VAL-P-Attracting new staff
VAL-P-Better commercial value
VAL-P-Brand value
VAL-P-Commercial differentiation to consumers
VAL-P-External recognition of CSV (academia, governments, multilateral organisations)
VAL-P-Improve revenue
VAL-P-Long-term value creation
VAL-P-Long term contracts with clients
VAL-P-Meet consumer expectation/communicate to consumers
VAL-P-Meet legal trends
VAL-P-Reduce costs of supplies
VAL-P-Repuation
VAL-P-Responsible investment trend
Annex I – Exchange rates

The thesis uses the average exchange rates for 2017 as stated below.

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<thead>
<tr>
<th>Currency</th>
<th>Exchange rate</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHF (Swiss franc)</td>
<td>0.8668 euro</td>
<td>European Central Bank, 2018</td>
</tr>
<tr>
<td>CHF (Swiss franc)</td>
<td>1.0153 US dollar</td>
<td>Credit Suisse, 2018</td>
</tr>
<tr>
<td>GHS (Ghana cedi)</td>
<td>0.2016 euro</td>
<td>Deutsche Bundesbank, 2018, p. 28</td>
</tr>
<tr>
<td>GPB (British pound)</td>
<td>1.1270 euro</td>
<td>Deutsche Bundesbank, 2018, p. 41</td>
</tr>
<tr>
<td>SGD (Singapore dollar)</td>
<td>0.6409 euro</td>
<td>Deutsche Bundesbank, 2018, p. 38</td>
</tr>
<tr>
<td>USD (US dollar)</td>
<td>0.8778 euro</td>
<td>Deutsche Bundesbank, 2018, p. 41</td>
</tr>
</tbody>
</table>