

Corporate Social Responsibility Reporting in the Mining Sector of Tanzania: (Lack of) Government Regulatory Controls and NGO Activism

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Structured Abstract:

Purpose – This paper aims to contribute to the ongoing debate on governance, accountability, transparency and corporate social responsibility (CSR) in the mining sector of a developing country context. It examines the reporting practices of the two largest transnational gold-mining companies in Tanzania in order to draw attention to the role played by local government regulations and advocacy and campaigning by nationally organised non-governmental organisations (NGOs) with respect to promoting corporate social reporting practices.

Design/methodology/approach –The paper takes a political economy perspective to consider the serious implications of the neo-liberal ideologies of the global capitalist economy, as manifested in Tanzania's regulatory framework and in NGO activism, for the corporate

disclosure, accountability and responsibility of transnational companies (TNCs). A qualitative field case study methodology is adopted to locate the largely unfamiliar issues of CSR in the Tanzanian mining sector within a more familiar literature on social accounting. Data for the case study were obtained from interviews and from analysis of documents such as annual reports, social responsibility reports, newspapers, NGO reports and other publicly available documents.

Findings – Analysis of interviews, press clips and NGO reports draws attention to social and environmental problems in the Tanzanian mining sector, which are arguably linked to the manifestation of the broader crisis of neo-liberal agendas. While these issues have serious impacts on local populations in the mining areas, they often remain invisible in mining companies' social disclosures. Increasing evidence of social and environmental ills raises serious questions about the effectiveness of the regulatory frameworks, as well as the roles played by NGOs and other pressure groups in Tanzania.

Practical implications – By empowering local NGOs through educational, capacity-building, technological and other support, NGOs' advocacy, campaigning and networking with other civil society groups can play a pivotal role in encouraging corporations, especially TNCs, to adopt more socially and environmentally responsible business practices and to adhere to international and local standards, which in turn may help to improve the lives of many poor people living in developing countries in general, and Tanzania in particular.

Originality/value – This paper contributes insights from gold-mining activities in Tanzania to the existing literature on CSR in the mining sector. It also contributes to political economy theory by locating CSR reporting within the socio-political and regulatory context in which mining operations take place in Tanzania. It is argued that, for CSR reporting to be effective, robust regulations and enforcement and stronger political pressure must be put in place.

Keywords: Corporate social responsibility; globalisation; neo-liberalism, transnational corporations; regulatory structures; non-government organisations (NGOs); Tanzania.

Article Classification: Research paper

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1. Introduction

Recent years have witnessed a considerable increase in the variety and volume of literature on corporate social responsibility (CSR) (see e.g. Belal and Owen, 2007; Cooper and Owen, 2007; Unerman and O'Dwyer, 2007). This literature has emerged from a variety of disciplines, including sociology, philosophy, accounting, management, finance, law and politics (see Banerjee, 2007, 2008; Jones, 2008; Vogel, 2005). Within the accounting literature, CSR has been considered as part of social accounting, which overlaps with social and environmental accounting (Beck *et al.*, 2010; Gray *et al.*, 2001). CSR in this context is viewed as a potentially benign mechanism which may be used to mobilise meaningful organisational changes but may lead to less unethical and unsustainable business practices (see Dey, 2007, p. 424). However, notwithstanding the increasing attention being given to CSR in the literature as a postulate for accountability and for the promotion of ethical and responsible business practices, most studies have been primarily Western-centric (e.g. Gray *et al.*, 2001; Guthrie and Parker, 1989, 1990). In developed countries, comprehensive environmental regulations are in place, non-governmental organisations (NGOs) are relatively active in scrutinising corporate conduct, and labour unions campaign for workers' rights (see Moon and Vogel, 2008; O'Donovan, 2002). These pressure groups arguably generate 'invisible' pressures that drive companies to adopt voluntary CSR reporting practices (see Hilson, 2012, p. 132).

What, though, is the CSR story in a developing country such as Tanzania? Although, over the last decade, an increasing number of studies has focused on CSR issues in developing countries (e.g. Belal, 2008; Belal and Owen, 2007; Belal *et al.*, 2015; Ite, 2004; Lauwo and Otusanya, 2014), little explicit attention has been paid to the role played by local laws and regulations and the activism of nationally organised NGOs in promoting transparency, accountability and responsible business practices. An increasingly rich collection of case studies in developing countries paints a very positive picture of CSR, mostly in Latin American, Asian and South African contexts (e.g. Belal, 2008; Islam and Dellaportas, 2011). The underlying assumption is that the standards implemented by transnational corporations (TNCs) in developed countries are also adopted in the developing countries in which they operate (Hilson, 2012). However, this assumption is problematic,

given that the pressures which supposedly induce TNCs to adopt voluntary CSR reporting practices in developed countries may not be present in many developing countries, such as Tanzania. While, in developed countries, CSR complements a set of robust regulations, in developing countries there inevitably tends to be poor enforcement of legislation and weaker pressure groups (see Banerjee, 2007, 2008). Yet, previous studies on social and environmental accounting have tended instead to focus on the impact of global issues, such as media pressure (e.g. Islam and Deegan, 2010; Brown and Deegan, 1991), the influence of international organisations such as the Organisation for Economic Co-operation and Development (OECD), the International Labour Organization (ILO) and the United Nations (see Belal, 2008), and the pressure of international NGOs such as Amnesty International, Corporate Watch and Christian Aid (see Tilt, 1994).

It is in the above context that this study seeks to address the gap in the literature by problematising the extent to which local government regulatory controls and national NGO activism may influence the nature of corporate social disclosure in a developing country, namely Tanzania. The paper contributes to the debate on governance, transparency, accountability and CSR in the mining sector, a sector dominated by large TNCs that embrace strategies such as community initiatives as part of their commitment to social responsibility, but whose socio-economic and environmental impact is felt most strongly at the local level. The paper explores the reporting practices of the two largest transnational gold-mining companies in Tanzania. It draws on political economy theory in order to consider the role played by key actors (the government and NGOs) in mining activities in Tanzania. A number of accounting scholars (see McSweeney, 2009) have highlighted the importance of placing social research in a broader context. Thus, corporate social disclosure in Tanzania should not be examined in isolation from the broader global political economy, which shapes the local institutional structures responsible for promoting corporate accountability, transparency and responsibility.

Increasing corporate wealth and power in an era of globalisation has led to rising concern by governments, NGOs and other pressure groups about the negative social impact of their activities (see Bakan, 2004). Given the expanding role of financial and capital markets and the rolling back of the state under global capitalism, NGOs are stepping in to address governance challenges in order to create equitable, just and democratic societies

(Kuropas, 1997; Mercer, 2002).¹ Studies on CSR (e.g. Moon and Vogel, 2008; Neu *et al.*, 1998; O'Donovan, 2002; Unerman and O'Dwyer, 2007) have revealed increasing pressure from NGOs and other civil society groups, including academics, trade unions and the media, for corporations to act in socially and environmentally responsible ways. Over time, as NGOs' advocacy and campaigning for corporate policy formulation has intensified, CSR disclosure has changed. It has been argued that NGO activism creates a 'legitimacy gap', which provides significant motivation for companies to engage, or attempt to engage, in responsible business practices in order to acquire or maintain legitimacy (Doh and Teegen, 2004; Waddock, 2004). Thus, NGOs' advocacy, campaigning and networking with media, local parties and other civil society groups have played a vital role in encouraging TNCs to adhere to international standards of performance with regard to the environment, labour conditions and human rights. However, as indigenous communities living in the poorer regions of the world (usually developing countries) continue to suffer severe social and environmental problems as a result of corporate activity (Banerjee, 2007), there is a clear need for debate about the extent to which NGO activism and other pressure group intervention can improve CSR practices.

Similarly, laws and regulations have increasingly been enacted at both national level (particularly in developed countries) and international level in order to oblige companies to address ecological, employment, investment and gender issues, and other social problems caused by corporate activity (Buhr, 1998). One way in which major corporations have responded to increasing pressure to improve their social and environmental performance is by publishing CSR reports (see Banerjee, 2007; Vogel, 2005). As a result, CSR has gained greater prominence in the contemporary global economy. This goes hand in hand with a proliferation of discourses such as 'ethics', 'shared values' and 'giving back' to society.² However, it has been argued that, in a capitalist society, norms, standards and institutionalised values (such as those relating to CSR), which are sometimes codified in soft laws and regulations, are grounded in a neo-liberal ideology that facilitates wealth accumulation, private property rights and free trade policies (see Campbell, 2010).

¹ NGOs have commonly been categorised into two groups: community-based organisations, which emerged in the post-war period between the 1950s and 1980s in response to the failure of post-colonial states to ensure the basic needs of the poor; and advocacy NGOs, which seek to raise public awareness of global policy issues shaping socio-economic and environmental aspects in society.

² However, as these are often subordinated to the pursuit of higher profits for shareholders, several scholars have described contemporary CSR practices as a new management tool and business strategy for legitimising corporate power (Bakan, 2004; Korten, 2001; O'Dwyer, 2003; Vogel, 2005).

It is therefore questionable as to how far the regulatory framework in a developing country such as Tanzania can successfully promote accountability, responsibility, transparency and corporate disclosure. Governments in these countries are often desperate to attract foreign investment in order to deal with their various socio-economic problems, particularly endemic poverty. Consequently, if neo-liberal types of institutional arrangement are proposed by potential international investors as requirements for the release of funds, then countries will mould their strategic plans accordingly. Thus, developing countries' governments, in their attempts to secure and retain capital investment, face significant challenges as they seek to balance the interests of private capital and a desire to promote prosperity and social order (Harvey, 2005; Korten, 2001). Promoting adequate and responsible corporate social and environmental practices in developing countries also poses problems, as these are shaped by the particular historical, socio-cultural and regulatory structures that are inevitably embedded within the capitalist economic system. Thus, in the context of developing countries, it is necessary to understand the impact of these structures and power relations on CSR practices.

This paper is structured as follows. Section 2 provides an overview of the literature. Section 3 considers the political economy perspective of CSR practices, arguing that, in the contemporary global economy, government regulations and other institutional structures that have the potential to promote responsible business practices are embedded in power struggles, negotiation and compromise. Section 4 considers some of the socio-political, economic and historical issues that have shaped CSR practices in the Tanzanian context, and the role played by legal and regulatory frameworks and NGO activism in enabling or constraining various aspects of CSR practices. Section 5 presents a case study highlighting the nature of CSR reporting in the Tanzanian mining sector and its socio-cultural and regulatory context. This section also considers evidence of increasing social and environmental problems rarely disclosed in the CSR reports of mining companies, highlighting some weaknesses in governance structures in Tanzania, in particular the inadequacy and ineffectiveness of legal provisions, and failure on the part of both the government and NGOs to bring about much-needed reforms with regard to CSR practices. Section 6 provides a summary and conclusions.

2. Overview of the literature on CSR practices

Despite CSR's long history, it has become a much-debated topic in the contemporary era of globalisation (see Puxty, 1986; Spence, 2007, 2009; Tinker *et al.*, 1991). Parker (2005, p. 844) has described the literature on CSR as voluminous, disparate, diverse and exciting, but without a commonly agreed philosophical and methodological standpoint. In the accounting literature, CSR reporting has been considered as part of a wider system of societal governance that requires corporate responsibility to address and disclose issues such as accountability, ethics and sustainability, as well as socio-economic, ecological and humanitarian problems (Gray *et al.*, 2001; Sikka, 2010). The literature indicates that increased awareness of socio-economic and environmental crises, corporate failures and collapses, and the recent financial crisis, have raised further questions about the regulation and morality of capitalism and the complexity of business-society relationships, leading to demands for enhanced corporate accountability and social responsibility (Bakan, 2004; Puxty, 1986; Tinker *et al.*, 1991). Thus, making TNCs socially responsible and accountable has become a major issue in contemporary capitalist society (see Sikka, 2010; Spence, 2009).

The case for CSR is far more contentious in developing countries, as their governments often face serious dilemmas in endeavouring to promote responsible business practices while at the same time attempting to attract foreign investment (see Korten, 2001; Offe, 1984; Strange, 1996).³ In this context, the pressure to embrace CSR is far greater in the extractive industries because the industrial-scale extraction of natural resources affects both the environment and local populations (Campbell, 2012; Fonseca, 2010). Extraction companies, and particularly mining companies, have been challenged over human rights violations, corruption scandals and tailings dam accidents, triggering the emergence of anti-mining NGOs that have questioned the sector's ability to behave sustainably (see Fonseca, 2010; Garvin *et al.*, 2009; Macintyre *et al.*, 2008). As a result, global mining corporations have come under intense pressure and scrutiny from environmental agencies, NGOs, indigenous people and human rights movements that have formed in response to concerns about the social and environmental impacts of mining operations (see Banerjee, 2000; Christian Aid, 2008; Kapelus, 2002; UNCTAD, 2007). Of all sectors, mining arguably often

³ According to Visser (2008), developing countries are distinctive in this context: (1) they are some of the most rapidly expanding economies and therefore have the most lucrative growth markets for business; (2) they are locations in which social and environmental crises are most acutely felt; and (3) they are places where globalisation, investment and economic growth are likely to have the greatest social and environmental impacts.

causes the most significant irreversible damage to the natural environment and the local population (see Lauwo and Otusanya, 2014; Yakovleva, 2005). It has also been argued, for example by Mutti *et al.* (2012) and Lauwo and Otusanya (2014), that negative social and environmental impacts in the mining sector, including industrial accidents, environmental degradation, health and safety issues, impacts on the livelihoods of local communities and violations of human rights, manifest themselves to the extreme. In this context, Campbell (2012, p. 138) maintains that – contrary to an initial avowal that foreign investments were much needed in the mining sector, fully justifying the negative impacts that were to be mitigated by voluntary measures – there is increasing evidence of deplorable social and environmental impacts of mining activities in developing countries. In attempting to explain such disappointing impacts, recent research has tended to draw attention to the ‘governance gap’ linked to dysfunctional administrative and political processes within the governments of countries in which mining activities take place (see Campbell, 2010, 2012). Mining companies are increasingly being called to be accountable, transparent and socially responsible (Christian Aid, 2008; Corporate Watch, 2003).

In response to increasing pressure, large transnational mining companies launched the Global Mining Initiative (GMI), one of the most comprehensive, sustainability-oriented efforts ever seen in the sector (Young, 2005).⁴ In undertaking CSR initiatives, more mining companies are also publishing stand-alone social and environmental reports and are adopting voluntary codes of conduct, such as Extractive Industry Transparency Initiatives (EITI), as a way of showing commitment to good governance, transparency, accountability and responsibility. Arguably, the intensity of the agenda and the number of policies and programmes in place have contributed to the CSR agenda becoming a business in its own right (Campbell, 2012). However, increasing evidence of the social and environmental impact of mining operations in developing countries (see Christian Aid, 2008) raises serious questions about the potential of CSR to promote socio-economic development and create a just and fair society (see Gallhofer and Haslam, 1997; Spence, 2007, 2009). Despite the initiatives and claims made by mining companies with respect to social responsibility, accountability and transparency, CSR reports remain silent about employee grievances,

⁴ At the core of the GMI was the Mining, Minerals and Sustainable Development (MMSD) project, which gathered together 150 individuals and organisations to examine the role that the mining sector could play in sustainable development (Fonseca, 2010).

environmental pollution, local community conflicts and other social problems (see Banerjee, 2000). The theoretical framework adopted in this paper is discussed in the next section.

3. The mirror: Theoretical perspectives

In order to understand the complexities associated with CSR reporting, scholars have adopted a range of theoretical frameworks, such as stakeholder, legitimacy, institutional and political economy frameworks, and these have provided some insight into both the social and environmental problems relating to corporate activities (Deegan and Gordon, 1996; Guthrie and Parker, 1989). Although stakeholder and legitimacy theories have often been used as theoretical frameworks for understanding CSR practices, the extent to which these theories can explain the contradictions and dilemmas faced by developing countries with respect to CSR practices has remained problematic. Thus, while such theories may provide useful frameworks for explaining and understanding business-society relationships, they pay little attention to the broader socio-political, economic, historical and power structures that shape CSR reporting practices (see Banerjee, 2007; Cooper and Scherer, 1984; Tinker *et al.*, 1991). Banerjee (2007, p. 28), for example, has criticised these theoretical frameworks for ignoring the many social and economic conflicts that exist in different societies. For instance, from a legitimacy theory perspective, social and environmental disclosure is perceived as a strategy employed by corporate entities to gain society's acceptance of and approval for their operations. However, this has become questionable, especially in developing countries where, despite the increasing social and environmental impact of corporate activities, companies continue to carry out these activities relatively unchallenged (see Banerjee, 2007). In order to understand CSR practices in a developing country such as Tanzania, it is necessary to adopt an appropriate methodological framework that takes into account the social, political and economic contexts in which business organisations conduct their activities (see Banerjee, 2007; Kuasirikun and Sherer, 2004; Scherer and Palazzo, 2007; Tinker, 1980; Tinker *et al.*, 1991). The methodological framework adopted should be able to shed some light on the role played by local government regulations and nationally organised NGO activism in relation to the global economic and political processes that shape social relations, as discussed in the next section.

3.1 Political economy perspective on CSR

CSR as an embedded social accounting practice cannot easily be understood in isolation from the socio-political, economic and historical dynamics of a society as a whole. This paper argues that analysis of these social forces is essential for a better understanding of the nature of CSR discourse. The paper adopts a political economy approach in order to consider the local and global institutional and power structures that shape, modify and influence the construction and (re)production of CSR practices in a developing country such as Tanzania. Studies in the field of political economy have revealed a dramatic transformation in human societies and accounting practices across the world, particularly in the contemporary global economy (Harvey, 2005). Political economy has been defined as the social, political and economic arrangements affecting global systems of production, exchange and distribution and the social practices reflected therein (Strange, 1996, p. 18). A political economy approach considers the role of economic dependence and power relations on a discourse. It emphasises interrelationships between socio-political and economic forces in society, and recognises the effects of the accounting function on the distribution of income, power and wealth (Cooper and Sherer, 1984). From a political economy perspective, accounting systems, of which CSR is a part, act to ‘create, distribute and mystify power relations’ (Buhr, 1998, p. 165). As Tinker (1980) has argued:

Political economy relies on the social relations of production: an analysis of the division of power between interest groups in the society and the institutional processes through which interests may be advanced (p.148).

According to Tinker *et al.* (199), CSR reporting can be considered to be a reflection of power relations and social conflicts occurring between capital and other social groups (e.g. environmentalists, workers, consumers, women, minorities (pp. 46-47). Guthrie and Parker (1990) suggest that a political economy theory of social disclosure may improve our understanding of CSR practices:

[A] political economy theory of social disclosure is both viable and may contribute toward our understanding of observed developments in national reporting practices. Corporate social disclosures have appeared to reflect public social priorities, respond to government pressure, accommodate environmental pressures and sectional interests, and protect corporate prerogatives and projected corporate images (pp. 172-3).

From a political economy perspective, contemporary CSR can be regarded as being driven by changes in socio-political and economic pressures in the contemporary era of economic globalisation, such as, for instance, the escalation of neo-liberalism and its

associated technological advances in the 1980s and 1990s (see Tilt, 1994). Although, in theory, neo-liberalism advocates privatisation, free markets, deregulation and withdrawal of the state as a way of promoting social economic development, neo-liberal policies have arguably had serious implications for the social wellbeing of many countries, especially developing ones, where social inequalities and concentrations of wealth and power have increased (see Harvey, 2005; Hoogvelt, 2001; Korten, 2001).

3.1.1 Globalisation, neo-liberalism and the role of the state

In the contemporary era of globalisation, the triumph of neo-liberalism has produced substantial changes in the structure of societies, which has created significant challenges with regard to the nature and form of CSR practices (e.g. Held and McGrew, 2002), particularly in developing countries (Hoogvelt, 2001). Market liberalism has expanded the global network of TNCs while signalling a vindication of the liberal position of the state and civil society (Bakan, 2004; Hulme and Edwards, 1997; Korten, 2001). Neo-liberalism in this context is viewed as an ideological hegemonic project, in which political and economic dominance is secured through the exercise of class power. In the global economy, TNCs have become dominant and powerful institutions, with the largest among them reaching into virtually every country of the world, and sometimes even exceeding governments in size and power (Bakan, 2004; Korten, 2001). According to Harvey (2007, p. 23), neo-liberalism has swept across the world like a vast tidal wave of institutional reform and discursive adjustment, a consequence of a whole generation of sophisticated class struggle on the part of the upper strata to restore class dominance. As a result of neo-liberal policies, free trade agreements have been established between nations, and capital movement facilitated across borders. These developments have arguably exposed workers and society at large to a much less stable working environment embedded within a market-oriented corporate governance model (Munck, 2005). Consequently, the degree of inequality between the privileged minority and the impoverished majority – most of the latter being located in developing countries – has intensified considerably in the contemporary capitalist economy (Harris and Seid, 2000).

From a broader political economy perspective, proponents of neo-liberalism purport that social welfare can be advanced by invigorating capitalist freedoms and skills within an institutional framework characterised by strong property rights, free markets and free trade (Harvey, 2005, p. 2). In this context, the role of the state is to set up the legal structures and functions required to secure private property rights and to guarantee the proper functioning of markets. However, it has been argued that global economic competition and neo-liberal logic

may lead to a race to the bottom, as TNCs seek out countries with lax human rights, labour and environmental standards (Smith *et al.*, 1999). Although the role of the state has always been a matter of debate (e.g. Strange, 1996), in capitalist societies it is the task of the state to establish the preconditions for the proper working of the markets, *i.e.* to re-define legal systems, to provide public goods, and to reduce the consequences of externalities (Scherer and Palazzo, 2008, p. 1). Yet, the state's accomplishment of this task remains questionable, as neo-liberal agendas continue to advance policies such as deregulation – which engineer the removal of state regulatory controls that intervene in the markets – while at the same time reconstructing new forms of regulation that facilitate freedom of markets (Harvey, 2005, 2007).

Thus, it appears that the focus on capital as the engine for growth has shifted attention from social welfare to economic growth, without questioning whether such growth will necessarily promote a fair, equitable and just society. Although strong governments may be able to challenge corporate conduct and deal with externalities and business consequences, the ability of governments in developing countries to address the adverse socio-economic and environmental impact of contemporary capitalism is severely constrained (Harvey, 2005; Sikka, 2010). As a result of the pressing need to stimulate their economies and reduce poverty, governments in developing countries have increasingly turned to TNCs to provide investment, create employment, increase government revenues and promote economic development. In order to attract investment, they have often applied less stringent regulations and have also offered investment incentives, subsidies, investment protection, guarantees and stabilisation clauses (Cox, 1996; Lobel, 2006).⁵ Although these strategies have increased the inflow of foreign direct investment (FDI) and the growth of TNC operations in such countries, they have inevitably often compromised the capacity of governments to make and enforce laws and regulations that promote accountability and protect employees, local communities and the environment. In essence, the legal and regulatory frameworks, such as those governing the environment, employment and taxation, and the economic policies of developing countries may instead be drawn up with the primary aim of facilitating the mobility of capital (Hoogvelt, 2001).

⁵ These are contractual clauses in foreign investment agreements with developing countries that guarantee to foreign investors that the terms agreed, including the fiscal and regulatory regime, will remain unchanged over the life of the project.

Thus, a government regulatory framework embedded in neo-liberal ideology has become the main political arrangement, born out of power relations and struggles (see Campbell, 2010, p. 67). The spread of neo-liberal policies has indeed led to a surge in the hegemony of capital over labour and other social capital across the world. More specifically, the role and power of the state in the developing-country context has arguably been influenced and watered down by the state's desire to attract and retain international capital and investment. Consequently, social accounting practices in such countries tend to be poorly controlled and regulated. In the absence of global governance structures to ensure that corporations are accountable, responsible and transparent, NGOs have stepped in to fill the regulatory vacuum, but the impact of such bodies in developing countries remains debatable.

3.1.2 The political economy of NGOs

The proliferation of neo-liberal policies, which emphasise the merits of free markets, deregulation and privatisation, and the corresponding growth in corporate power have prompted many NGOs to shift attention to corporate actors (Sklair, 2002). This section considers the political economy perspective of NGOs as a broad framework that allows various factors to be taken into account, such as the historical, socio-cultural and regulatory structures and power relations that shape the extent to which NGOs can be effective in promoting corporate accountability, responsibility and transparency. It is argued that NGO activism can be regarded as being embedded within the neo-liberal global political economy and is shaped by power relations within this ideological context.

In recent years there has been an upsurge in the number of NGOs interested in addressing issues such as (the lack of) corporate disclosure, transparency, human rights, grassroots development, humanitarian relief, environmental protection, conflict resolution and democratisation (DeMars, 2005).⁶ However, the dynamics of NGO activism and its relationship with wider social, economic and political contexts pose a serious question about the role of NGOs in promoting corporate social disclosure, especially in a developing country context (see Igoe and Kelsall, 2005; Lewis and Opoku-Mensah, 2006).

⁶ Although, NGOs are often presumed to be concerned with activities such as development, humanitarian work, the environment and human rights, this study takes a broader perspective, in which NGOs' activities are considered to go beyond standard operational and advocacy activities to include others such as promoting disclosure, maintenance of communication systems, provision of information, sustaining shared values or a common identity, protecting collective interests, empowerment of the disadvantaged, and broadening the social debate on civil rights, human rights, ecological issues, accountability and transparency (also see Willetts, 2011).

In general, NGOs are bodies that seek to represent the interests of marginalised social groups or discourses within the wider public arena, to campaign on their behalf and thereby influence public policy (Mercer, 2002). According to the World Bank (2000, p. 44), ‘increasing pressure from NGOs may serve to reduce the scope for autonomous government action, question corporate power, encourage wider monitoring and call attention to the need for policies to address socio-economic and environmental issues’. In recent years, global and local NGOs have dramatically increased in number and influence, particularly in developing countries (see Igoe and Kelsall, 2005; Michael, 2004).⁷ NGOs have emerged as distinct actors within the international political economy, actively questioning unequal power relations and corporate accountability, and campaigning for democracy and good governance (see Mercer, 2002). Tvedt (1998) states that NGOs are playing a significant new role as central actors within an international social system of power, and are influencing governments and business organisations in both developed and developing countries. This is because they occupy a space separate from the market and the state.

Over the past ten years or so, NGOs have played significant roles in campaigning for greater environmental protection and raising awareness of the impact of corporate activities on the environment and local communities (see Fombrun, 2006). They have been conspicuous in campaigning for increased corporate social disclosure, accountability and environmental transparency. They have often worked collectively to challenge unequal power relations when TNCs undertake major investments in developing countries. In so doing, they have apparently succeeded in creating new spaces, pressures and dialogues around business activities (Waddock, 2004).

NGOs have brought to wider attention issues such as human rights abuses, corruption, pollution and environmental degradation, and other unethical corporate practices that have been masked within corporate disclosure (Waddock, 2008). NGO activism and campaigning have therefore significantly impacted the level of corporate social disclosure in the global economy (see Klein, 2000). For example, bodies including the Tax Justice Network, Corporate Watch, Amnesty International and Christian Aid have been working closely with other civil society organisations with similar interests to address the concerns of the most

⁷This includes organisations such as Global Witness, Greenpeace, Friends of the Earth, Amnesty International, Human Rights Watch, Corporate Watch and Christian Aid. In developing countries, NGOs include philanthropic foundations, church development agencies, academic think-tanks and other organisations focusing on issues such as human rights, gender, health, social welfare, the environment and indigenous people (Clark, 1998b).

disadvantaged and marginalised societal groups and to demand enhanced corporate social disclosure, transparency and accountability.⁸ Several international NGOs, including Friends of the Earth, have been working assiduously to construct ‘counter-accounts’ that question the conventional accounts (both financial and narrative) that corporations publish to explain their activities. In this way, otherwise marginalised voices and discourses have been given visibility.⁹ In order to contend with corporate reporting discrepancies, the Global Reporting Initiative (GRI) has provided a common reporting framework for sustainability that allows cross-company and cross-industry comparisons (Waddock, 2008). Country-by-country (CbC) reporting is a new system of reporting, initially developed in 2009 by the Task Force on Financial Integrity and Economic Development (a coalition of NGOs), that calls on TNCs to disclose information on matters such as tax, population and workforce impacts and accountability processes as an integral way of promoting effective CSR and transparency in each country in which they operate.¹⁰ NGO initiatives on CbC reporting have recently received the support of members of the European Parliament (MEPs) and Labour Party MPs in the UK. As a result, there is now pressure from the European Union to require large companies to disclose on a CbC basis, for example the taxes they pay and the profits they make (Brunsdon, 2013), and corporations are increasingly disclosing more information relating to policies and strategies on social, economic and environmental performance in response to increasing NGO pressure.

Despite the NGOs’ pivotal global role in representing marginalised people and discourses, broadening the social debate and creating visibility for silenced social issues, their role in promoting corporate social disclosure in a developing country context has been a matter for debate amongst scholars (see Pinkney, 2007; Shivji, 2007; Ward, 2007). This is because local NGOs’ efforts in developing countries have arguably been undermined by their

⁸ This is the culmination of a process that began in the 1990s, with the sudden increase of NGO activism and engagement with corporations on issues such as child labour, sweatshops, human rights, sustainable development, oil pollution and tropical deforestation. Other anti-corporate campaigns organised by NGOs include the International Baby Food Action Network (IBFAN), those against Shell over the Brent Spar North Sea Oil Platform, the demands of the Ogoni people in Nigeria, those against Nike over child labour, and The Gap for working conditions in suppliers’ factories.

⁹ Since 2002, Friends of the Earth have been producing an annual ‘Other Shell Report’ that documents Shell’s social and environmental impacts in various contexts. The ‘Other Shell Reports’ (2002, 2004, 2005, 2006) engage the voices of communities affected by Shell around the world in order to highlight the company’s poor CSR practices and outline where Shell is failing to comply with guidelines and international human rights laws. Friends of the Earth produce anti-accounts on other organisations as well, including Anglo Gold America, Barclays and BP. These reports tell somewhat different stories from those portrayed in CSR reports (see also Christian Aid, 2005).

¹⁰ http://www.financialtransparency.org/wp-content/uploads/2009/06/Final_CbyC_Report_Published.pdf.

continuing reliance on external funding, mostly from Western donors and even from the corporate sector (see Hulme and Edwards, 1997). As a result, their capacity to campaign against increasing corporate power and the associated socio-economic and environmental consequences for local citizens is questionable. It has been argued that, as nationally organised NGOs depend on external funding, the resources they receive come bundled with particular rules and ideas regarding how they must be governed, and how they can contribute to the governing of others (see Ward, 2007). This bundling may have caused them to become increasingly subject to the dominant ideas and rules attached to development finance, in particular ideas relating to neo-liberalism (see Townsend *et al.*, 2002). Thus, from a political economy perspective, capitalist forces are seen to be engaging in an alliance-building process with local NGOs in an effort to realign the ideology and material base of the dominant hegemonic order (Townsend *et al.*, 2002; Ward, 2007). As Shivji (2007) has posited:

Taking for granted the fundamentals of neoliberalism and financial capitalism, or challenging them only piecemeal on specific issues (for example debt, environmental or gender discrimination) actually draws the NGOs as protagonists into the global capitalism system (p. 37).

This suggests that NGOs' activism, especially in developing countries, is embedded in the neo-liberal crisis and the global capitalist system. Moreover, given increasing poverty levels, most local NGOs in developing countries have developed as grassroots organisations, seeking to step in and address pressing socio-economic needs and endemic poverty (Clarke, 1998; Pinkney, 2009). As Pinkney (2009) has argued:

In countries with weak states there may be charities to relieve poverty and suffering, often externally based and administered; and there may be informal self-help groups in the absence of any public provider of basic services (p.50).

Therefore, given the persistence of poverty and the current socio-economic position of most developing countries in the global economy within which local NGOs are necessarily embedded, their role in demanding increased corporate disclosure and accountability is particularly complex.

3.2 Research methodology and methods

Researching the dynamics of CSR reporting in a developing country context requires an appropriate approach that both reflects the mix of rhetoric and realism in such reports, and locates this kind of reporting discourse in the wider historical, socio-political and economic environment within which it is embedded. A qualitative field case study methodology (Berry and Otley, 2004) was adopted in this research as we sought to articulate and locate the largely

unfamiliar issues within the more familiar literature of social accounting, and CSR in particular.¹¹ Berry and Otley (2004) stress that case-based research is suitable for providing an understanding of the content, processes and context of a practice (such as CSR). Thus, in framing and addressing our research objectives, this paper is based on a triangulation of a literature review and fieldwork conducted from April to August 2008 in Tanzania to investigate the nature of CSR reporting within the Tanzanian context.¹² The theoretical insights discussed in the previous section will be used to structure analysis of the empirical evidence and construct a theoretically informed analysis. Drawing on a political economy perspective, the paper presents an exploratory case study of the two largest transnational mining companies (Barrick Gold Corporation and AngloGold Ashanti Limited) that sought to gain a richer understanding of the context in which CSR takes place and how mining companies discharge their social obligations through their social disclosures.

The data for the case study were obtained from interviews and document analysis, including archival records, annual reports, social responsibility reports, information from corporate websites, newspaper clips and any other publicly available social information. Negotiating access to the mining site was very problematic because of the confidentiality and secrecy guaranteed under the terms of mineral development agreements, and because of the increasing public and media attention being paid to the impact of mining activities in Tanzania. Owing to the access problems and confidentiality issues, semi-structured interviews were conducted with only eleven stakeholders: four employee representatives, two local community leaders, four local community members, and one NGO representative from the active NGO, Lawyers' Environmental Action Team (LEAT).¹³ These interviews were used to solicit respondents' views on CSR, which were then compared with corporate claims on CSR. An interview protocol was designed to encourage interviewees to participate in a loosely guided conversation to facilitate the emergence of different themes (see O'Dwyer,

¹¹ Case studies allow for the investigation of a contemporary phenomenon in a context in which the boundaries between the phenomenon and the context are blurred and multiple sources of evidence are employed (Yin, 2003).

¹² The fieldwork helped to illuminate the spread, significance and challenges faced by local NGOs, as a countervailing initiative to promote responsible practices in Tanzania. The literature review drew attention to the significance of NGOs' actions for the development of CSR reporting within the international capitalist socio-economic system. To understand what NGOs do and their interplay in CSR within the Tanzanian socio-political and regulatory context, it was necessary to reconsider the fieldwork data in a new frame.

¹³ The interviews were conducted in person by the researcher at each interviewee's business premises in Tanzania, and lasted on average one to one-and-a-half hours. LEAT, established in 1994, is an active NGO in Tanzania with a mission to ensure sound natural resource management and environmental protection in Tanzania.

Unerman and Bradley, 2005). The data collected from the interviews and document analysis were systematically transcribed and thematically analysed. Reflections were made on the collected data during ongoing scrutiny pre- and post-writing of the paper in order to gain a broader understanding of the CSR context. Analysis of interviews, press clips, NGO reports and previous literature on the subject area drew attention to the need to demystify the serious social and environmental issues that are arguably pervasive in mining areas. While these issues have serious impacts on the local populations of the mining areas, they often remain invisible in mining companies' social disclosures.

4. The Tanzanian socio-political and economic context

Like many other developing countries, Tanzania has had to integrate its economic system into the contemporary global capitalist system. However, as a peripheral state, Tanzania needs capital, technology, skilled labour and financial resources and, like other developing countries, it has had to open its economy to TNCs (see Harris and Seid, 2000; Hoogvelt, 2001). Neo-liberal policies, implemented as a way of opening up the economy, have had serious implications for the Tanzanian government's ability to promote CSR practices. This section considers the socio-political and economic environment of Tanzania as a background for understanding CSR reporting practices in the gold-mining industry.

As is the case in other post-colonial and many other developing countries, Tanzania's socio-political, economic and institutional structures have continued to be shaped by its historical development and its recent integration into the global capitalist economic system. Tanzania has also continued to experience considerable economic challenges, which have acted as a thrust for major policy and institutional changes (Lauwo and Otusanya, 2014). For many years it has been one of the poorest countries in the world, with many of its people living below the world poverty level (UNDP, 2013). In order to address its endemic poverty Tanzania has, over the years, introduced a number of institutional reforms. For instance, in 1967, the government attempted to bring the economic sector and the political sphere under the control of the state through nationalisation policies (Tsikata, 2001). However, lack of public accountability, plus the huge amount of discretion and monopoly control afforded to those in power, skewed the benefits in favour of the political elite rather than the intended societal beneficiaries (Bagwacha *et al.*, 1992). In fact, the Tanzanian government failed to create adequate policies and institutional structures to promote public accountability, responsibility and transparency in state-owned enterprises (Bagwacha *et al.*, 1992). As a

result, various anti-social practices, such as corruption, embezzlement and nepotism, became endemic among the economic and political elite in Tanzania, leaving the country with severe and widespread poverty (Heilman and Ndumbaro, 2002).

To further address the governance problems and widespread poverty, in 1985 the Tanzanian government adopted the structural adjustment programmes (SAPs) and liberalisation policies of the World Bank (WB) and the International Monetary Fund (IMF). The SAPs required the Tanzanian government to introduce political and legislative reforms, remove state controls, and implement free trade and other neo-liberal policies in order to attract an inflow of foreign investment and TNC operations. Following the liberalisation of the Tanzanian economy, a number of multilateral and bilateral agreements were entered into, mostly in lucrative sectors of the economy, such as mineral and oil extraction, manufacturing and tourism (SID, 2009). To attract FDI, the Tanzanian government adopted a favourable investment environment for TNCs, for example by providing tax holidays, subsidies, substantial investment incentives and low taxes, and imposing minimal obligations on TNCs with respect to the workforce and the environment. These strategies led to an increased inflow of FDI, from US\$12 million in 1992 to US\$744 million in 2008 (World Bank, 2010).

Nevertheless, Tanzania has remained overwhelmingly poor, with stagnant economic growth and deteriorating social services (World Bank, 2010). In 2012, 67.9 per cent of its population was living below the poverty line of US\$1.25 per day (see UNDP, 2013). Moreover, the infant mortality rate remains relatively high, at 50 deaths per 1,000 babies born in 2010 and 76 under-five deaths per 1,000 born in 2010 (UNDP, 2013). According to the UNDP (2013), the average life expectancy was 58.9 years in 2012. In addition, the Human Development Index (HDI) remains very low, at 0.476, giving the country a ranking of 152 in the list of the 186 poorest countries in the world in 2012 (UNDP, 2013).

Consequently, the economy has remained overwhelmingly dependent on donor agencies and foreign investment, especially for employment and government revenues (IMF, 2007).¹⁴ Arguably, as contracts signed with foreign companies often cherry pick the most profitable sector of the economy, this has given TNCs greater corporate clout to demand

¹⁴ By the end of December 2007, Tanzania had an external debt of US\$5.311 billion (IMF, 2007), which has had a negative impact on the economy (due to various attached conditionalities) and has continued to restrict the Tanzanian government's efforts to alleviate poverty and create an adequate legal and regulatory framework to promote responsible business practices. Domestic debt increased from US\$1.43 billion to US\$1.67 billion between December 2006 and December 2007.

further favourable investment conditions, and has also resulted in their social responsibility reporting practices being insufficiently controlled (see Oxfam, 2008). In fact, the Tanzanian government's reliance on TNC activity to stimulate socio-economic development has posed, and continues to pose, serious questions about the boundary between the state and corporations and about how to make TNCs accountable, responsible and transparent. As a result, the institutional and social structures of Tanzania have become subject to requirements for international capital investment, which arguably limit the chances of advancing good governance and CSR. Thus, although CSR disclosure can be encouraged, promoted and enforced by an appropriate regulatory framework, the Tanzanian government has found it difficult to control corporate conduct, as it is constantly under pressure to attract and retain foreign capital. The next section considers the legal and regulatory framework of Tanzania with respect to CSR practices.

4.1 The legal and regulatory framework in Tanzania and CSR practices

Maintenance of ethical business practices, public accountability, transparency and good governance have been the cornerstone of Tanzania since its independence in 1961 (Killian, 2006; Oxfam, 2008). In order to achieve the above objectives and foster good CSR practices, successive governments have attempted to pass new laws and regulations (Shivji, 1975). However, as post-independence codes of conduct have retained most features of the codes of the former colonial regime, Tanzania's ability to promote CSR reporting and to protect the public interest has remained limited (see Shivji, 1976).¹⁵ For example, the Companies Act 1932–CAP 212 (as amended), which was enacted in 1929 during the British colonial period and which laid down requirements for addressing governance issues in the colonial government, remained in force for many years post-independence and was not amended until 2002. Although the Companies Act of 1932 required directors to improve corporate disclosure and to act in good faith to promote the best interests of the company (see section 185), the financial interests of shareholders have continued to prevail and often undermine the attention paid to other stakeholders' issues.

In 1967, President Nyerere's government enacted new codes of conduct, enshrined in the 1967 Arusha Declaration, with the aim of promoting socio-economic development, public

¹⁵ While colonial codes of conduct were created to deepen the colonial interest of wealth accumulation, their pertinence in addressing post-independence socio-political and economic issues in Tanzania, and CSR practices in particular, is questionable (Shivji, 1975).

accountability, responsibility, good governance and corporate responsibility.¹⁶ However, despite the rhetoric of the Arusha Declaration, the reality for Tanzanian citizens left much to be desired, and laws and regulations continued to promote rent-seeking practices among the elite at the expense of the needs of wider society (Killian, 2006). This constrained the possibility of promoting corporate disclosure, public accountability and good governance (Fischer, 2006).

In the 1990s, major legislative reforms were implemented by the Tanzanian government in order to integrate its economy into the global market. This led to a proliferation of new laws and regulations that contained, *inter alia*, provisions requiring public accountability, responsibility, transparency and enhanced corporate disclosure. They also sought to address and promote issues of environmental protection and management. For example, in 1997, in line with Agenda 21 of the Rio Declaration (which required a cross-sector integration of policies, plans and programmes for effective management of the environment), the National Environment Policy (NEP) 1997 was introduced in Tanzania. NEP 1997 required companies to ensure the sustainable and equitable use of resources without degrading the environment or risking health and safety. Nevertheless, concerns have been raised that companies may not be adhering to it, especially in the mining sector (see Lauwo and Otusanya, 2014).

Several regulations have been enacted in Tanzania to impose obligations on companies to address environmental issues. The global environmental concerns of the UN Conference on the Environment and Development (UNCED), expressed at the Earth Summit in Rio de Janeiro in 1992 and reaffirmed in Johannesburg in 2002, prompted some of these law reforms. Thus, in 2002, the Tanzanian government enacted Environmental Management (EM) Act No. 20 of 2004 to replace the National Environment Management Council (NEMC) Act of 1983. EM Act 2004 requires companies, before commencing operations in Tanzania, to submit an environmental impact assessment together with an environmental management plan. However, contrary to the legal requirements on environmental protection and management, pollution and environmental degradation have reportedly increased in the mining areas (see Mnyanyika, 2009; Shekighenda, 2009; *Guardian on Sunday*, 2011),

¹⁶ The Arusha Declaration was pronounced by President Julius Nyerere on 5 February 1967. Outlining the principles of Ujamaa, Nyerere's vision of socialism sought to bring the economic and political spheres under state control (Tsikata, 2001).

denying the local community their right to a clean and safe environment (see Bitala, 2008; Bitala *et al.*, 2009; Kitula, 2006).

Furthermore, in an attempt to address local and global pressures and improve corporate governance, the Tanzanian government enacted the Companies Act 2002 (CA 2002), amending that of 1932. CA 2002 made important changes to Tanzanian company law in order to incorporate global developments with regard to accounting disclosure. For example, section 151 of the Act requires companies to prepare books of accounts in order to disclose and explain their financial transactions. Section 183(1) articulates ‘matters which the directors of the company must have regard to in the performance of their functions, which include having regard to the interests of the members, the interests of the company’s employees’. Although the Act requires companies to disclose accounting information and consider the interests of other stakeholders, not just shareholders, stakeholder interests are often subordinated to the pursuit of shareholder interests.

In response to the requirements of the ILO and the Universal Declaration of Human Rights (UDHR) with regard to employee working conditions, the Tanzanian government enacted the Employment and Labour Relations Act 2004 and the Labour Institutions Act 2004 (which came into force in 2007 and 2006 respectively). Furthermore, in response to ILO requirements regarding the importance of improving health and safety in the workplace and reducing workplace injuries and accidents, the government enacted the Occupational Health and Safety Act 2003 and the Workers’ Compensation Act 2008. These Acts contain provisions requiring companies to improve workplace conditions and to protect employees against hazards to health and safety arising out of, or in connection with, activities at work. However, despite these provisions, the much expected improvements in the workplace environment in Tanzania have failed to materialise.

Therefore, although several laws and regulations have been enacted in Tanzania to impose obligations on companies with respect to a variety of environmental and social issues, the ability of the Tanzanian government to implement some of the laws promoting corporate social disclosure has remained questionable. As a result, NGOs and other pressure groups (including academia and the media) have expressed concern about the regulatory gaps in Tanzania (see e.g. Christian Aid, 2005, 2008; Oxfam, 2008). The role of NGOs with regard to CSR practices in Tanzania is considered next.

4.2 NGOs and CSR in Tanzania

The work of NGOs and other independent pressure groups is crucial in promoting corporate disclosure, transparency and public accountability. NGOs have sought to step into the regulatory gap created by the inadequacy of both national governments and international institutions in demanding social and environmental accounting and improved public accountability (Moon and Vogel, 2008). NGOs have been playing an increasingly significant role globally in challenging government policies and the activities of corporations with regard to abuses of human rights, environmental degradation and social unrest (see Mercer, 2000).

In Tanzania, the rise of NGO activism dates back to the colonial period, when a number of organisations mobilised campaigns against colonial exploitative practices and demanded respect for human rights and public accountability (Shivji, 2004). However, colonial government policies and regulations (such as the Societies Ordinance, 1954) constrained NGO activism and NGO involvement in scrutinising government policies (Shivji, 1980). During the post-independence period, successive governments embraced the colonial legal regime, undermining NGOs' freedom of association and freedom of expression (Shivji, 1976). The Arusha Declaration of 1967, in particular, restricted the independence of NGOs and their role in the promotion of public and corporate accountability, enhanced corporate disclosure and good governance. As a result, the activities of the few registered NGOs remained under strict government control, and their ability to campaign against government policies and to address democratic governance, enhanced disclosure and humanitarian and ecological problems was severely constrained.

In the 1980s and 1990s, local and global pressures to liberalise the political and economic spheres in order to reduce the role of the state and improve democratic governance led to an increasing number of NGOs being established in Tanzania (Lange *et al.*, 2000). NGO activism in this context expanded to include local, national and international development organisations, such as Oxfam, the Norwegian Church, and Christian Aid (Lange *et al.*, 2000). According to Kelsall (2001, p. 140), there were approximately 8,000 local and international NGOs in Tanzania at this time, dealing with a range of activities, such as gender issues, human rights, the environment, advocacy and participatory development. In fact, NGOs have emerged as important social actors working closely with other civil society organisations to promote democratic governance, responsible corporate practice and the protection of human rights, and to support the government in providing social services (Lange *et al.*, 2000). NGOs have often urged the Tanzanian government to introduce reforms

to address issues such as abuses of human rights, community unrest, pollution and environmental degradation (Curtis and Lissu, 2008; Lissu, 1999). However, owing to the level and scale of poverty in Tanzania, many NGOs have chosen to focus more on social service delivery and poverty reduction (Shivji, 2004). Shivji has argued that Tanzanian NGOs are represented mainly by donors who claim to have an interest in poverty eradication and the promotion of good governance. According to Shivji (2004), NGO activities may let the government 'off the hook' by facilitating the legitimization of Western neo-liberal policies:

Using the name 'promoting good governance', they facilitate the legitimization of the neo-liberal policies of hegemonic Western powers and the international financial institutions (IFIs) applied in developing countries. Thus, by pretending to be partners in policy making, these NGOs let the government off the hook as it abdicates its own primary interest (pp. 690-99).

Thus, relatively few local NGOs in Tanzania have been actively involved in advocating CSR practices (Shivji, 2004; Lissu, 1999).¹⁷ Although increasing numbers of international NGOs (such as Christian Aid, Amnesty International, Corporate Watch, Mining Watch and Friends of the Earth) are playing an important role in promoting social disclosure and CSR at the global level, Tanzanian NGOs have not been sufficiently strong and active to mobilise pressure with respect to such issues as enhanced corporate disclosure, public accountability and transparency in Tanzania.

In the above context, therefore, as a socially constructed practice, the nature of CSR reporting depends on the outcome of roles played by corporations, the state and countervailing structures such as NGOs. However, the extent to which Tanzanian laws and regulations and NGO activism have helped to stimulate corporate social disclosure and CSR development in Tanzania has remained limited. Despite the enactment of various laws and regulations in the name of promoting corporate governance and public accountability, the Tanzanian government lacks the necessary financial, legal and administrative resources to ensure compliance. Similarly, although NGOs have played an important role in fostering the development of CSR in the global economy, it has been difficult for Tanzanian NGOs to bring about much-needed changes to CSR practices in Tanzania. Consequently, social and

¹⁷LEAT carries out policy research, advocacy and selected public-interest litigation with its members, largely lawyers concerned with EM and democratic governance in Tanzania. Other organisations have also been campaigning for reform in Tanzania. For example, Norwegian Church Aid (an international organisation formed in 2005 by the Norwegian Church to fight global poverty, social and environmental injustices) has been actively involved in addressing environmental pollution and degradation in Tanzania, facilitating access to improved, affordable and sustainable energy services for the public in both urban and rural areas. It has published several reports on the destructive social and environmental actions of TNCs in the mining sector.

environmental problems have persisted in Tanzania. This is particularly evident in the mining sector, which is considered in the next section.

5. Analysis of empirical evidence

This section considers some evidence from the Tanzanian mining sector, a sector dominated largely by TNCs. It analyses the reporting practices of the two largest gold-mining companies and draws attention to the need to demystify the serious social and environmental ills often concealed within CSR reports. It argues that, as a developing country, Tanzania's legal and regulatory frameworks and NGO campaigns and advocacy have not been sufficiently strong to bring about a positive impact on corporate social and environmental practices in the mining sector. In order to develop a deeper understanding of the dynamics of CSR reporting in the mining sector, it is necessary first to consider the socio-political, economic and regulatory context within which these dynamics occur.

5.1 The Tanzanian mining sector

Tanzania is endowed with abundant and valuable mineral resources, such as gold, coal, copper, silver, mica, nickel, gypsum, and gemstones such as diamonds, tanzanite, rubies, sapphires and emeralds, which have potential to stimulate socio-economic development (MEM, 2009). The mining sector contributed 3.3 per cent of GDP in 2013, with the vast majority of the country's mineral export revenue coming from gold, accounting for 89 per cent of the value of these exports in 2013 (Government of Tanzania, 2014). Despite its abundant mineral resources, the overall performance of the mining sector remained relatively poor for many years following independence, due to a lack of investment capital, technological inadequacies and inefficient technical and management expertise (Chachage, 1995). Owing to this poor performance, in the 1990s the Tanzanian government was encouraged by international financial institutions (such as WB and IMF) to reform the sector by adopting neo-liberal and deregulatory policies in order to encourage foreign investment and to promote the flow of FDI (see UNCTAD, 2007). Following the liberalisation of the Tanzanian economy in the 1990s, several multilateral and bilateral agreements were entered into in the mining sector (SID, 2009). The *Strategy for African Mining* technical paper, developed by WB and IMF in 1992, played a significant role in transforming the mining sector and facilitating the expansion of capital in Tanzania (World Bank, 1992). WB made it

very clear in its 1992 study that the role of government was to create a suitable environment for private investors. The report claimed that:

...there was a lack of an attractive enabling environment in developing countries for private sector mining investment, a paucity of accurate up-to-date geological information and the system to manage the information, inadequate or non-existent environment regulation and standards, and insufficient human skills and capacity to effectively administer the sector (World Bank, 1992 p. 53).

WB asserts the need for regulatory reforms in the mining sector in order to provide a more favourable environment for foreign investors. As a result, the regulatory and legal frameworks in the mining sector have been shaped largely by the global political economy, particularly the neo-liberal development model of WB and IMF (see Cox, 1996). Thus, in 1997, Tanzania adopted a fiscal regime and a legislative framework that enabled the private sector to take a leading role in the exploration, development and extraction of minerals in the country. Following the privatisation of the mining sector, the government of Tanzania enacted Mining Policy 1997 (amended in 2009) and Mining Act 1998 (amended in 2010), which both came into force in July 1999, as well as Mining Regulations 1999, a major act of parliament governing the exploration of solid minerals in the mining sector.¹⁸ Mining Policy 1997 and Mining Act 1998 provided a competitive fiscal regime and a legal and regulatory framework attractive to foreign investors.¹⁹ For example, Mining Policy 1997 offered tax reduction incentives and stabilisation clauses, and permitted 100 per cent ownership rights in the case of mining investment by transnational mining corporations. Section 10(2) of Mining Act 1998 states that the responsible minister must ensure the maintenance of fiscal stability for the duration of the project, conformance to the law, and the rates of royalties, taxation, customs duty and various fees applicable at the time of signing the agreement. Mining Act 1998 (amended in 2010) sets out the legal framework governing mineral exploration, exploitation and marketing, and empowers the Commissioner for Minerals to regulate all mining operations in Tanzania.

The above neo-liberal reforms increased the inflow of foreign investment into the mining sector. For example, between 1996 and 2006, TNCs invested more than US\$1.5

¹⁸ The mining policy, regulations and act were laid down in order to provide an enabling legal, regulatory, fiscal and institutional environment for foreign investors, while enabling the Tanzanian state to introduce environmental, health and safety guidelines for mining operations (MEM, 2009).

¹⁹ Mining Policy 1997 played a significant role in transforming the Tanzanian mining sector and integrating it into the global market (Christian Aid, 2009).

billion, and the contribution of the mining sector to gross domestic product (GDP) increased from 3.3 per cent in 2011 to 3.5 per cent in 2012 (Lange, 2006; *The Guardian*, 2013). Inevitably, the negotiation of mineral development agreements between the host state and TNCs has created power imbalances between mining companies and the Tanzanian state, and a governance gap (see Hilson, 2012). This, in turn, has created dilemmas for the Tanzanian state in that its capacity to enact and enforce regulations in order to promote corporate accountability, transparency and responsibility is being significantly compromised (see Bitala, 2008; Kitula, 2006; Lauwo and Otusanya, 2014). As Harvey (2005) has stressed, in encouraging the adoption of neo-liberalism in most key sectors of developing countries, neo-liberal proponents were of the view that the state and its regulatory framework had to be rolled back. Although a number of laws and regulations have been enacted to govern mining operations in Tanzania, the desire to create a competitive environment to attract foreign investors raises questions about the efficacy of these laws and regulations in promoting some aspects of CSR (see Lauwo and Otusanya, 2014; Mwalyosi, 2004). For example, it has been argued that stringent stabilisation clauses, which are used by corporate entities to manage political and commercial risk, have undermined the Tanzanian government's power to promote important public policies, such as the provision of community healthcare, protection of the environment and a satisfactory taxation regime (see Lauwo and Otusanya, 2014). Similarly, Lay and Minio-Paluello (2010) have pointed out that stabilisation clauses have the effect of immunising investors against future changes in both fiscal and legislative terms:

Stabilisation clauses reduce legislative sovereignty – removing the ability of the country to improve its environmental regulations, laws governing workers' rights or health standards. They allow companies to profit from undeveloped regulation and legislation. ... [S]tabilisation clauses are thus detrimental to the protection of democracy, environment, human rights and workers' rights, and are an obstacle to development (p. 28).

As a result, transparency, public accountability, good governance and responsible mining practices remain an issue for public debate (see Curtis and Lissu, 2008; Lauwo and Otusanya, 2014). Thus, despite the government's efforts to integrate the mining sector into the global economy and to attract foreign investment, the impact of mining activities on the environment, employees and local communities has been harsh. For example, local community members have lost access to natural resources when land use rights have been awarded to foreign companies; local water resources have been polluted; and families have

been destroyed as the migrant labour system has drawn them apart (see Magubira and Nyanje, 2009; Mapalala, 2009; *Guardian on Sunday*, 2011).

In recent years, affected local communities have joined forces with civil society organisations to campaign against mining activities. Various networks have been established to campaign for the monitoring of mining companies, the rehabilitation of damaged resources such as water and land, and compensation for mine workers and their communities (see Curtis and Lissu, 2008). Increasing numbers of NGOs have been challenging the activities of mining companies in Tanzania (see Christian Aid, 2008, 2009; Curtis and Lissu, 2008; SID, 2009). These companies have allegedly breached human rights and caused pollution and environmental degradation (see Christian Aid, 2008, 2009). For example, following increasing environmental degradation in mining areas, local and international NGOs have expressed concerns about the impact of mining activities, and have warned of the high risk that sodium cyanide (a strong poison used to extract gold from ore) may have leaked into watercourses and caused health problems for local communities (see Curtis and Lissu, 2008). In response to increasing concerns about the harmful social and environmental consequences of mining activities, transnational mining companies have published various claims that they are conducting their activities in an accountable, transparent and socially responsible way. Evidence from the selected case studies is examined in the next section.

5.1.1 CSR reporting practices in the gold-mining sector: Case study analysis

This section examines the CSR statements of the two largest gold-mining companies in Tanzania: Barrick Gold Corporation (2005-2009) and AngloGold Ashanti Limited (2005-2010). Barrick Gold Corporation (BGC) is a leading international gold-mining company, with headquarters in Toronto, Canada and a portfolio of mining and exploration projects in the United States, Canada, Australia, Peru, Chile, Argentina and Tanzania. The company is listed on the Toronto, New York and London stock exchanges with a market capitalisation of about US\$37 billion (about Tsh.48.1 trillion). It is now one of the leading private foreign companies in the Tanzanian mining sector as a result of its acquisition of four mining sites: Bulyanhulu Gold Mine, North Mara Gold Mine, Tulawaka Gold Mine and Buzwagi Gold Mine. The company operates both open-pit and underground mining activities, and employs over 19,000 Tanzanians (GRAMA, 2001).

AngloGold Ashanti (AGA) Limited is a global gold producer with headquarters in Johannesburg, South Africa. It is listed on the Johannesburg, New York, London, Paris,

Brussels, Australian and Ghanaian stock exchanges. In Tanzania, AGA owns Geita Gold Mine Limited, which is the largest of the group's eight open-pit mines in Africa, employing over 3,000 Tanzanians (AGA, 2009).

Table 1 summarises the reports analysed in each of the selected case studies.

[Insert Table 1]

Socio-political and economic aspects of Tanzania have been shaping the trajectory of its CSR. Thus, as fighting endemic poverty is one of the most important social and economic issues in Tanzania, CSR reporting has been predominantly philanthropic in nature. For example, BGC has published substantial information on community relations and investment. Like other TNCs, in its social responsibility reports from 2005 to 2009, it has stated that it is committed to making a positive difference to the communities in which it operates. For example, its 2006 annual report stated that it had spent US\$275,000 (Tsh.302.5 million) at the Bulyanhulu Gold Mine site to support the local Bugarama secondary school, had donated US\$15,000 (Tshs.16.5 million) to the district council to support a government food relief initiative in the district (p. 4), and had spent at least US\$186,000 (Tsh.204.6 million) on upgrading a clinic in the district (p. 7).²⁰

Similarly, AGA considers itself to be an integral part of the communities in which it operates, a neighbour and key instigator of economic development aimed at improving the standard of living of those in the local communities. AGA claims to ensure that communities in the mining area are kept informed of and involved in any developments that affect them, throughout the lifecycle of the company's operations. For example, its *Social Responsibility Report* (2005) states:

Geita Mine liaises with local communities and district authorities in the formulation and implementation of development projects and is part of a district consultative committee which formulates and co-ordinates the implementation of donor-funded projects. The focus is on the key areas of health, education, water and economic development (p. 3).

In responding to NGOs and other pressure groups, as well as global and local institutional requirements for environmental management and protection, mining companies

²⁰ Bulyanhulu Gold Mine is one of BGC's subsidiary companies in Tanzania. The company's total community support to Tanzania in 2006 was reported to be US\$321,000 in donations, US\$1,110,000 for infrastructural development, and US\$655,000 for community initiatives and local/regional procurement.

in Tanzania also make statements about environmental responsibility in their CSR reports. For instance, BGC reports have increasingly emphasised being paid for disclosure on environmental matters (from a three-page report in 2004 to a seventeen-page report in 2009), and the importance of controlling air emissions at processing plants, such as particulates, sulphur dioxide, carbon monoxide and mercury. From 2007 onwards, BGC started to disclose information about spillages of hazardous chemicals at mining sites and the fines paid with respect to these environmental disasters. For example, BGC (2009, p. 48) disclosed that 9.2 million litres of processing water had been discharged into the Tigithe River in Tanzania, and also that environmental management was a key issue for the company:

Respect for the environment is at the heart of our management approach to environmental protection and stewardship. Barrick's Corporate Social Responsibility Charter drives this approach. The environmental management system in place at Bulyanhulu helps us achieve our Charter goals of protection and stewardship, and performance indicators help us measure how well we have done (BGC, 2009, p. 1).

Similarly, AGA has claimed that it addresses a wide range of environmental issues in Tanzania, for instance pollution control, chemical management, environmental audit, resource management, carbon dioxide emissions and environmental incidence reporting. The company has stated its commitment to protecting the environment as follows:

The company is committed to working in an environmentally responsible way, recognising that the long-term sustainability of its business is dependent upon good stewardships in both the protection of the environment and the efficient management of the exploration and extraction of mineral resources (AGA, 2006, pp. 16-17).

BGC and AGA acknowledge in their CSR reports that mining activities may have an adverse impact on the environment and that they are committed to environmental protection. This echoes the regulatory requirement stipulated under sections 38(4)(c) and (d) of Mining Act 1998 that:

Every application for a special mining license must include or be accompanied by the applicant's environmental management plan (EMP), including his proposals for the prevention of pollution, waste treatment, protection and reclamation of land and water resources and for eliminating or minimizing the adverse effects on the environment of the mining operation.

However, despite the companies' pledges on environmental responsibility, no specific targets on environmental matters are laid down in their reports. Such targets would provide evidence of their real commitment to environmental protection and would enable an

evaluation of whether they had succeeded in meeting their obligations and responsibilities with regard to environmental matters. In other words, these statements seem to focus on communicating and disseminating a specific image of environmental responsibility, rather than actually doing it in practice (see Banerjee, 2007, 2008).

In response to the requirements of the ILO and UDHR, as well as the Tanzanian Employment and Labour Relations Act 2004 and Labour Institutions Act 2004, with regard to employee working conditions, CSR reports by the gold-mining companies also contain statements about their professed commitment to promoting employee welfare management. These include statements on issues such as health and safety, employee relations, working conditions, remuneration and benefits, recruitment practices, training and professional development, equal opportunities and non-discrimination. For example, AGA (2008) has reported that:

We place people first and correspondingly put the highest priority on safe and healthy practices and systems of work. We are responsible for seeking out new and innovative ways to ensure that our workplaces are free of occupational injury and illness. We live each day for each other and use our collective commitment, talents, resource and systems to deliver on our most important commitment to care (p.14).

Similarly, BGC's Bulyanhulu Gold Mine *Social Responsibility Report* (2009) stated its commitment to promoting the health and safety of its employees:

We are committed to eliminating and/or controlling all workplace hazards for the protection of our workers. We believe that everyone is responsible for workplace safety. Health and safety training programs are in place for managers, employees and contractors at Bulyanhulu. These programs provide all employees and contractors with a clear understanding of their rights, responsibilities and accountabilities in creating and maintaining a safe workplace for all (p. 4).

Although CSR reporting in Tanzania's gold-mining sector has been increasing in recent years, the information disclosed has remained somewhat selective and at the discretion of management. This selectiveness of information disclosure in CSR reports is consistent with earlier studies that have found disclosure to be dependent on management discretion, with support for social responsibility initiatives provided purely for business reasons, rather than for any altruistic desire to improve conditions in the workplace or in local communities (see e.g. Sikka, 2010; Unerman and O'Dwyer, 2007). Indeed, corporate rationality has continued to dictate the nature and acceptable scope of CSR (see Banerjee, 2008, p. 61). The

countless scandals involving large transnational companies in this industry are indicative of the persistent and significant gap between CSR discourses and practice (see Hilson *et al.*, 2007; Fonseca, 2010; Kitula, 2006). Thus, despite legal requirements regarding social and environmental accounting, pressure group activity and increasing corporate disclosure on social and environmental responsibility, the evidence indicates that the reality is otherwise (see Curtis and Lissu, 2008; Christian Aid, 2008, 2009; Lauwo and Otusanya, 2014; SID, 2009). This is discussed in further detail in the next section.

5.1.2 Demystifying CSR reporting practices in the Tanzanian gold-mining sector

Campbell (2012) has argued that the myriad of regulatory reforms that WB has promoted through privatisation and liberalisation in the African mining sector have had disappointing results with regard to the capacity of mining activities to contribute to socio-economic development and reducing environmental impact. With growing concern over the impact of mining activities, mining companies in Tanzania have in recent years increased their CSR disclosures. However, the degree to which they actually implement CSR principles in their on-the-ground operations remains questionable (see Hilson *et al.*, 2007; Fonseca, 2010; Lauwo and Otusanya, 2014; Slack, 2012). As Slack (2012, p. 181) argues, through their CSR disclosures, mining companies often promise direct and indirect benefits to stakeholders such as employees, the local community and the government, but these promises often fail to materialise. A similar situation is observed in Tanzania, where the evidence shows that, contrary to the mining companies' claims regarding CSR, the negative socio-economic and environmental impact of mining activities has intensified considerably over the years (Bitala, 2008; Bitala *et al.*, 2009; Christian Aid, 2008, 2009; Mnyanyika, 2009; Curtis and Lissu, 2008; Mapalala, 2009; Shekighenda, 2009; *Guardian on Sunday*, 2011; Lauwo and Otusanya, 2014; SID, 2009). In the context of increasing social and environmental problems, mining companies have been facing serious opposition from environmentalist NGOs, religious organisations, the media and local residents around the mining sites (see Curtis and Lissu, 2008; Kitula, 2006; Lauwo and Otusanya, 2014).

For example, one active NGO, LEAT, has been collaborating with international NGOs and religious organisations in Tanzania to campaign against the prevalence of pollution and environmental degradation, dislocation and social unrest in local communities, and employee grievances in mining areas. LEAT has also been working closely with other NGOs to campaign for a share of mining profits to go directly to affected local communities,

including small-scale artisanal miners who were formerly landlords of mining sites but were evicted to make way for the foreign mining companies. In an interview with BBC London, a representative of LEAT noted: 'it is obvious this investment in the mining sector is not of benefit to Tanzanian citizens, it rather transfers the country's resources outside' (Dean, 2001). Similarly, Lauwo and Otusanya (2014) argue that the presence of six large-scale gold-mining operations in Tanzania, increases in gold production and a boom in gold prices on the world market are yet to be translated into significant socio-economic benefits for the Tanzanian population as a whole.

Several scholars have attempted to show how neo-liberal ideologies have facilitated the expansion of capital but at the same time have created a number of challenges with regard to regulatory policies in developing countries, as well as serious social problems (see Vogel, 1996). For example, McSweeney (2009, p. 838) posits that 'the current financial market crisis has resulted from hollowing-out of regulatory constraints and the domination of corporate governance policies by the notion of maximising shareholder value'. Thus, although legal provisions in Tanzania (such as NEP 1997 and EM 1984) require mining companies to control pollution and to deal with the environmental impact of their activities, pollution and environmental degradation caused by mining have remained prevalent and have arguably created serious health risks for local communities (see Curtis and Lissu, 2008; Kitula, 2006; Lauwo and Otusanya, 2014). For instance, it was reported that total carbon dioxide emissions increased from 2.3 metric carbon tonnes in 1999 to 4.3 metric carbon tonnes in 2004 (UNDP, 2010). Similarly to Tanzania, Belal and Roberts (2010) have highlighted how policies and rules for regulating the environmental behaviour of companies in Bangladesh have been weak and ineffective and have allowed environmental degradation to persist:

...in reality these [policies and regulations] are routinely flouted due to lack of enforcement by the relevance agencies which appear to be corrupt, weak and ineffective. They also lack strong political will and necessary resources ... to be able to implement the relevant laws (p. 313).

Our interviews conducted with representatives of NGOs and local community members also highlighted mixed concerns regarding the disappointing impacts of mining activities in Tanzania. The local residents interviewed expressed some concern about how government regulatory controls have failed to mitigate the environmental consequences of mining activities in local communities. The interviewees were of the opinion that regulations are not enforced in Tanzania. One community leader mentioned that very little effort had

been made by the government to investigate and control the effects of mining on the surrounding communities, such as environmental pollution. He explained:

“Mining activities have an environmental impact, yet we are not sure of its extent for our environment. We are not being informed by the government whether the water is still safe or has been polluted. We live near the [location of the] mining. The company has a responsibility but I think government has more roles to play than the company. Our government policies protect the investors rather than taking care of its citizens” (COMLedGPI).

A village leader (COMLedG1) added that most local residents depended on natural water sources, such as streams, river and wells, for their daily water supply, but that these water sources had been considerably contaminated by the toxic chemicals used in the mining industry’s extraction and processing. LEAT and religious organisations have warned of the possible health risks caused by pollution, and the environmental effects of mining activities, and have called for companies’ utmost commitment and precautions regarding possible environmental hazards (see Bitala, 2008; *Tanzania Daily News*, 2012). It can be inferred from the interviews that environmental pollution and its associated health risks have been made possible by lack of enforcement of environmental regulations. This underlines the dynamics faced by the Tanzanian government resulting from the neo-liberal reforms, which have led to power imbalances in terms of expected outcomes for the mining companies, for the state and also, crucially, for the local population. This lack of enforcement of environmental laws has been identified in many developing countries (Belal *et al.*, 2015; Hilson, 2012).

Our interviewees also expressed their views on working conditions and employment relations. Contrary to the mining companies’ claims that they maintain and promote equal opportunity policies and provide much-needed employment for Tanzanian citizens, the employee representatives interviewed in this study were concerned about poor working conditions in the mining sites. The interviewees were also critical of the legal and regulatory framework governing the mining industry and mining activity. The poor checking mechanism in the mining sector was illustrated by one employee:

“Despite the companies’ claims to be complying with local rules and regulations, no regular monitoring on the part of the government has been done to substantiate the companies’ claims about compliance. Who is responsible for ensuring that the companies’ implementation complies with all the labour laws in Tanzania? Who is checking whether the companies are implementing what has been stipulated by the law?” (EMP G1)

Another employee representative added:

“There is a need for a review of the institutions and regulations in Tanzania to reflect the nature of and the risk involved in the mining sector. Companies utilise the weaknesses in our regulations as a loophole, as they work towards maximising their profits. For example, mineral development agreements (MDAs) rarely specify what is expected from companies in relation to employee welfare” (EMP GI).

Another employee stated:

“Despite companies’ efforts on compliance with local rules and regulations in Tanzania, still there are a number of problems in the workplace. For example, health-wise, when you go to the underground mining area, the area is very smoky and unsafe, and there are not enough air and ventilation systems. The company pressure to meet production targets and [ensure] turnover maximisation often jeopardises health and safety issues. People are forced to work in some unbearable working conditions” (EMP Bu1).

Consistent with the political economy perspective, a governance gap was highlighted by interviewees as a principle cause of the disappointing impact of mining activities in Tanzania (see Campbell, 2012). Indeed, in light of the dynamics of the implementation of neo-liberal policies, the Tanzanian state has had to compromise some of its regulatory controls to persuade TNCs to invest in the mining sector. Thus, pressure on the Tanzanian state to compete for foreign investment may require the imposition of less rigorous laws and regulations; and such strategies may constrain its ability to control working conditions for workers, and living conditions for the local population in mining areas.

Relationships between the mining companies and those living near mining areas have also been a matter for debate amongst NGOs in Tanzania (see Bitala *et al.*, 2009). In order to empower local communities, the Mineral Policy of Tanzania 1997 contains provisions requiring mining companies to strengthen their relationships with local communities. However, despite these legal requirements, and the companies’ claims regarding their community investments, the interviews conducted for this study revealed concern about displacement and social dislocation in these local communities. The local residents interviewed (COMLedG1 and COMLedGP1) were sceptical of the corporate promises made to local communities about addressing the widespread poverty in local villages. The interviewees were of the view that corporate social initiatives had often been used for public relations purposes. One local resident stated:

“The mining companies’ interaction with the local community is poor; they make promises which they never fulfil. To be accountable to the local community, companies should support local procurement at the community level instead of importing most of their consumables from outside the country.

For example, they import food products such as meat, vegetables, rice, chicken, which can be found locally. Small tenders should prioritise the local people; training should be provided for the local people” (COMmeBu1).

The interviewees were highly critical of the mining regulations, in particular enforcement of the compensation provisions set out in the Land Act 1999 and the Mining Act 1998. Section 96 of the Mining Act 1998 states that a mining prospecting licence shall be utilised without causing any harm to the land owner or the rightful resident. Section 96(3) also states that compensation for the resident should match the market value, and be true and sufficient. In contrast, the interviewees were of the view that mining companies often fail to adhere to their legal responsibility regarding community relations in Tanzania. As one local community member pointed out:

“Contrary to the Tanzania Land and Village Act – which stipulates the basis of compensation for relocation – the compensation rates used remained very low and outdated. For example, one villager owning a block house and a farm very close to one mine site was offered US\$3,300 (Tsh.4 million) as compensation by [a named company] should he agree to relocate... As the named villager disputed the amount of compensation and refused to relocate, he is still living (with his family) inside the mine buffer zone” (COMmeNM1).

Although section 96(5) of the Mining Act 1998 states that, in the case of any dispute relating to the compensation paid under section 96(3), the complainant may submit a complaint to the Commissioner of Minerals, the government has been taking a long time to address local community concerns (see Curtis and Lissu, 2008). The Mineral Policy of Tanzania 1997 also requires the payment of compensation, but payment is left to the discretion of individual companies. Thus, the Tanzanian state’s desire to enforce regulations is weak as it fears that, by imposing stringent regulations, TNCs might relocate to another host state offering a more attractive investment environment (see Hilson, 2012; Campbell, 2012).

NGOs, the media and local residents have expressed concerns over the ongoing social unrest and unresolved conflicts resulting from the forceful eviction from their mining area of local people who previously owned land and mining rights, and the unfair or non-existent amounts of compensation awarded for their displacement. For example, in a controversial case against Barrick Gold Corporation, LEAT, the active local NGO in Tanzania, represented a group of small-scale miners who had been forcefully evicted from their land to make way

for foreign companies.²¹ However, the LEAT team lost the case, and the majority of the evicted villagers who had previously depended on mining activities ended up with no homes or alternatives for generating an income (also Magubira and Nyanje, 2009). In summary, LEAT has not been strong enough to fight powerful TNCs in the sector and campaign for vulnerable local people in mining areas. In fact, displaced locals who have been unable to regain meaningful livelihoods are bitter and view the discovery of gold and the coming of large-scale investors as a curse rather than a blessing. The bitterness and anger of the displaced is reflected in ongoing conflicts between local communities and mining companies (Magubira and Nyanje, 2009).

Thus, although the gold-mining companies claim in their CSR reports that they maintain good relations with, and make a significant contribution to, local communities, there is in fact little disclosure relating to ongoing social unrest and grievances in these communities. Moreover, the serious environmental consequences of gold mining, the evictions of local communities and the human rights abuses of local people carried out by the mining companies are rarely disclosed in their CSR reports. The increasing evidence of environmental pollution and degradation, destruction of local communities, poor working conditions and discrimination in the workplace raises serious questions about the effectiveness of the regulatory frameworks, as well as the role played by NGOs and other pressure groups in Tanzania. In the above context, the legal and regulatory frameworks governing gold mining in Tanzania have been weak, and there has been inadequate enforcement of obligations on TNCs to create structures for improving social and environmental performance and CSR disclosure (see Curtis and Lissu, 2008; Lauwo and Otusanya; 2014). Also, the absence of empowered stakeholders, such as pressure groups interested in promoting CSR and corporate governance, means that CSR has remained relatively weak in Tanzania.

²¹ In August 1996, the government of Tanzania ordered the eviction of a community of small-scale miners from their homes and worksites in the Bulyanhulu gold fields to allow a Canadian mining company, Sutton Resources, to take over the site. The mine was acquired by Canadian-owned Barrick Gold Corporation three years later. No compensation was paid to the people – estimated to number between 30,000 and 400,000 – who were forcefully removed from the area (MiningWatch Canada, 2002).

6. Summary and Conclusions

This paper has demonstrated the importance of adequately regulating social, environmental, labour and human rights issues, and the huge difficulties faced by a developing country, namely Tanzania, in seeking to implement regulatory forms that are acceptable to the TNCs involved and to the wider political and economic interests they represent. The evidence of this paper reveals that, despite gold-mining companies' initiatives to increase their social and environmental disclosures, such reporting has remained selective, and a business-as-usual attitude prevails. The increasing evidence of social and environmental problems in the Tanzanian mining sector raises questions about the adequacy and effectiveness of the legislative and regulatory frameworks, as well as the role played by pressure groups, and NGOs in particular. The persistence of socio-economic and environmental problems in the Tanzanian mining sector points to a neo-liberal crisis at both global and local levels (see Campbell, 2012). This is attributable to the implementation of neo-liberal economic policies in the Tanzanian mining sector that have not only created oligopolies in the sector but have also imposed constraints on government regulatory capability.

It has been argued that, for CSR to be effective, regardless of the location, there must be a foundation of robust regulations and enforcement, complemented by strong political pressure (see Hilson, 2012). However, this paper suggests that the drive to legislate and enforce regulations in Tanzania is lacking. While political pressure from NGO campaigns and advocacy has problematised the declining role of the state and has started to address the governance gap created in the globalising era (Neu *et al.*, 1998; Unerman and O'Dwyer, 2007), the outcomes have not yet been as successful in developing countries in general, and Tanzania in particular. Indeed, government regulatory frameworks and NGO activism in many developing countries such as Tanzania are arguably embedded within the neo-liberal economic logic of the global capitalist system (see Harvey, 2005, 2007). In this context, this paper has suggested that CSR in a developing country such as Tanzania needs to be understood from a political economy perspective in order to show how the interplays of 'free market' neo-liberalist philosophy have not only created asymmetrical and unequal power relations between the host state and TNCs, but also regulatory battles.

This paper therefore makes theoretical and empirical contributions. Theoretically, we further the literature on the political economy of social accounting disclosure (see e.g. Belal and Cooper, 2011; Banerjee, 2007; Cooper and Sherer, 1984; Guthrie and Parker, 1990; Kuasirikun and Sherer, 2004; Tinker *et al.*, 1991) by showing how interrelationships between

socio-political, historical and economic structures have shaped the nature of CSR discourse in the Tanzanian mining sector. We have drawn attention to the dynamics of neo-liberal agreements entered into in the Tanzanian mining sector which have created asymmetries in bargaining position and power between TNCs, the state, NGOs and other social actors. In fact, these in-built power asymmetries are inevitable and are unlikely to be dismantled easily or quickly (see Harvey, 2007). Thus, political economy theory has helped to re-frame key issues in our research and has made visible to political economic analysis the potentially strategic significance of focusing on a form of leverage-grounded interplay between accounting numbers and the formation of specific regulatory initiatives.

Empirically, we contribute to the literature on accountability, governance, transparency and CSR by providing some insights from the Tanzanian gold-mining context to show how CSR reporting is an outcome of roles played by corporations, the host state and other countervailing forces such as NGOs. This has revealed how accounting as a social practice is not simply located within a context bounded by corporate or state-led initiatives, but also operates across a context that includes local populations. While this paper has addressed ethical, accountability, transparency and responsibility issues which may be of relevance in many social settings, the focus has been on the Tanzanian socio-political, economic and regulatory context, seeking to stimulate new ideas for research aimed at broadening the understanding of CSR in the context of the mining industry in developing countries (see Campbell, 2012; Fonseca, 2010; Garvin *et al.*, 2009; Hilson, 2012), and, in light of the many challenges faced, work that helps to inform policy making.

This paper calls for radical regulatory and institutional reforms, but recognises that any attempt to reform governance structures at the domestic level will require the Tanzanian government to be more proactive. In particular, stronger enforcement mechanisms need to be put in place to ensure that mining companies and other TNCs in Tanzania discharge their obligations to local citizens. However, the difficulty for Tanzania is that the government needs to attract foreign investment to stimulate the economy and deal with endemic poverty. As has been shown, it has offered various guarantees, protections and stabilisation clauses as incentives to encourage TNCs to invest in the country, but in doing so it has lost the ability to put in place suitably workable regulatory controls, for instance with regard to the environment, health and safety at work, and the protection of human rights. Thus, the need to attract foreign investment makes it difficult for the Tanzanian government to demand corporate disclosure and to promote the welfare of its citizens with regard to controlling and eradicating unethical corporate social practices. If the Tanzanian government were to impose

more stringent requirements on companies to ensure they conducted their business in a socially responsible way, such as by giving greater consideration to environmental and human rights concerns, companies might decide not to invest in Tanzania, which would in turn have a detrimental impact on the socio-economic development of the country. However, it is to be hoped that such difficulties can be resolved in the future, for example by raising the general level of knowledge and education on mining activities within the local population. The Tanzanian government could thereby simultaneously promote local investment in the sector, thus helping to eradicate the abject poverty suffered by large numbers of Tanzanian citizens.

This paper also calls for the empowerment of NGOs and other civil society organisations through educational, capacity-building, technological and other support, to enable them to play a greater role in advocacy and campaigns for transparency, accountability and corporate governance changes (see O'Dwyer *et al.*, 2003). NGOs, the media and academics should work together to lobby for mandatory regulations on corporate social disclosure, in particular disclosure of the effect of corporate activities on local communities. Furthermore, NGOs and other pressure groups can play a pivotal role by criticising and challenging governance structures and by producing counter-accounts of corporate activities in order to bring issues and problems to public attention. We recognise that the above proposals may not be straightforward, given the existing power asymmetries in the global economy and the financial dilemma facing many types of NGO; however, addressing the issue of improving regulations through some form of third-party approach would at least challenge current political/economic settings, in which first-world corporations and political interests confront individual developing countries with a 'take it or leave it' regulatory framework that systematically constrains the possibility of effective environmental, human and labour rights regulations in the host country.

With regard to future research, there is potential for considering some social accounting issues within a wider political arena, especially the dynamics caused by the gap between idealism and pragmatism in CSR practice. Future research should further consider the social and environmental issues relating to CSR practices, and the broader institutional dynamics, as well as different types of civil society groups, for instance the role played by trade unions and the media. More research is needed to examine the challenges faced by NGOs and other pressure groups in engaging with the issue of corporate social accountability in developing countries. Research is also needed to examine how NGOs themselves develop

their conceptions of the social needs and expectations of the individuals they purport to represent.

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Table 1: Summary of reports analysed in the selected case studies

Report analysed and key categories	Barrick Gold Corporation	AngloGold Ashanti Limited
Annual reports: - Community initiatives - Employee salaries and contribution - Environmental management	2006	–
Social responsibility reports: - Environmental management - Employees’ welfare management - Community initiatives	2005, 2006, 2007, 2009	2004, 2005, 2006, 2008, 2009
Corporate website: - Environmental management - Employees’ welfare management - Community initiatives	√	√