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

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Abstract

Purpose – The paper aims to contribute to the ongoing debate on governance, accountability, transparency and corporate social responsibility (CSR) in the mining sector within 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 nationally organised non-governmental organisation (NGO) advocacy and campaigning with respect to promoting corporate social reporting practices.

Design/methodology/approach – The paper draws on the political economy perspective to consider how the neo-liberal ideologies of the global capitalist economy, as manifested in Tanzania's regulatory framework and in NGO activism, have serious implications 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 on CSR in the Tanzanian mining sector within a more familiar literature on social accounting. The data for the case study were obtained from interviews and from the analysis of documents such as annual reports, social responsibility reports, newspaper clips, NGO reports and other publicly available documents.

Findings – The analysis of interviews, press clips and NGO reports draws attention to the 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 residing in the mining areas, they often remain invisible within the mining companies' social disclosures. The increasing evidence of social and environmental ills raises serious questions about the effectiveness of the regulatory frameworks and also the role 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 have a pivot 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 can help to improve the lives of many poor people living in developing countries in general and Tanzania in particular.

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

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

1. Introduction

Recent years have witnessed a considerable increase in the variety and volume of the literature on corporate social responsibility (CSR) (see *e.g.* Belal and Owen, 2007; Cooper and Owen 2007; Solomon and Darby, 2005; Unerman and O'Dwyer, 2007). This literature has emerged from a variety of disciplines, such as sociology, philosophy, accounting, management, finance, law and politics (see Banerjee, 2007, 2008; Jones, 2008; Porter and Kramer, 2006; Vogel, 2005). Within the accounting literature, CSR has been considered as part of social accounting, which overlaps with social and environmental accounting (Adam, 2004; Beck, Campbell and Shrives, 2010; Gray *et al.*, 2001). CSR in this context is viewed as a potentially benign mechanism which can be used to mobilise meaningful organisational changes leading 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 (see *e.g.* Campbell, 2004; Gray *et al.*, 2001; Guthrie and Mathews, 1985; Guthrie and Parker, 1989, 1990; Matten and Moon, 2004). In developed countries, there are comprehensive environmental regulations in place, non-governmental organisations (NGOs) are relatively active in scrutinising corporate conduct and there are labour unions campaigning for workers' rights (see Henderson, 2002; Moon and Vogel, 2008; O'Donovan, 2002). Arguably, these pressure groups often 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 have focused on CSR issues in developing countries (see *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 nationally organised NGOs' activism in promoting transparency, accountability and responsible business practices. An increasing volume of literature on CSR reporting in developing countries contains a rich collection of case studies, which often paint a very positive picture of CSR, mostly in the contexts of Latin America, Asia and South Africa (see *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 where they operate (see

Hilson, 2012). This assumption, however, 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 for example. 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 macro global issues, such as media pressure (see *e.g.* Islam and Deegan, 2010; Brown and Deegan, 1991), the influence of international organisations such as OECD, ILO and UN (see Belal, 2008), and the pressure of international NGOs such as Amnesty International, Corporate Watch and Christian Aid (see Bendell, 2004; Deegan and Blomquist, 2001; 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 might potentially influence the nature of corporate social disclosure in the context of 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 impact in socio-economic and environmental terms 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 (*i.e.* the government and NGOs) in the mining activities that take place in Tanzania. The significance of placing social research in a broader context has been advanced by many accounting scholars (see Dillard, 1991; McSweeney, 2000). Thus, examining corporate social disclosure in Tanzania cannot occur in isolation from the broader global political economy, which shapes the local institutional structures responsible for promoting corporate accountability, transparency and responsibility.

Within the contemporary globalising era, as the wealth and power of corporation increases, so too has the concern (from governments, NGOs and other pressure groups) about the negative social impact of their activities (see Bakan, 2004). Given the expanding role of the financial and capital markets and the rolling back of the state in the global capitalist society, NGOs[1] are stepping in to address governance challenges in order to create an equitable, just and democratic society (Henderson, 2002; Kuropas, 1997; Mercer, 2002; Wood, 1997). Studies on CSR have shown that there has been increasing pressure from NGOs and other civil society groups (such as academics, trade unions and the media) for corporations to act in a socially and environmentally responsible ways (see *e.g.* Moon and Vogel, 2008; Neu *et al*., 1998; O'Donovan, 2002; Unerman and O'Dwyer, 2007). Over time, as the 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 a 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, the 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 in the areas of 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, an increasing number of laws and regulations have been enacted at the national level (particularly in developed countries) and the international level in order to impose obligations on 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 the increasing pressure to improve their social and environmental performance is through the practice of 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 the 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

[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, a number of 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).

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). Insofar as this is the case, it is questionable how far the regulatory framework within a developing country such as Tanzania can be successful in promoting accountability, responsibility, transparency and corporate disclosure. Governments of these countries are often desperate to attract foreign investment in order to deal with the various socio-economic problems that exist in such countries, particularly endemic poverty. Consequently, if neo-liberal types of institutional arrangements 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 their desire to promote prosperity and social order (Harvey, 2005; Korten, 2001; Picciotto, 1991). Promoting adequate and responsible corporate social and environmental practices in developing countries also faces problems as such practices 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 therefore necessary to understand the impact on CSR practices of these structures and the power relations.

The paper is structured as follows. Section 2 provides an overview of the literature. Section 3 considers the political economy perspective of CSR practices. It argues that, in the contemporary global economy, government regulations and other institutional structures, which could have the potential to promote responsible business practices, are embedded with power struggles, negotiation and compromise. Section 4 examines the Tanzanian context in order to consider some of the socio-political, economic and historical issues that have shaped CSR practices in the country. It considers the role played by the legal and regulatory frameworks and NGO activism in enabling or constraining the various aspects of CSR practices. Section 5 provides 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 which are rarely disclosed in the CSR reports of mining companies, which point to some weaknesses in the governance structures in Tanzania, in particular the inadequacy and ineffectiveness of the legal provisions, and the 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 discussion and conclusion.

2. An Overview of the Literature on CSR Practices

Despite CSR's long history[3], it has become a much-debated topic in the era of contemporary globalisation (see Puxty, 1986; Spence, 2007, 2009; Tinker *et al.*, 1991). Parker (2005) has described the literature on CSR as voluminous, disparate, diverse and exciting, but without a commonly agreed philosophical and methodological standpoint (p.844). In the accounting literature, CSR reporting has been considered part of a wider system of societal governance, which 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 the business-society relationship, 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 the contemporary capitalist society (see Reverte, 2008; Sikka, 2010; Spence, 2009).

The case for CSR is far more contentious in the case of developing countries[4], as the governments of these countries often face a serious dilemma in endeavouring to promote responsible business practices while at the same time attempting to attract foreign investment (see Korten, 2001; Offe, 1984; Strange, 1996). Within the developing country context, the pressure to embrace CSR is far greater in the extractive industry, because of its industrial-scale extraction of natural resources that seem to affect both the environment and local populations (Campbell, 2012; Fonseca, 2010). Extraction companies, particularly mining companies, have been challenged over human rights violations, corruption scandals and tailing dam accidents, which has triggered the emergence of anti-mining NGOs that have questioned the sector's ability to behave sustainably (see Fonseca, 2010; Garvin *et al*, 2009;

[3]The history of CSR can be traced back to the emergence of the modern corporation in the 17th and 18th centuries, with the introduction of legislation in the form of Acts of Incorporation in Europe and America, which led to the formation of limited liability companies (Avi-Yonah, 2006).

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

Macintyre *et al*., 2008). As a result, in recent years, 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, 2004; UNCTAD, 2005). Arguably, out of all sectors, mining companies often cause the most significant irreversible damage to the natural environment and the local population (see Jenkins, 2004; Kapelus, 2002; Lauwo and Otusanya, 2014; Yakovleva, 2005). It has also been argued, for example by Mutti *et al*. (2012) and Lauwo and Otusanya (2014), that the 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 extremes. In this context, Campbell (2012) maintains that – contrary to the 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 has been increasing evidence of deplorable social and environmental impacts of mining activities in developing countries (p.138). In an attempt 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 the countries in which mining activities take place (see Campbell, 2010, 2012). As such, there are increasing calls for mining companies to be accountable, transparent and socially responsible (Christian Aid, 2008; Corporate Watch, 2008).

In response to increasing pressure, large transnational mining companies launched the Global Mining Initiative (GMI)[5], one of the most comprehensive sustainability-oriented efforts ever seen in the sector (Young, 2005). In undertaking CSR initiatives, an increasing number of 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 has contributed to the CSR agenda becoming a business in its own right (Kapelus, 2002, p.279). However, the increasing evidence of the social and environmental

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

impact of mining operations in developing countries (see Christian Aid, 2008) raise 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 taken and the claims made by mining companies on social responsibility, accountability and transparency, CSR reports remain silent about employee grievances, environmental pollution, local community conflicts and other social problems (see Banerjee, 2000; Kapelus, 2002). The theoretical framework adopted in this paper is discussed in the next section.

3. The Mirror: Theoretical Perspectives

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 the environmental problems relating to corporate activities (Deegan and Gordon, 1996; Donaldson and Preston, 1995; Guthrie and Mathews, 1985; Guthrie and Parker, 1989; Ullmann, 1985). 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 a developing country with respect to CSR practices has remained problematic. Thus, while such theories can provide useful frameworks for explaining and understanding the business-society relationship, 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), for example, has criticised these theoretical frameworks for ignoring many social and economic conflicts that can exist in different societies (p.28). For instance, from a legitimacy theory perspective, social and environmental disclosure is perceived as one of the strategies employed by corporate entities in order to seek society's acceptance and approval of 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 their activities with minimal challenges (see Banerjee, 2007). Therefore, 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 of the socio-political, economic and historical dynamics of a society as a whole. This paper argues that an analysis of these social forces is essential to better understanding the nature of CSR discourse. The paper adopts a political economy approach in order to consider the local and global institutional structures 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 demonstrated that there has been 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, for example by Strange (1996), as the social, political and economic arrangements affecting the global systems of production, exchange and distribution and the social practices reflected therein (p.18). A political economy approach considers the role of economic dependence and power relations on a discourse. It places an emphasis on the 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.* (1991), CSR reporting can be considered a reflection of the 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) are of the view that a political economy theory of social disclosure can improve our understanding of corporate social reporting 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.172-173)

From a political economy perspective, contemporary CSR can be regarded as being driven by changes in the socio-political and economic pressures in the era of contemporary economic globalisation, such as, for instance, neo-liberalism and its associated technological advances that escalated in the 1980s and 1990s (see Tilt, 1994). Although neo-liberalism, in theory, advocates privatisation, free markets, deregulations 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; Perrow, 2002).

3.1.1 Globalisation, Neo-liberalism and the Role of the State

In the era of contemporary 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 (see *e.g.* Held and McGrew, 2002), particularly in developing countries (Hoogvelt, 2001). Market liberalism has expanded the global network of TNCs while signalling the vindication of the liberal position of the state and civil society (Bakan, 2004; Hulme and Edward, 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. Within the contemporary 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), 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 a sophisticated class struggle on the part of the upper strata to restore class dominance (p.23). 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 the society at large to a much more unstable 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).

Within the broader political economy perspective, proponents of neo-liberalism purport that social welfare can be advanced through the invigorating of 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, Bolyard and Ippolito, 1999). Although the role of the state has always been a matter of debate (see *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 the 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 of growth has shifted the 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 seriously 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. To attract investment, the governments of developing countries have often applied less stringent regulations and also offered investment incentives, subsidies, investment protection, guarantees and stabilisation clauses[6] (Cox, 1996; Lobel, 2006). Although these strategies have increased the inflow of foreign direct investment (FDI) and the growth of TNC operations in such countries, inevitably, they have often compromised the capacity of governments to make and enforce laws and regulations that promote accountability, protect employees and local communities, and protect the environment. In essence, the legal and regulatory frameworks (*e.g.* 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).

Thus, a government regulatory framework that is embedded in the 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 in the contemporary capitalist economy. More specifically, the role and power of the state in the developing country context is arguably influenced and watered down by the state's desire to attract and retain international capital and investment. As a consequence, 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 within the developing country context has arguably remained 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 of corporate power, has prompted many NGOs to shift attention to corporate actors (Pellow, 1999, 2001; Sklair, 2002; Wapner, 1995). This section considers the political economy perspective of NGOs as a broad framework that allows 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. The section argues that, within the contemporary global economy, NGO activism can be regarded

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

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, grass roots development, humanitarian relief, environmental protection, conflict resolution and democratisation (DeMars, 2005)[7]. However, the dynamics of NGO activism and its relationship to the 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 Kendsall, 2005; Lewis and Mensah, 2006).

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 to influence public policy (Bebbington and Farrington, 1992; Clark, 1991; Mercer, 2002). According to the World Bank (2000), 'the 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' (p.44). In recent years, global and local NGOs[8] have dramatically increased in number and influence, particularly in developing countries (see Igoe and Kelsall, 2005; Michael, 2004). NGOs have emerged as distinct actors within the international political economy, actively engaged in questioning unequal power relations and corporate accountability, and campaigning for democracy and good governance (Kamat, 2004; Mercer, 2002). Tvedt (1998) has stated that, in the contemporary global economy, NGOs play a significant new role as central actors within an international social system of power, and influence governments and business organisations in both developed and developing

[7] 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).

[8] This includes organisations such as Global Witness, Greenpeace, Friends of the Earth, Amnesty International, Human Rights Watch, Corporate Watch and Christian Aid. In developing countries, the 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, 1998).

countries. This is because they occupy a space separate from the market and the state (McDonald and Warburton, 2003).

Over the past ten years or so, NGOs have played significant roles in campaigning for greater environmental protection, and awareness of the impact of corporate activities on the environment and local communities (see Aguilera, 2005, Fombrun, 2006). They have been conspicuous in campaigning for increased corporate social disclosure, accountability and environmental transparency. They have often worked collectively to challenge the unequal power relations that exist when TNCs undertake major investments in developing countries. In so doing, they have seemingly succeeded in creating new spaces, pressures and dialogues around business activities (Waddock, 2008). According to Waddock (2008), NGOs have brought to the wider attention issues such as human rights abuses, corruption, pollution and environmental degradation, and other unethical corporate practices that have remained masked within corporate disclosure (Waddock, 2008). NGO activism and campaigning have therefore, to a significant degree, impacted on the level of corporate social disclosure in the global economy (see Klein, 2000).

Some examples of this include the following. 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 disadvantaged and marginalised societal groups and to demand enhanced corporate social disclosure, transparency and accountability[9]. A number of international NGOs including Friends of the Earth have been working assiduously to construct 'counter accounts' that question the conventional accounts (both financial and narrative) corporations publish to explain their activities. In this way, visibility has been created for otherwise marginalised voices and discourses[10]. In order to contend with corporate reporting discrepancies, the

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[9] This example 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 North Sea Oil Platform Brent Spar, the demands of the Ogoni people in Nigeria, those against Nike over child labour, and The Gap for the working conditions in suppliers' factories, to mention a few.

[10] Friends of the Earth have since 2002 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.

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). This initiative 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 within each country in which they operate[11]. The NGO initiatives on CbC reporting have recently received the support of members of the European Parliament (MEPs) and also Labour Party MPs in the UK. Consequently, there is now pressure from the European Union to require large companies to disclose, for example, the taxes they pay and the profits they make on a country-by-country basis[12], thanks to the NGOs' initiatives! As a result, corporations are increasingly disclosing more information relating to policies and strategies on social, economic and environmental performance as a response to the increasing pressure from NGOs (see Bendell, 2004).

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 within a developing country context has been a matter of debate amongst scholars (see Pinkney, 2007; Shivji, 2007; Ward, 2007). This is because the local NGOs' efforts in developing countries have arguably been undermined by their continuous reliance on external funding, mostly from Western donors or even from the corporate sector (see Hulme and Edwards, 1997). As a result, their capacity to campaign against the 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 become 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 subjected to the dominant ideas and rules attached to development finance, in particular ideas related to neo-liberalism (see Townsend *et al.*, 2002). Thus, within

Friends of the Earth produce anti-accounts on other organisations as well, including Anglo Gold America, Barclays and BP. These reports tell a somewhat different story from what is portrayed in the CSR reports (see also Christian Aid, 2004).

[11] http://www.financialtransparency.org/wp-content/uploads/2009/06/Final_CbyC_Report_Published.pdf

[12] http://www.bloomberg.com/news/2013-05-23/eu-seeks-country-by-country-tax-disclosure-for-large-companies.html.

the 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 the 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)

The above suggests that NGOs' activism, especially in developing countries, is arguably embedded within the neo-liberal crisis and the global capitalist system. Moreover, given increasing poverty levels, most of the local NGOs in developing countries have developed as grassroots organisations that seek to step in and address pressing socio-economic needs and endemic poverty (Bebbington and Farrington, 1992; Clarke, 1998ab). 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 so as to first reflect the mix of rhetoric and realism in such reports, and then to locate this kind of reporting discourse in the wider historical, socio-political and economic environment within which it is embedded. A qualitative field case study[13] methodology (Berry and Otley, 2004; Creswell, 1998; Silverman, 2011) is adopted in this research as we seek to articulate and locate the largely unfamiliar issues within a more familiar literature of social accounting, and CSR in particular. Berry and Otley (2004) stress that case-based research is suitable for providing an understanding of the content, processes

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

and context of a practice (such as CSR). Thus, in framing and addressing our research objectives, this paper is based on a triangulation of fieldwork[14] conducted from April to August 2008 in Tanzania to investigate the nature of CSR reporting within the Tanzanian context and a review of literature. The theoretical insights discussed in the previous section will be used to structure the analysis of the empirical evidence and construct a theoretically informed analysis. Drawing from 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), conducted so as to gather a richer understanding of the context in which CSR takes place and how mining companies discharge their social obligations through their social disclosure.

The data for the case study were obtained from interviews and document analysis (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 increasing public and media attention being paid to the impact of mining activities in Tanzania. Due to the access problems and confidentially issues, semi-structured interviews[15] were conducted with only eleven stakeholders. These included four representatives of employees, two local community leaders, four local community members and one NGO representative, from the active NGO Lawyers' Environmental Action Team (LEAT)[16]and were used to solicit their views on CSR, which were then compared with the corporate claims on CSR. An interview protocol was designed to encourage the interviewees to participate in a loosely guided conversation to facilitate the emergence of different themes (see O'Dwyer, Unerman and Bradley, 2005). The data collected from the interviews and document analysis were systematically transcribed and analysed thematically. A reflection on the collected data was undertaken, through ongoing scrutiny pre- and post-writing of the paper, to gather a broader understanding of the CSR context. The analysis of interviews, press clips, NGO reports and previous literature on the

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[14] The fieldwork helped to illuminate on the spread, significance and challenge faced by local NGOs, as a countervailing initiative for promoting responsible practices in Tanzania. The review of literature drew attention to the significance of NGOs action on 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.

[15] 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.

[16] One of the active local NGOs in Tanzania is the LEAT, established in 1994 with the mission to ensure sound natural resource management and environmental protection in Tanzania.

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 residing in the mining areas, they often remain invisible within the mining companies' social disclosure.

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 the doors of its economy to TNCs (see Harris and Seid, 2000; Hoogvelt, 2001). The 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 in order to provide the background for understanding CSR reporting practices in the gold-mining industry.

As is the case in other post-colonial countries, Tanzania's socio-political, economic and institutional structures, like those of many other developing countries, 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). It has for many years 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)[17]. 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 instead of the intended societal beneficiaries (Bagwacha, Mbele, and Van-Arkadie, 1992). In fact, the Tanzanian government failed to create adequate policies and institutional structures to promote public accountability, responsibility and transparency in

[17] This reform was included in the Ujamaa policy which called for *self-reliance*-oriented economic and political policies to replace the capitalist private-sector market economy inherited from the colonial government with a state-owned centrally planned and controlled economy (Ngowi, 2007).

state-owned enterprises (SOEs) (Bagwacha *et al*., *1992;* Melyoki, 2005). 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 and the 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 in respect of 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, 2001, 2010).

However, despite this, Tanzania has remained overwhelmingly poor, with stagnant economic growth and deteriorating social services (World Bank, 2010). In 2012, 67.9% of its population was living below the poverty line of US$1.25 per day (see *UN Development Programme's Human Development (UNDP) Report,* 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 Report* (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 number 152 in the list of the 186 poorest countries in the world in 2012 (UNDP, 2013).

As a consequence, the economy has remained overwhelmingly dependent on donor agencies[18] and foreign investment, especially for employment and government revenues

[18] By the end of December 2007, Tanzania had an external debt of US$5.311 billion (IMF, 2007) This huge external debt has had a negative impact on the economy (due to various attached conditionalities) and has

(IMF, 2007). Arguably, as contracts signed with foreign companies often ‘cherry pick’ the most profitable sector of the economy, this has had the effect of giving TNCs greater corporate ‘clout’ to demand 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 the requirements of international capital investment, which arguably limit the chances of advancing good governance and corporate social responsibility. Thus, although corporate social responsibility 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 legal and regulatory framework of Tanzania with respect to CSR practices is considered next.

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; Mmuya, 2000). In order to achieve the above objectives and foster good CSR practices, successive governments have attempted to pass new laws and regulations (Mmuya, 2000). However, as the post-independence codes of conduct have retained most of the features of the codes from the former colonial regime19, Tanzania’s ability to promote CSR reporting and to protect the public interest has remained limited (see Shivji, 1976). 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

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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 to US$1.67 billion from US$1.43 billion between December 2006 and December 2007.

[19] 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).

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[20], with the aim of promoting socio-economic development, public accountability, responsibility, good governance and corporate responsibility. However, despite the rhetoric of the Arusha Declaration, the reality for Tanzanian citizens left much to be desired (Biermann and Wagao, 1986; Killian, 2006). The laws and regulations continued to promote rent-seeking practices among the elite at the expense of the needs of wider society (*ibid*.). 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. These laws and regulations also sought to address and promote the 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 the effective management of the environment), the National Environment Policy (NEP) 1997 was introduced in Tanzania. The NEP 1997 required companies to ensure the sustainable and equitable use of resources without degrading the environment or risking health and safety. Despite this, however, there are concerns that companies may not be adhering to it, especially in the mining sector (see Lauwo and Otusanya, 2014).

A number of 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 the law reforms.

[20] 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). The Ujamaa policy called for self-reliance-oriented economic and political policies to replace the capitalist private-sector market economy inherited from the colonial government (Ngowi, 2007).

Thus, in 2002, the Tanzanian government enacted the Environmental Management (EM) Act No. 20 of 2004 to replace the National Environment Management Council (NEMC) Act of 1983. The EM Act 2004 requires companies to submit an environmental impact assessment before commencing operations in Tanzania, together with an environmental management plan. Yet, contrary to the legal requirements on environmental protection and management, pollution and environmental degradation have been reported as having increased in the mining area (see *The Citizen*, 2009c; *The Guardian*, 2009ab, 2011), 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, in 2002, the Tanzanian government enacted the Companies Act 2002 (CA 2002), amending that of 1932. The 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) provides the 'matters to which the directors of the company must have regards 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 the shareholders, stakeholder interests are often subordinated to the pursuit of shareholder interests.

In response to the requirements of the International Labour Organisation (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 about the importance of improving health and safety in the workplace and reducing workplace injuries and accidents, the government enacted the Occupation 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 a number of laws and regulations have been enacted in Tanzania to impose obligations on companies in respect of 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 respect 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, 1999).

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 (Levin, 2001). However, colonial government policies and regulations (such as the Societies Ordinance of 1954) constrained NGO activism and NGO involvement in scrutinising government policies (Shivji, 1980). In the post-independence period, successive governments embraced the colonial legal regime, which undermined the freedom of association and freedom of expression of NGOs (Shivji, 1976). The Arusha Declaration of 1967, in particular, restricted the independence of NGOs and their role in promoting 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, with their ability to campaign against government policies and to address democratic governance, enhanced disclosure and humanitarian and ecological problems being 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), 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 (p.140). In fact, NGOs have emerged as important social actors working closely with other civil society organisations to promote democratic governance, responsible corporate practice, 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, due to the level and scale of poverty in Tanzania, a significant number of NGOs have chosen to focus more on social service delivery and poverty reduction (Shivji, 2004). Shivji has argued that Tanzanian NGOs are mainly represented by donors who claim to have an interest in poverty eradication and the promotion of good governance. According to Shivji, NGO activities may let the government 'off the hook' by facilitating the legitimation of Western neo-liberal policies:

> Using the name 'promoting good governance', they facilitate the legitimation 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. (Shivji, 2004, pp.690-699)

Thus, relatively few local NGOs in Tanzania have been actively involved in advocating CSR practices (Shivji, 2004; Lissu, 1999)[21]. 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.

[21]LEAT carries out policy research, advocacy, and selected public interest litigation with its members, who largely include lawyers concerned with EM and democratic governance in Tanzania. Other organisations have been campaigning for reform in Tanzania as well. 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.

In the above context, therefore, as a socially constructed practice, the nature of CSR reporting depends on the outcome of the 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 the much-needed changes to CSR practices in Tanzania. As a result, social and environmental problems have persisted in Tanzania. This is particularly evident in the mining sector, which is considered in the following section.

5. Analysis of Empirical Evidence

This section considers some evidence from the Tanzanian mining sector, a sector largely dominated by TNCs. The section 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 which are often concealed within the CSR reports. It argues that, as a developing country, Tanzania’s legal and regulatory frameworks and NGO campaigns and advocacy have not been strong enough 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 to first consider the socio-political, economic and regulatory context within which these dynamics occur in the sector.

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). Mining sector contributed 3.3 percent of GDP in 2013, with the vast majority of the country's mineral export revenue coming from gold, accounting for 89 percent of the value of those exports in 2013[22]. Despite its abundant mineral resources, the overall performance of the mining sector has remained relatively poor for many of the post-independence years due to a lack of investment capital, technological inadequacies and inefficient technical and management expertise (Chachage, 1995). Due to the poor performance, in the 1990s, the Tanzanian government was encouraged by the International Financial Institutions (such as the Word Bank - WB and the International Monetary Fund – IMF) to reform the sector by adopting neoliberal and deregulation policies in order to encourage foreign investment and to promote the flow of foreign direct investments (see UNCTAD, 2007). Following the liberalisation of the Tanzanian economy in the 1990s, a number of multilateral and bilateral agreements were entered in the mining sector (SID, 2009). The Africa Strategy for Mining Technical paper, which was developed by the WB and the IMF in 1992, played a significant role in transforming the mining sector and in facilitating the expansion of capital in Tanzania (World Bank, 1992). The World Bank made it very clear in its 1992 study that the role of government was to create a suitable environment for the private investors. It was claimed in the report 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).

The World Bank 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 largely shaped by the global political economy, particularly the neoliberal development model of the WB and the 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 Tanzania. Following the privatisation of the mining sector, the government of Tanzania enacted the 'Mining Policy 1997 (amended in 2009) and the Mining Act 1998 (amended in 2010), which came into force in July 1999, and the Mining Regulations 1999 as the major act of parliament governing the exploration of solid minerals

[22] Statistical Abstract 2013, National Bureau of Statistics, Tanzania Ministry of Finance, July 2014
http://www.nbs.go.tz/nbs/Stastical%20Abstract/Statistical%20Abstract%20Report%202013.pdf

in the mining sector[23]. The Mining Policy 1997[24] and the Mining Act 1998 provided a competitive fiscal regime and a legal and regulatory framework attractive to foreign investors. For example, the Mining Policy, 1997 offered tax reduction incentives, stabilisation clauses and permitted 100 per cent ownership rights in the case of mining investment by transnational mining corporations. Section 10 (2) of the Mining Act,1998 states that the responsible minister need to ensure: maintenance of fiscal stability for the duration of the project, conforming to the law, and the rates of royalties, taxation, custom duty, and various fees applicable at the time of signing the agreement. The Mining Act 1998 (amended in 2010) sets out the legal framework governing mineral exploration, exploitation and marketing, and it empowers the Commissioner for Minerals to regulate all mining operation in Tanzania.

The above neoliberal reforms increased the inflow of foreign investment into mining sector. For example, between 1996 and 2006, TNCs invested more than US$1.5 billion and the contribution of the mining sector to gross domestic product (GDP) increased from 3.3 percent in 2011 to 3.5 percent in 2012 (Lange, 2006; The Guardian, 2013). Inevitably, the negotiation of mineral development agreements between the host state and TNCs created power imbalances between mining companies and the Tanzanian state and a governance gap (see also Hilson, 2012). This in turn 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; Lauwo, 2011; Kitula, 2006; Lauwo and Otusanya, 2014). As Fukuyama (2005) stressed that in encouraging the adoption of neoliberalism in most of the keys sectors in developing countries, the neoliberal 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

[23] 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 Tanzanian state to introduce environmental, health and safety guidelines for mining operations (MEM, 2009).

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

public policies, such as the provision of community healthcare, the protection of the environment and a satisfactory taxation regime (see Lauwo and Otusanya, 2014; *The Guardian*, 2015). Similarly, Platform (2010) pointed out, stabilisation clauses have the effect of immunizing investors against future changes in both fiscal terms and legislation:

> '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 of 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 *The Citizen*, 2009; *The Guardian*, 2009, 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, for the rehabilitation of damaged resources such as water and land, and for compensation for mine workers and their communities (see Curtis and Lissu, 2008). Increasing numbers of NGOs have been challenging the activities of the mining companies in Tanzania (see Christian Aid, 2008, 2009; Curtis and Lissu, 2008; SID, 2009). Mining companies in Tanzania have been alleged to have breached human rights, and to have caused pollution and environmental degradation (see Christian Aid, 2008, 2009). For example, following increasing environmental degradation in the mining areas, local and international NGOs have expressed concerns on the impact of mining activities and warned of the high risk that sodium cyanide (a strong poison used to extract gold from ore) may have leaked into water courses 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 documents in which they claim to be conducting their activities in an accountable, transparent and socially responsible way. The evidence from the selected case studies is examined next.

5.1.1 CSR Reporting Practices in the Gold-Mining Sector: Analysis of the Case Study

This section examines the CSR statements of the two largest gold-mining companies in Tanzania, Barrick Gold Corporation (over 2005-2009) and AngloGold Ashanti Limited (over 2005-2010). Barrick Gold Corporation 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). In Tanzania, Barrick Gold Corporation is now one of the leading private foreign companies in the mining sector, due to its acquisition of four mining sites: Bulyanhulu Gold Mine, North Mara Gold Mine, Tulawaka Gold Mine and Buzwagi Gold Mine (Policy Forum, 2008). The company operates both open-pit and underground mining activities, and employs over 19,000 Tanzanians[25].

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 biggest of the group's eight open-pit mines in Africa, and employs over 3,000 Tanzanians[26]. Table 1 below provides a summary of the reports analysed in each of the selected case studies.

[25] http://www.miningwatch.ca/sites/miningwatch.ca/files/Canadian_Cos_in_Africa_2001.pdf).
[26] http://www.anglogold.com/NR/rdonlyres/DDF9E29F-F49A-4A9C-87EC-1C3757B55CB/0/tanzania_2008.pdf.

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

In the race to demonstrate a highly developed social and environmental conscious, the same goes for mining companies in Tanzania. However, the socio-political and economic aspects of the country have been shaping the trajectory of the Tanzanian 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, Barrick Gold Corporation has published a substantial amount of information about community relations and investment. Like other TNCs, it has stated that it is committed to making a positive difference to the communities in which it operates (*Barrick Social Responsibility Reports*, 2005, 2006, 2007, 2008, 2009). For example, its 2006 annual report stated that it had spent US$275,000 (Tshs.302.5 million) at the Bulyanhulu Gold Mine site[27], 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 has spent at least US$186,000 (Tshs.204.6 million) on upgrading a clinic in the district (p.7)[28].

In a similar manner, AGA considers itself to be an integral part of the communities in which it operates, a neighbour and a 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 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 on environmental management and protection, mining companies in Tanzania also include statements about environmental responsibility in their CSR reports. For instance,

[27] One of the Barrick Gold Corporation's subsidiary companies in Tanzania

[28] The company's total community support to Tanzania in 2006 was reported to be US$321,000 (in donations), US$1,110,000 (for infrastructure development), and US$655,000 (for community initiatives and local/regional procurement).

the reports of Barrick Gold Corporation have shown an increasing emphasis being paid to disclosure on environmental matters (*e.g.* from a 3-page report in 2004 to a 17-page report in 2009). Barrick has increasingly emphasised the importance of controlling air emissions at the processing plants, such as particulates, sulphur dioxide, carbon monoxide and mercury. From 2007 onwards, Barrick started to disclose information about spillages of hazardous chemicals at the mining sites and the fines paid with respect to these environmental disasters. For example, Barrick Gold Mine's document, *Social Responsibility Report* (2009), disclosed that 9.2 million litres of processing water had been discharged into the Tigithe River in Tanzania (p.48).[29] The *Social Responsibility Report* (2009) also reported 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. (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, CO2 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 *Social Responsibility Report*, 2006, pp.16-17)

Barrick and AngloGold acknowledge in their CSR reports that mining activities can 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 the 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'.

[29] http://www.barrick.com/files/responsibility-report/2009/Barrick-2009-Responsibility-Report.pdf

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 make possible an evaluation of whether they have succeeded in meeting their obligations and responsibilities with regard to environmental matters. In other words, the mining 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 International Labour Organisation (ILO) and the Universal Declaration of Human Rights (UDHR) and the Tanzanian Employment and Labour Relations Act 2004 and the Labour Institutions Act 2004 with regard to employee working conditions, the CSR reports of the gold-mining companies also contain statements about their professed commitment to promoting employee welfare management. They include statements, for example, 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 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. (2008, p.14)

Similarly, Barrick Gold in its Bulyanhulu Gold Mine *Social Responsibility Report* (2009) has 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 the gold-mining sector of Tanzania has been increasing in recent years, the information disclosed has remained somewhat selective and at the discretion of the management. The selectiveness of the information disclosure in CSR reports is consistent with earlier studies that have found disclosure to be dependent upon management discretion and support for social responsibility initiatives to be provided purely for business reasons and not 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, it appears that, despite legal requirements about social and environmental accounting, pressure group activity and increasing corporate disclosure about social and environmental responsibility, the evidence indicates that the reality is otherwise (see URT, 2008; Curtis and Lissu, 2008; Christian Aid, 2008, 2009; Lauwo and Otusanya, 2014; SID, 2009), the details of which are discussed in the next section. The evidence of the political economy of a business –as –usual case of CSR seems to prevail in the mining sector of Tanzania (see Curtis and Lissu, 2008; Christian Aid, 2008, 2009; Lauwo and Otusanya, 2014).

5.1.2 Demystifying CSR Reporting Practices in the Tanzanian Gold-Mining Sector

Campbell (2012) argued that the myriad of regulatory reforms that WB promoted through privatisation and liberalisation in the African mining sector have disappointing results with regards to the capacity of the mining activities to contributes to socio-economic development as well as environmental impact. With growing concern over the impact of mining activities, mining companies in Tanzania have in recent years increased their CSR disclosure. 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) argues, through their CSR disclosure mining companies often promise direct and indirect benefits to stakeholders such as employees, the local community and the government, but the promises often fail to materialise in the end (p.181). 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; *The Citizen*, 2009; Curtis and Lissu, 2008; *Guardian*, 2009ab, 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 of the active NGOs, 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 the local communities, and employee grievances in the 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 initially the landlords in the 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 the investment in the mining sector is not of benefit to Tanzanian citizens, it rather transfers the country's resources outside'.[30] In a similar manner, Lauwo and Otusanya (2014) argue that, despite the presence of six large-scale gold-mining operations in Tanzania, increasing gold production and the boom in gold prices on the world market, this is yet to be translated into significant socio-economic benefits for the Tanzanian population as a whole.

A number of scholars have attempted to show how neo-liberal ideologies have facilitated the expansion of capital, but at the same time created a number of challenges with regard to regulatory policies in developing countries and serious social problems (see Vogel, 1996). For example, McSweeney (2009) 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' (p.838). Thus, although legal provisions in Tanzania (such as the National Environmental Policy (NEP) 1997 and the Environmental Management Act 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 the local communities (see Curtis and Lissu, 2008; Kitula, 2006; Lauwo and Otusanya, 2014; *Tanzania Daily News*, 2012). For instance, it was reported that total CO2 emissions increased from 2.3 metric carbon tonnes in 1999 to 4.3 metric carbon tonnes in 2004 (UNDP, 2010). In a manner similar to Tanzania, Belal and Robert (2010) highlighted

[30] http://news.bbc.co.uk/1/hi/world/africa/1448948.stm

how policies and rules for regulating environmental behaviour of companies have been weak and ineffective in Bangladesh and allowed environmental degradation to persist.

> . . . in reality these (policies and regulation) 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).

The interviews conducted with the representatives of NGOs and local community members also highlighted some mixed concerns regarding the disappointing impacts of mining activities in Tanzania. One community leader interviewed mentioned that water sources such as streams, river and wells had been contaminated by the mining industry's processing of toxic chemicals (COMLedG1). The local residents interviewed expressed some concern about how the government regulatory controls have failed to mitigate the environmental consequences of mining activities in the local communities. The interviewees were of the opinion that regulations are not enforced in Tanzania. As one community leader interviewed mentioned that very little effort had been made by the government to investigate and control the effects of mining (such as environmental pollution) on the surrounding communities (COMLedGP1). 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."* (COMLedGP1)

A village leader 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 contaminated considerably by the toxic chemicals used in the mining industry's extraction and processing (COMLedG1). LEAT and religious organisations have warned of the possible health risks caused by pollution, and the environmental effects of mining activities, and called for companies' utmost commitment and precautions regarding possible environmental hazards (see Bitala, 2008; *Tanzania Daily News*, 2012). It can be inferred from the interviewees that environmental pollution and the associated health risks thereon was made possible by lack of enforcement of environmental regulations. This underlines the dynamics faced by Tanzanian government resulted from the neoliberal reforms, which led to likely 'power imbalances' in terms of the expected outcome 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 of the employees:

> *"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 interviewed 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 management"* (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, governance gap was highlighted as one of the principle instigators to the disappointing impact of mining activities in Tanzania amongst the interviewees (see also Campbell, 2012). Indeed, in the light of the dynamics of the implementation of neo-liberal policies, the Tanzanian state has had to compromise some of its regulatory controls to get TNCs to invest in the mining sector. Thus, the pressure for Tanzanian state to compete for foreign investment may require 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 the mining areas.

The relationship between the mining companies and those living near the mining areas has also been a matter of debate amongst NGOs in Tanzania (see Bitala *et al*., 2009; LEAT, 2003). To empower local communities, the Mineral Policy of Tanzania 1997 contains provisions requiring mining companies to strengthen their relationships with local communities. However, despite the legal requirements for the mining companies to maintain good relations with the local communities, and the companies' claims regarding their community investments, the interviews conducted for this study revealed concern about displacement and social dislocation in those local communities. The local residents interviewed were sceptical of the corporate promises made to local communities about addressing the widespread poverty in local villages (COMLedG1 and COMLedGP1). 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 the 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 the mining prospective 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. On contrary the interviewees were of the views that mining companies often fail to adhere to the 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 (Tshs.4m) as compensation by [the one 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 the complaint to the Commissioner of Minerals, however, the government has been taking so long 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 Tanzania state desire to enforce regulations is lacking as it fears that by imposing stringent regulations, TNCs might relocate in another host state which offer attractive investment environment (also see Hilson, 2012 and Campbell, 2012).

NGOs, the media and local residents have indicated concern over the ongoing social unrest and unresolved conflicts resulting from the forceful eviction of local people (who previously owned land and mining rights) from their mining area and the unfair or non-existent amounts of compensation awarded for their displacement. For example, LEAT, the active local NGO in Tanzania, represented a group of small-scale miners, who were forcefully evicted from their land to make way for foreign companies, in a controversial case against Barrick Gold Corporation[31]. The LEAT team lost the case, however, 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 see *This Day*, 5 May 2008). In sum, LEAT has not been strong enough to contest against powerful TNCs in the sector and campaign for the vulnerable local people in the mining areas. According to LEAT's report (2003), the displaced locals who have not been able 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 the ongoing conflicts between the local communities and the mining companies (*The Citizen*, 6 July 2009).

Thus, although the gold-mining companies claim in their CSR reports to maintain good relations with, and make a significant contribution to, local communities, there is in fact little disclosure about the ongoing social unrest and grievances that exist in those communities.

[31] In August 1996, the government of Tanzania ordered the eviction of a community of small-scale miners from their homes and worksites at 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 (http://www.miningwatch.ca/report-international-ngo-fact-finding-mission-tanzania).

Moreover, the serious environmental consequences of gold mining, the evictions of local communities and the human rights abuses of the local people employed by the mining companies are rarely disclosed in their various CSR reports. Also, the increasing evidence of environmental pollution and degradation, the destruction of local communities, poor working conditions and discrimination in the workplace raise serious questions about the effectiveness of the regulatory frameworks and also 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 less strictly enforced to impose 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.

6 Summary and Conclusions

The paper shows the importance of generating adequate regulations for social, environmental, labour and human rights issues, but with a huge difficulties faced by a developing country, namely Tanzania, in seeking to implementing such regulatory forms that are acceptable to TNCs involved and to the wider political and economic interest they represent. The evidence of this paper reveals that despite gold-mining companies' initiatives to increase their social and environmental disclosure, such reporting has remained selective and the business-as-usual-case continues to prevail. The increasing evidence of social and environmental problems in the Tanzanian mining sector raise questions on the adequacy or 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 the neo-liberal crisis[32] at both global and local level (see Campbell, 2012).

It has been argued that, for CSR to be effective, regardless of the location, there must be a foundation of robust regulations and enforcement, and stronger political pressure in place for it to complement (also see Hilson, 2012). However, the paper suggests that the drive to

[32] This is the case because the implementation of neo-liberal economic policies in the Tanzanian mining sector has not only created oligopolies in the sector but also impose constraints on the government regulatory capability.

legislate and enforce regulations in Tanzania is lacking. While political pressure from NGO campaigns and advocacy have problematised the declining role of the state and started to address the governance gap created in the globalising era (Neu *et al*., 1998, O'Donovan, 2002; Unerman and O'Dwyer, 2007), the outcomes have not yet been as successful in developing countries in general, and Tanzania in particular. Indeed, the government regulatory frameworks and NGOs' activism in many developing countries such as Tanzania are arguably embedded within the neo-liberal economic logic of the global capitalist system (also see Harvey, 2005; 2007). It is in this context that the paper suggests 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' philosophy of neo-liberalism have not only created asymmetrical and unequal power relations between the host state and TNCs, but also a battle of regulations.

Our paper therefore makes theoretical and empirical contributions. Theoretically we add to the political economy of social accounting disclosure (see *for example*, 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 the interrelationship between social-political, historical and economic structures has shaped the nature of CSR discourse in the Tanzanian mining sector. We drew attention to the dynamics[33] of neoliberal agreements entered in the mining sector of Tanzania which have created asymmetries in bargaining position and power between TNCs, the state, NGOs and other social actors. In fact, this built in power asymmetries are going to be in place and are unlikely to be dismantled easily or quickly (see Harvey, 2007). Thus, political economy theory helped to re-frame key issues of our research and made visible to political economic analysis the potential strategic significance of focusing on a form of leverage grounded interplay between accounting numbers and the forming of the specific regulatory initiatives.

Empirically we contribute to the literature on accountability, transparency and CSR by providing some insights from the Tanzanian gold-mining context to show how CSR reporting is an outcome of role played by corporations, the host-state and other countervailing forces

[33] Analysis of these dynamics suggested that the Tanzanian state is in contradictory position, as it has to provide attractive environment (through regulations) to get TNCs to invest in the mining sector (rather than somewhere else). This inevitably has constrained the Tanzanian state ability to enact and enforce its regulations to demand adherence to good governance, public accountability, transparency and responsibility.

such as NGOs. In doing so, it become easy to see how accounting as a social practice is not only simply located within a context bounded by corporate, or state-led initiatives entities, but also as something that operates across a certain context that includes local populations. While this paper has addressed those 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. The paper wishes 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; Jenkins, 2004), and, in light of the many challenges faced, work that helps to inform policymaking.

The paper calls for radical regulatory and institutional reforms, but recognises that any attempt to reform the 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 the mining companies and other TNCs in Tanzania discharge their obligations to local citizens. The difficulty for Tanzania, however, is that the government is on the 'horns of a dilemma' in that it needs to attract foreign investment to stimulate the economy and deal with the endemic poverty. As has been shown, it offers 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 suitable workable regulatory controls (*e.g.* 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), this might have a negative effect in that 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. In so doing, Tanzanian government can 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[34] through educational, capacity-building, technological and other support, to enable them to play a greater role in advocacy and campaigning 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 about 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 the issues and problems to the public's attention. We recognise that the above proposals may not be straight forward given the existing power asymmetries in the global economy and the financial dilemma facing many types of NGOs. But approaching the issues of improving regulations through some form of third-party approaches at least challenges the current political/economic settings, where first world corporations and political interest confront individual developing country with 'take it or leave it' regulatory framework, which constraint systematically the possibility for effective environmental, human and labour rights regulations within the host country.

With regard to future research, there is the potential for considering some social accounting issues within a wider political arena, especially the dynamics caused by the gap between idealism and pragmatism on CSR practice. Future research should further consider the social and environmental issues relating to CSR practices, and consider the broader institutional dynamics as well as different types of civil society groups, for instance the role played by trade unions or 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.

Acknowledgement

We are grateful to Prem Sikka, Keith Hopkin, Uddin Shahzad, participants of the IPA (Interdisciplinary Perspectives on Accounting) Conference 11 - 13 July 2012 held at the

[34] This involves NGOs and possible civil society organisations committed to promoting environmental, human and labour rights, law and regulations.

University of Cardiff, anonymous reviewers and the editors for their support, encouragement and insightful comments which have been instrumental in the development of this paper.

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Index

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	√	√

Table 2: Community Involvement and Community Relations Disclosure
(√ = Disclosure, √M = Monetary)

	2004	2005	2006	2007	2008
Social investment	√ M $808,000	√ M $680,366	√ M $478,000	√ M $265,000	√ M $375,000
Healthcare support					
Supporting local hospitals	√	√	√	√	√
HIV/AIDS campaigns	√	√	√	√	√
Malaria	-	-	√	√	√
Surgery for children with cleft lip	√	-	-	-	-
Education	-	√	√	√	√
Orphanages	√	√	√	√	√
Infrastructure	-	√	√	√	√
Resolving community grievances	-	-	-	√	√
Finance credit schemes	√	-	-	-	-

Source: *Social Responsibility Reports* 2004, 2005, 2006, 2007, 2008