



## NESTLÉ AS CORPORATE CITIZEN: A CRITIQUE OF ITS 'COMMITMENT TO AFRICA' REPORT

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### ABSTRACT

This paper will attempt to provide a critique of the Nestlé 'Commitment to Africa' report in an effort to understand how one large TNC sees its role in the continent and to explain its social responsibility and its approach to citizenship. The critique will analyse sections of the report by identifying the key messages contained therein and reflect upon these in the light of other evidence and viewpoints. For instance:

- On what does Nestlé base its corporate citizenship?
- What contribution does Nestlé' make to economic development in Africa?
- What wider social issues does Nestlé embrace?
- How does the report discharge Nestlé's accountability to its stakeholders?

This will give an indication of the potential for the role of CSR in the discussions of poverty alleviation.

**Keywords** corporate social responsibility; African economies; Millennium Development Goals; CSR and poverty; CSR reporting

### INTRODUCTION

2005 was regarded as a seminal year for Africa, with the campaign for a 'Global Call to Action against Poverty' (Make Poverty History being the UK coalition effort) examining poverty alleviation especially in sub-Saharan Africa. In the UK, Prime Minister Tony Blair's Africa Commission met to consider what action was required to ensure that the Millennium Development Goals (MDGs) are achieved. The MDGs comprise an eight-point blueprint for solutions to poverty eradication, universal primary education, gender issues, maternal health, child mortality, HIV/Aids, environmental damage and better partnership approaches to these. International and national government activity, alongside civil society, has increased general awareness of these matters. Another major player in the delivery of solutions to these is the economic sector, and partnerships involving economic actors such as the New Partnership for Africa's Development (NEPAD) are emerging. Economically important are the transnational companies (TNCs). Many TNCs are examining their corporate social responsibility policies in the light of growing stakeholder awareness of the



issues and the roles that they can play in reducing poverty levels and encouraging sustainable development.

This paper will attempt to provide a critique of the Nestlé 'Commitment to Africa' report in an effort to understand how one large TNC sees its role in the continent and to explain its social responsibility and its approach to citizenship. The critique will analyse sections of the report by identifying the key messages contained therein and reflect upon these in the light of other evidence and viewpoints. For instance:

- On what does Nestlé base its corporate citizenship?
- What contribution does Nestlé's make to economic development in Africa?
- What wider social issues does Nestlé embrace?
- How does the report discharge Nestlé's accountability to its stakeholders?

These are examined with specific examples from the report, such as:

- How do Nestlé's definition and discussion of free trade sit with other opinion on the trade issues affecting Africa?
- How does Nestlé see itself as a contributor to the successful delivery of the Millennium Development Goals?
- How are the expert opinions which appear in the report used to legitimise Nestlé's performance?

By critiquing the report it is hoped that some insight into the behaviour, citizenship and contribution to sustainable development of Nestlé and, by implication, other TNCs operating in Africa. It is hoped that this case will make a contribution to understanding the role of TNCs in poverty reduction and the link between this and corporate citizenship.

## NESTLÉ AS CORPORATE CITIZEN

Nestlé is a multinational company with its headquarters in Switzerland and its operational facilities throughout the world. It produces a range of food products which are available globally. It has operated in Africa since 1927 – opening its first factory in South Africa. It therefore has a strong history of economic development in the continent.

Nestlé is one TNC which has had criticism leveled against it over its business practices. It has recognised that its reputation needs to be defended and has produced a range of reports attempting to address what it considers to be the core responsibilities of its business. One such recent report is its 'Commitment to Africa' report published in March 2005. This report outlines what Nestlé sees as the big challenges to sustainable development and poverty alleviation and its role in addressing these. Hence the reader can use this to assess Nestlé's approach to its corporate citizenship.

### The report

As with many reports of this nature, this report is a public document and can be viewed by any interested reader. The critique has been undertaken from the perspective of such a reader, that is, without further communication with the company and from the viewpoint that this communication would fulfill both the company's desire to portray its activities in Africa, and satisfy readers in terms of their requirement for such information.

The report is 56 pages in length and discusses various aspects of Nestlé's work in Africa. It has 4 main sections:

1. Africa's challenges and opportunities
2. Nestlé in Africa: products, places and people



3. Nestlé and the United Nations Millennium Development Goals

4. Catalysing the shift from poverty to prosperity

It is written and edited by the public affairs department of the company and can be found online as well as in hard copy.

Generally it is a persuasive document detailing Nestlé's contribution to economic development in Africa, giving contextual information as well as case studies and other information about Nestlé's operation and activities. From the report we can tell that its activities in Africa are mature and its involvement in community activities seems well grounded and accepted. It describes how the company has developed partnerships with suppliers, farmers and community groups, and it facilitates community development in the areas of its operations – mainly around food and nutrition. There are several themes running through the report:

- The development of sustainable economies in Africa
- The contribution of Nestlé to this development
- The importance of a healthy private sector in enhancing quality of life
- The involvement of Nestlé in commercial and non-commercial aspects of African life.

It is largely a very positive report, giving a picture of a continent that is vibrant and with a huge economic potential; showing Nestlé as a real contributor to success in the region; whilst recognising some of the problems that Africa faces (HIV/Aids, low real incomes of consumers, poor governance structures in some areas) it presents itself as being part of 'the substantial effort...to find both short-term and long-term solutions' (p2 of the report – thereafter page numbers only given). Using this document it is proposed to assess Nestlé's performance by examining the role of TNCs in corporate citizenship and the possible contribution they can make to developments in society and in particular to improving the conditions in people's lives in the areas where they work.

### **Corporate citizenship**

*'Corporate citizenship is the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life'*

(IoD King 2 Report, 2002, p96)

Compare this with:

*'Corporate citizenship implies an ethical leadership, which is both visionary and globalising. Ethical leadership is a kind of leadership that allows us to meet the challenge of assuming responsibility for the predicament of the others....It is a type of leadership concerned with solidarity'*

(Dion, in Andriof and McIntosh (Eds) 2001, p138)

These two quotes show how disparate the definitions of corporate citizenship can be. The first has been developed by the South African business community to help it to formulate rules and practical guidance on corporate governance. The King Reports are designed by business for business and therefore could be expected to approach corporate citizenship in a way that is 'business-friendly' and in many ways non-challenging. This is in line with the move away from the original view of corporate responsibility – that of maintaining business activities so as to reward owners (as proposed by Friedman, 1970) - to a broader view encompassing:



- A recognition that a range of economic, legal, ethical and philanthropic responsibilities are mutual and necessary;
- A range of statutory and voluntary codes will measure corporate behaviour;
- The corporation has rights and responsibilities as a responsible citizen (McIntosh, Thomas, Leipziger and Coleman (Eds) 2003).

The second definition has much in common with many provided in the academic literature. It is more demanding, giving the corporation a lead role in delivering corporate citizenship. Rather than working alongside stakeholders, corporations should be prepared to take responsibility for those whom they come into contact with (directly or indirectly). This becomes a positive, proactive approach. Corporate citizenship which reflects a holistic approach to corporate behaviour goes beyond the corporation that feels itself to be a partner in society because it delivers sustainable economic development (Birch, in Andriof and McIntosh (eds), 2001). This moves the corporation into the 'responsible citizen' category and into a mode of citizenship that McIntosh et al (2003) called third generation citizenship. Indeed this suggests that a very rich, powerful firm owes a greater responsibility because of its position, and Birch (2001) argues that progressive responsibility is a means of balancing the citizenship responsibilities of major corporations in a society where inequity demands response as well as responsibility.

A third model of citizenship may be proposed – based upon the external actions that a company may choose to take. Hopkins (2007) suggests that there is a potential for business to be involved in international development issues and that the actions that are taken can be assessed against the following 'best practice':

- Private sector involvement in development – such as partnership with national government to provide infrastructure etc.,
- Ensuring that workers' skills are enhanced with the provision of training, worthwhile jobs and so on,
- Development of the SME sector to encourage local economic growth,
- Encouraging entrepreneurship at the local level,
- Inward investment in developing countries to allow innovation,
- Local community links to improve livelihoods in some way (standard of living not necessarily being the only one),
- Philanthropic activity.

Hopkins also suggests that business can have a 'positive effect on poverty' (2007, p144) particularly on the demand side, i.e. providing safe products and processes, appropriate pricing policies, environmental protection, recognizing anti-poverty measures, and working in partnership with institutions to foster democratic and transparent societies within which the economy grows.

These models are likely, then, to inform any analysis of the actions of Nestlé as reported.

### **The content of the Nestlé report**

Corporate citizenship may be enacted in one or more spheres – the economic and the socio-political. Issues that come under the umbrella of 'economic' include: internationally, the role of TNCs, globalization, trade rules, and locally, private sector development, local employment, raising the standard of living. Social development will cover such issues as: community development activities, partnerships with government and international institutions, raising quality of life. These are issues, then, that one would expect to be raised in the report and as such form the focus of the investigation.



## Food and Nutrition

Nestlé's logo states 'good food, good life' which sums up its underlying business principle that good, nutritious food leads to a better quality of life. Its products range includes components for cooking a meal, beverages to drink with that meal and as supplements, and 'luxury' items such as chocolate. Based largely on the 'commodity' products such as coffee and chocolate, Nestlé has built up a world-wide food products market. There are, within the report, many references to food and nutrition, reinforcing this link – in other words, Nestlé products can contribute to a nutritional diet. The following outlines some of the areas with which Nestlé has identified its connection with Africa through its food/nutrition delivery.

### *Local taste and custom*

In several places throughout the report (for instance on page 20) Nestlé tells us how it adapts its products to local taste and custom, to allow consumption to contribute to nutrition naturally and with acceptance. Understanding cultural aspects of food consumption are crucial to business success, and is good citizenship – the author observed that Nestlé breakfast cereal packets in Morocco carried the statement that the product contained no pork product or pork derivative (although the product was priced out of the average Moroccan wage level!).

Nestlé takes part in promoting products that it considers will contribute to local economic development (p30). So, for instance, it has encouraged the development of the 'Sustainable Cassava Project' which helps small-scale farmers to grow cassava more eco-efficiently. In West Africa, cassava is a traditional food staple and grows relatively easily, used as a staple vegetable (for instance in Nigerian fufu). It is a well-recognised crop throughout the region. It has other potential too – as an animal feed and as an industrial input, and so its development as part of a growth in agricultural systems would take it out of the realm of local food staple to an export possibility. Indeed, NEPAD launched initiatives to lead to the expansion of cassava growing. In the report the description of this development links cassava growing to:

- Food security
- Sustainable agriculture
- Fighting poverty
- Sustainable livelihoods

And yet for Nestlé the input seems to be more closely linked with its factory's need for raw materials: '...the local Nestlé factory can rely on a high quality source of raw materials for Maggi bouillon and other products' (p30).

### *Nutritional education*

If the reader took the words in the report at face value, they would assume that Africans have only recently become aware of healthy, balanced eating. Is this really the case? Nestlé has enabled the setting up of the Duchess Club, which comprises a group of professional, middle-class women to educate other women in nutrition. Nestlé describes this as a 'grassroots' movement but its prestigious members include Ministers of State. It is not clear how easy it would be for a rural woman (or even a man) to become a trainer or to have real influence. The statements made by the company in support of this issue make it appear paternalistic rather than furthering its corporate responsibility.



## **Economic growth and trade issues**

The CEO's statement begins the report and sets the scene, and the tone, for the rest of the report. The second paragraph of the introduction gives the economic context – numbers of factories, numbers of workers and the necessity of a long term strategy for sustained economic development if Africa is to deliver stability and growth. This whole section is very upbeat, using positive words such as 'opportunity', 'continued success', and 'progress' and states the company's primary objective – 'to create shareholder value' (p2). Hence this is a very clear message that Nestlé sees Africa as an economic challenge that it can exploit in order to grow itself.

In order to provide an analysis of economic growth in Africa, Nestlé provides a section entitled 'Africa: hidden economic growth' (p6) in which it explains the (sometimes) dramatic growth of African countries' economies, so that Chad, for instance, is shown as having about a 14% real GDP growth rate, with countries such as Sierra Leone, Botswana, Senegal and Sudan averaging about 6% real GDP growth. The text explains that commodity-based economies (i.e. those which are exploited by the world economy) are the most successful, with tourism and increased trade with China accounting for other aspects of growth. The analysis provides for the role of the private sector as being vital, as is the integration of African economies into the world economy (in other words the multinationalisation of Africa). This is a rather over-simplistic analysis of the continent's economic situation. It ignores such current issues such as the withdrawal of Chinese manufacturing from certain southern African countries such as Lesotho (in favour of cheaper facilities elsewhere) causing damage to its economy and disturbance to its communities. It also ignores the effect of changing patterns of tourism in the region, so that the opening up of South Africa to European tourists has meant that neighbouring countries such as Swaziland and Lesotho (alternative destinations to South Africa until the dismantling of apartheid) has seen their own tourist industry greatly reduced.

Hence this analysis of the state of African economic development allows Nestlé to take credit for its involvement, stating that 'Nestlé' greatest contribution to Africa is through the impact of its core business' (p6).

### *Free vs. Fair trade*

The report includes Nestlé's analysis of the free/fair trade debate in a section called 'African farmers need free trade' (p16) The section identifies protectionism in the US and the EU as the barrier to trade; the concepts of free and fair trade are not distinguished but are linked together in the text. This section interprets free trade by ignoring the role of the TNC, but puts the burden on the protectionist practices of the US and EU, and on governments in negotiating trade rules. These trade rules should include 'liberalisation of trade between developing countries' (p7). There is no mention of the role of business in developing new or different trading systems – and the section cites the former Secretary General of the UN Conference on Trade and Development as saying that 'the most important corporate social responsibility was to advocate free trade and capacity-building in developing countries' (p7).

In an implied criticism of fair trade, Nestlé has set up a programme to examine ways in which Ethiopian coffee farmers' incomes may be improved by 'giving the farmer the tools to successfully compete in the open market, rather than paying the farmer a minimum price' (p27). The scheme has something in common with the ethos of fair trade as its aim is to allow farmers to 'capture more of the sale price' (p27) but Nestlé sees this as a new approach



in the global coffee market, presumably bringing commercial advantage to itself whilst maintaining its position as the leading coffee provider to consumers.

In a postscript to this discussion, it is interesting to note that in 2007 Nestlé launched its own brand fair trade coffee (registered with the Fairtrade foundation). This is in addition to its existing range of instant coffees. It is unclear what prompted this development, but it sits uneasily with the arguments put forward in the report.

### **The connection between corporate citizenship and globalisation**

As a TNC Nestlé is a leading advocate of globalization. At this point it would be useful to review what this concept means, so that the context for the report can be established.

It is widely recognised that globalisation is widespread and affects us all; large TNCs are a main player in this movement. This has led to a greater awareness of the activities of the TNC, and with this an increased demand for transparency and greater corporate social responsibility (CSR). Hence a link can be established between the process of globalisation and the role of CSR.

Globalisation remains a largely economic concept – ‘the removal of barriers to free trade and the closer integration of national economies’ (Stiglitz, 2002, p. ix). It has been the main arm of developed government policy and the driving force behind the growth of the TNC. Much has been written about the concept and the processes involved in globalisation and it has its advocates and its critics. For many involved in international development (that is, the development of societies, communities and nations across the world, and in particular in the less-developed parts of the globe) it is seen, at the least, as a force which needs to be tempered to enable everyone to benefit from it. It has been considered that development needs growth to take place, and growth here is economic – this is the goal of globalisation. Globalisation has its winners – TNCs able to choose where to set up operations and to benefit from the replacement of wages by profits (Ellwood, 2001), Northern consumers able to take advantage of goods produced cheaply, host governments (sometimes) having TNC co-operation and involvement in infrastructure development, and international institutions such as the IMF and World Bank who can participate in development projects financed by global activities. The World Bank has also stated that globalization empowers the poor to improve their standard of living and therefore it has a positive effect on their lives (Ray, 2007).

Globalisation is seen as a major mechanism in poverty alleviation – bringing income through trade to those who were previously denied access to markets. By allowing free trade (that is, by not protecting Northern industry or preventing movement of goods to wherever they are required to be), producers and consumers are united wherever they make, sell or buy their goods, and income generation is stimulated in previously poor economies and communities. TNCs pay wages higher than local businesses, create local jobs, stimulate local consumption and encourage development of labour intensive industry (Kiely, in Kiely and Marfleet (ed), 1998). All of this increases income generation and so improves living standards locally. People are lifted out of poverty.

However, there are also losers. TNCs cause displacement of local industry and may create jobs that are insecure (as a TNC can always relocate as labour becomes cheaper elsewhere, as noted above). Higher wages are offered but for higher productivity – this often goes hand in hand with poorer working conditions (unsafe, long working hours, and with unprotected rights)(ibid).



Hence the role of a TNC has to be examined in the broader context of globalisation, as well as the narrower role as citizen in the corporate and wider world.

### **From the economic to the social**

Nestlé employs 11 500 people, almost all African, and, through the supply chain, supports a further 50 000 jobs. However, as Hopkins (2007) argues, TNCs are generally never major employers in developing countries, often employing a limited number of skilled employees, and poverty is addressed largely through a 'trickle-down' effect – the effect on poverty alleviation is low. Poverty and global inequalities are linked to the processes of globalization of the economy, but the economics are embedded in the social sphere (including family and community, space and political systems) and so on rather than as a separate system in itself (Ray, 2007). Hence the social conditions for poverty alleviation need also to be examined and the ways in which companies engage in these will reflect their citizenship approach. Hence Nestlé's discussions of its involvement in the delivery of the Millennium Development Goals serve as notice to its stakeholders of its commitment to poverty reduction.

### **Millennium Development Goals**

The MDGs were set to challenge poverty and inequality. It is recognized that Africa, especially sub-Saharan Africa, has not developed at the same pace as the rest of the world (Christie and Warburton, 2001) and that the numbers of people living in absolute poverty is unacceptable. Table 1 shows the UN's Human Development Index, which is a measure of the ability of people to have access to the resources needed for a decent standard of living.

Table 1: Human Development Report Indices for 2005

High	Medium	Low
US (10)	Libya (58)	Rest of Africa (146-177)
UK (15)	Tunisia (89)	Yemen (151)
Seychelles (51)	Algeria (103)	Haiti (153)
	Cape Verde (105)	
	Egypt (119)	
	South Africa (120)	
	Equatorial Guinea (121)	
	Gabon (123)	
	Morocco (123)	
	Namibia (125 )	
	Sao Tome/Principe (126)	
	Ghana (138)	
	Sudan (141)	
	Congo (142)	
	Togo (143)	
	Uganda (144)	
	Zimbabwe (145)	



Overall the report shows that the economy of Sub-Saharan Africa was measured at US\$418.5 GDP (US US\$10,948.5) with a growth rate of 0.1% between 1990-2003 (HDI, 2005). Most African countries show a low HDI, indicating that economic and social development is hindered. This contrasts sharply with Nestlé's own assessment of economic development in Africa – the graph on p8 shows an average GDP for the continent at 3.8%, with 11 countries exceeding this (Chad being the most successful at 14%). The report explains this by stating that commodities and natural resource exploitation allow for these higher than average growth rates. However this reliance on external factors (world market prices of commodities for instance) puts the continent at a disadvantage (BBC News. 2007)– in 'good' years there is little incentive to look inwardly for growth, and in 'bad' years economies are hard hit. A UN report estimates that Africa needs a 7% growth rate every year in order to halve poverty and meet the MDGs (ibid).

However, this economic discussion is left largely behind when Nestlé's contribution to the delivery of the MDGs is discussed. Section 3 of the report covers Nestlé and the MDGs (pages 49-53). It acts as a mini case study section where each goal is illustrated by examples of Nestlé's contributions to it. Table 2 shows the activities by country (usually a country where Nestlé operates) and by Goal. It shows how the core business activity - food and nutrition provision – features strongly, with all but goals 2 and 4 having a direct economic link.

Table 2: The MDGs and Nestlé's response

MDG	Nestlé's activities in respect of the MDG
1*	Food and nutrition education projects in Ghana, S. Africa, Guinea, Madagascar, Nigeria
2	Schemes for preschool and girls, school infrastructure in S. Africa, Morocco, Mozambique and Egypt
3*	Nigeria's Duchess Club, supporting international women's gatherings, cottage industries promotion
4	Clean water and food donation, free healthcare, sheltered housing for orphans in Cameroon, Côte D'Ivoire, Ethiopia, Kenya, Zimbabwe
5*	Linked to (1) by 'fostering economic development' (p51)
6	HIV/Aids support for employees and communities in Kenya, Nigeria, Cameroon, S. Africa, Zambia
7	Management of supply chain activities; water schemes in Ethiopia, Ghana, Kenya, Nigeria, S. Africa
8	Member of UN Global Compact, International Fed of Red Cross, UN Commissioner for Refugees, International Cocoa Initiative, Sustainable Agriculture Initiative.

Note: \* = no case studies provided for MDG

Certainly the aware reader will be reassured by this section's contribution to Nestlé's overall corporate citizenship image, as it moves away from the message contained elsewhere that economic development is the way forward out of Africa's problems. However, this is also a difficulty with this section – it feels separate from the rest of the report and appears to be an opportunity for good public relations. Certainly some of the information contained in it could be integrated into other sections to enable the reader to assess Nestlé's performance both in line with the MDGs and its own promotion of sustainable economic development.



This would have allowed a fairer assessment of its overall activities. A separate section such as this gives the impression that activities designed to contribute to the MDGs are somehow separate from the company's core activities. In this way Nestlé has not embraced the progressive citizenship advocated by Birch (2001) but implies in its report that it is a 'responsible citizen' (McIntosh et al, 2003). It therefore most closely follows Hopkins' (2007) model emphasizing economic development and philanthropy.

### **Accountability and the disclosure of social and environmental information**

As we have seen, corporate social responsibility can be delivered in many ways. Some companies choose to approach social and economic issues through employment (equal opportunities, fair wage structures, training); other organisations provide infrastructure developments which help with clean water supplies and health initiatives; environmental management programmes deliver stable environmental conditions; and community initiatives in education, health awareness and local economic development involve the TNC as a partner. Approaches to corporate citizenship can therefore take many forms and be expressed in many different ways. One form of communication is the preparation and publication of material for external stakeholders. One mechanism is the Annual Report, produced by companies as a requirement of national law or stock exchange listing rules; another is the range of literature produced voluntarily, such as the CSR report.

One way in which companies can communicate their corporate social responsibility is through published reports. Many companies produce environmental reports, and some have taken these further to incorporate social and ethical issues. Some reports are externally verified and others are awarded prizes for their commitment to accountability. Yet there is scepticism about the motivation behind such reporting practice, with many regarding such an activity as one which legitimises the business activity whilst justifying what the organisation must do in order to satisfy its stakeholder (largely shareholder) demands. Stakeholders therefore need to be able to assess the material in the reports against information obtainable elsewhere to develop for themselves a picture of true corporate social responsibility. It is in this way they can assess how accountable the business is (or isn't) and how this can/might be improved.

As early as 1982 Benston argued that equity (fairness) was at the heart of any accountability relationship. If we assume that business sets out to profit maximise as a sole purpose, then its operations may be challenging to the need for society to protect itself against damaging activities. Society may then attempt to legislate for protection; to forestall this business discloses its positive performance – in other words a form of voluntary accountability.

Gray et al (1996) defined accountability as "the duty to provide an account (by no means necessarily a financial account) or reckoning of those actions for which one is held responsible." (p. 38) Hence there are two responsibilities: the first is to undertake actions and the second is to provide an account of those actions. Accountability is the requirement to report the extent to which the business has met its responsibilities.

The work of Keasey and Wright (1993) provided the framework for corporate accountability. The English philosopher, Jeremy Bentham (1748-1832) states that the accountability process has at its centre the principle of publicity, i.e. the disclosure of information. Hence the rendering of an account to the public is integral to the discharge of accountability, rendering organisations and activities transparent. Keasey and Wright originally applied this to the publishing of financial information (as in the annual report) but



this can now be extended to the separate reporting activities of businesses. The qualitative and non-financial information which an organisation can generate is also relevant to disclosure, and therefore to the accountability discharge, where this concerns the wider social and environmental performance of the organisation.

However, it must also be considered that actual practice may fall short of 'true' accountability. Organisations may attempt to legitimise their activities through disclosure, or may seek to manage risk through providing filtered information. Legitimacy is based upon the notion that organisation operates in society via a social contract (Parker, 2005). The organisation agrees to perform various socially desired actions in return for approval of its objectives, other rewards and its ultimate survival. Organisations can only continue to exist if the society in which they are based perceive the organisation to be operating to a value system which is congruent to society's own value system (Gray et al, 1996). At a time when the social performance and integrity of the firm may be under scrutiny, the firm will provide information to the users of the accounts to justify, or legitimise, the firm's continued operation within that society (Deegan and Rankin, 1996).

Legitimacy proposes that the organisation must appear to consider the rights of its investor as well as the rights of the public at large (Deegan et al 2002, O'Donovan, 2002, O'Dwyer, 2002, Luft Mobus, 2005) If the organisation does not appear to operate within the bounds that are considered appropriate by society, the ability of the organisation to continue its operation may be adversely affected. For example, companies with a poor environmental performance may find it difficult to obtain the necessary resources and support to continue operations within a community which values 'green' or 'clean' environment. In other words, how a firm operates and reports will be influenced by the social values of the community in which it exists. Studies have shown (for instance Luft Mobus, 2005) that a firm under threat will disclose information to forestall that threat.

Thus the position(s) taken by a reporting organisation will influence the way in which it communicates its corporate responsibilities and the way in which the communication is received. Turning to the Nestlé report, the critique aims to reveal the messages and to make the company's underlying position more transparent. The question must therefore be answered: is Nestlé legitimising its activities through its emphasis on its core activities as deliverers of CSR performance? In this respect it would appear that there is some discharge of accountability and that the report addresses more than economic issues, but the primacy of the shareholder comes across in several places (for instance 'create long-term shareholder value' - p2) which reflects Nestlé's own version of CSR.

### **Statements from 'Independent experts'**

In order to provide some legitimation for its own information, Nestlé has included statements from experts in fields outside the company (pp8-15 and p22). Areas covered are: health, governance, responsible behaviour and investment, refugees, and employment. Of these the first three carry no real reference to Nestlé, but are contextual in their approach. They tend to reinforce Nestlé's message of private sector intervention and how financial support and economic growth can provide long-term solutions. All the statements are very positive about this, and therefore support the economic messages throughout the report.



## CONCLUSION

The main message which appears to emerge from the report is that the future will be determined by the development of sustainable business in Africa, which will lead to job creation and entrepreneurial activity. Hence Nestlé is forming a view about what constitutes sustainable development in Africa and how it sees its role in delivering its commitment. This tends to create the impression (for Nestlé stakeholders) that Nestlé is in a position to deliver sustainable development in its role as corporate citizen by a 'business as usual' approach, where social commitments are part of an economic programme of delivering added value in social and economic terms. This matches the Hopkins' model of a combination of economic action and philanthropy.

This view of corporate citizenship is prevalent – many TNCs have made efforts to deliver social programmes in order to demonstrate good CSR. However, for the people of Africa, long-seated socio-cultural and political problems have created the situation whereby, albeit with an economically successful subgroup, many of its population live in poverty, hunger and disease. It may be that solutions need to be provided in an integrated way – through international action, political governance and local empowerment. The role of the TNC therefore has to be clearly defined, and not just by the TNC itself. Reports such as 'Nestlé's Commitment to Africa' allow stakeholders to define for themselves the type of corporate citizen the company is and then decide whether, as a stakeholder, they will accept that version of citizenship, or whether they require the company to engage more fully in becoming a responsible citizen, with all its attendant rights and responsibilities.

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