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The global economy offers opportunities for businesses to integrate business units and processes into seamless value-creating engines that can bring their global strength and capabilities to bear within each local market. The purpose of this paper is to suggest that proactive corporate social responsibility (CSR) by Western multinational enterprises operating in developing countries, such as those in Africa, not only serves to soften the Janus-face of globalization but enhances their long-term economic interests as well. The paper posits that CSR provides a framework for a thoughtful modus operandi that wins the trust of local customers, employees, business partners, and the communities in which Western MNEs have a presence, and thus makes good business sense. The paper highlights the main CSR practices of the Coca-Cola Company in Ghana and suggests that it could serve as a model for other Western direct investors in Ghana and other developing countries.

Introduction

By being local everywhere and "foreign" nowhere, the global corporation can be more responsive to changing market and customer needs. However, success rests on solving huge complex problems. Global organizations need to learn how to manage products, technologies, finance, and people without alienating or antagonizing local stakeholders. As Western multinational enterprises find new opportunities for growth in developing economies such as those in Africa and Latin America, they must contend with skepticism about the benefits of globalization (Hasan, 2013; Diale, 2012). The existence of depressed wages in some parts of the developing world where labor has to compete for migrant capital, the prior history of colonialism, as well as the marginalization of some segments have added to a jaundiced view of inbound foreign direct investment from Western multinationals.

Clearly, a self-regulating global economy does not bring benefits to all. The Janus-face of globalization poses a special challenge to firms operating in developing countries. As the global market expands to these destinations through direct investment, multinational enterprises must decide the nature of the values that must guide their operations with diverse hosts and cultures. In addition to seeking returns on their investments, multinationals are increasingly faced with the need to address a plethora of issues affecting their stakeholders, including overburdened local governments that are expected to provide comprehensive social services, global concerns about human rights, fair wages, safe working conditions, child labor, the environment, and sustainable community development (Diale, 2012; Schilling et.al., 1994; Krueger, 1994).

Unlike portfolio investment, direct investment by multinational enterprises (MNEs) in developing countries entails long-term commitments to the target markets. The eyes of the world and especially the host communities rest upon the words and actions of the MNEs. In order to be successful, it is apparent that they would have little choice than to act as responsible citizens. This requires them to win the trust not only of their customers but of their employees, business partners, and local communities.

The Concept and Practice of Corporate Social Responsibility

Social responsibility is the idea that companies have obligations to society beyond their obligations to owners or stockholders and also beyond those prescribed by law of contract (Dubrin, 1997). Archie Carroll (1991) presents the pyramid of corporate social responsibility to demonstrate that the concept of CSR comprises four elements of social responsibility: economic, legal, ethical, and philanthropic.

At the bottom of the pyramid, acting as the fundamental support and building block, lies economic performance. At the same time, business is expected to obey the law. The next task is that the business must be ethical. This is a fundamental requirement because it suggests that companies do what is right, just, and fair to minimize harm to any stakeholders. Finally, business is expected to be a good corporate citizen (philanthropic responsibility).

The concept of corporate social responsibility has been around for a considerable period of time but remains controversial. Fundamentally, the controversy arises over what the appropriate role of the corporation in the global society should be. One school of thought suggests that a conflict of interest arises between the economic and social role of corporations, two roles which are deemed incompatible. The opponents contend that companies' primary role is to make profit and increase the wealth of their shareholders. Proponents of CSR, however, contend that since corporations are members of society, they should be involved in social issues of the local communities in which their businesses are immersed.

Some CEOs consider social responsibility of business as a distraction, and they argue that corporations have responsibilities, first and foremost, to their shareholders in fulfilling their basic business purpose (Smith, 1994). They contend that corporate giving should be done individually by the shareholders themselves, not by the corporation. Smith (1994) also considers managers of corporations that pursue philanthropic giving to charitable causes using corporate resources as expropriators.

On the other hand, there are CEOs that believe that business has a multi-stakeholder responsibility, a responsibility to create social capital. They consider that corporations should also focus on employees, the environment, the community, and global issues (Pratt, 1998; Mendis, 1994).

Furthermore, Sethi (1994) observed that there are new challenges for corporate responsibility. The Western reality of increasingly generous executive compensation packages, vis-à-vis decisions to lay off large numbers of employees is one such challenge envisaged by Sethi (1994). Arguably, the market system is at its worst when such polar variance in rewards, along with large sections of indigence and hopelessness, simultaneously exists. Sethi (1994) contends that no society will allow its components to exist outside the context of the common good and that the idea that business entities should exist as islands of prosperity amidst a sea of despondency is unsustainable.

This situation is vividly illustrated by Western multinationals manufacturing or sourcing manufactured products for Western markets in low-wage depressed communities in developing countries. The exported products generate high margins for the MNEs. At the same time the communities in which the products are manufactured have gaping social deficits that beg for answers. When such situations exist for long periods, the level of tolerance for such disparities may dissipate. For some residents of developing countries, these situations are comparable to and reminders of colonial era exploitation of territories by Western governments and business interests that is widely resented.

Other Arguments Supporting Corporate Social Responsibility

In applying corporate social responsibility philosophy, corporations can help in preserving the environment, protecting consumers, preserving the safety and the health of employees, and creating new jobs. Arguably, the most important social role is the one directed toward the local communities and their people. This is a call for corporations to tackle social problems such as drug abuse, illiteracy, insufficient day care, sanitation, and malnutrition in the firm's community. Addressing such challenges will enable corporations to take leading roles in resolving social issues and improving the quality of life.

As is especially true in developing countries, this responsibility cannot rely solely on individuals or governments and multilateral organizations. Business has a critical role to play in society (D'Aquino, 1996). Other arguments in favor of CSR are summarized from the work of Frederick, Davis, and Post (1988). They point out that some of the foundations for corporate social responsibility include the following:

CSR Balances Power with Responsibility

A corporation must direct its power in responsible ways towards society. The relation between power and responsibility is called the Iron Law of Responsibility. This law states that "in the long run those who do not use power in ways that society considers responsible will tend to lose it" (Davis and Blomstron, 1996). An example could be when companies close plants without considering the economic and social impact in the communities. Consumers concerned with environmental and social issues may act strongly against those companies that manifest insensitivity to social problems.

CSR is Preferable to Government Regulations

Arguably, voluntary social activities by business may reduce government regulations. Fewer regulations mean more freedom for both society and business. For business, freedom means a more flexible decision making environment as well as greater latitude in taking initiatives connecting market and social forces.

CSR Promotes Long-Run Profits

Corporate social responsibility is consistent with profitable operations. For example, investing in charitable activities such as education and improving schools might create an improved pool of skilled and educated workforce that, in the future, will benefit corporations. Furthermore, concerned customers will support and applaud those companies that stand for fair business practices not only at home but also overseas.

CSR Improves a Corporation's Public Image and Reputation

When a corporation acts in a caring and compassionate socially responsible manner towards all the stakeholders, its image and reputation is considerably enhanced. Corporations' philanthropy brings favorable public impression and overall image that lead to positive correlation with sales. Improving a company's public image and producing a more qualified workforce are some of the reasons for corporate philanthropy (Clark O'Hare, 1991).

CSR Corrects Social Problems Caused by Business

Since many business practices have strongly harmed parts of society in the last few decades, corporations should be accountable for such damages. They can alleviate the situation by putting resources to work on social problems created by their wrongdoing.

New forms of cooperation among government, business, and society are required to protect the health of the globe. Enlightened management acknowledge that sustainable management of the environment makes sense. Therefore, business practices emphasize the positive connections between economic and ecological efficiency (Palazi & Starcher, 1997).

Principal Arguments Against CSR

Many take a strong stand against the practice of CSR. They believe that business should stick strictly to profit making and leave social matters to other groups in society such as non-profit organizations and governmental agencies (Frederick et al., 1988).

The strongest argument against CSR is based fundamentally on the economic purpose of business, which is to make profits and maximize the wealth of the shareholders. Shareholders are those who invest in corporations, and consequently the ultimate beneficiaries of a company's earnings. This argument, rooted in the work of Milton Friedman, asserts that corporations should pursue their economic self-interest, and that any attempt to promote CSR might effectively discharge them from their economic raison d'être. Moreover, democracy depends upon governments as the only legitimate vehicle for addressing social concerns, and as the only organization that can successfully adjudicate such concerns (Freeman and Liedtka, 1991). Other reasons to reject corporate social responsibility, presented by Frederick et al. (1988) include:

CSR Lowers Economic Efficiency and Profits

This issue infers that corporations' roles in producing goods or services and selling them should be at the lowest competitive prices. For example, if a company decides to keep an obsolete factory open because it wants to avoid a negative social impact that a closing would have on the local community, its overall economic performance and profits will suffer. Consequently, cost will increase, profits will decrease, and shareholders will see a shrinkage of their return.

CSR Imposes Unequal Cost Among Competitors

This is the case when a socially responsible company is competing with a company that is not taking socially responsible actions. As a result, the latter may have lower cost and high profit margin. In this case, the socially responsible firm penalizes itself and even runs the risk of going out of business, especially in a highly competitive market, but this type of problem is also apparent in situations where one nation requires higher and more costly pollution control standards, or greater job safety criteria, thereby imposing higher costs on businesses in one country over another. On the other hand, multinational competitors that are able to avoid such responsibilities will actually be rewarded because they may be able to capture more market share.

CSR Imposes Hidden Costs on Society

Some believe that social benefit is costless, however, social responsibility is expensive and companies will try to recover all of their cost in some ways. For example, stockholders may receive lower dividends, employees may be paid less, or consumers may pay higher prices.

CSR Creates Internal Confusion and Unjustified Public Expectations

When companies embrace social involvement activities, they may neglect their main business goal of making profits. Debating business goals and purposes, whether they should be economic or social, diverts organizational energies from the main task of delivering value to customers at a profit.

CSR Gives Business too Much Power

Taking responsibility for solving social problems would only concentrate an undesirable amount of power in the hands of business leaders, while undermining the public institutions that are supposed to handle such problems. Generally, business should take care of economic problems, while leaving social problems to be handled by the government.

CSR Requires Special Social Skills Which Business Lacks

This argument is based on the case that business people are not trained to solve social problems. Therefore, putting them in position to solve social issues might lead to errors and inadequately conceived approaches.

CSR Places Responsibility on the Corporation Instead of Individuals

This argument is based on the idea that only individuals are responsible for their actions, not corporations. People make personal decisions, organizations do not.

Overall, summarizing both arguments, in favor and against corporate social responsibility, Wood (1991) proposed that CSR should be accepted as a concept of freedom and maturity. He suggests that the right to exercise free choice nust be accompanied by the responsibility to accept the attendant consequences of one's choice.

Coca-Cola's CSR Practices in Ghana: A Good Model for Foreign Investors?

There is a distinction between the normative case for CSR and the business case for it. Smith (2003) notes that while a substantial business case can be advanced for making a major contribution to CSR, every firm must decide whether the business case applies to its particular circumstances. In this section, we focus on the example of the Coca-Cola Company's current CSR practices in Ghana. It is arguable that the long and fairly extensive involvement of the company in CSR activities, reflecting the firm's determination of its societal obligations in Ghana, provides a model that may be emulated by other foreign direct investors operating in Ghana or elsewhere in emerging markets.

In recent years, the Coca-Cola Company has experienced sustained growth in Ghana in keeping with the remarkable rise of Ghana's economic performance in GDP terms. The company's active involvement in CSR initiatives in Ghana dates back to its initial entry and operations through a franchised bottler in 1956. CSR practices at Coca-Cola are guided by its global corporate philosophical belief in giving back to the communities in which it operates, under the assumption and belief that a sustainable business will not be achieved without building healthy and economically vibrant communities (Okine, 2012). We organize the discussion under some of the specific types of Coca-Cola's CSR engagement in Ghana.

Support for the Supply Chain, Employment, and Women

An important way in which Coca-Cola functions as an economic growth stimulant in the Ghanaian economy is through its supply chain linkages, especially the many enterprises that handle distribution and sales of its products. Such is the economic impact of the company that it is estimated that 10 additional jobs are created in Ghana for every job that the Coca-Cola system directly creates. These stakeholders include youth, females, and small businesses. In addition, there are large numbers of micro-distributors delivering Coca-Cola products throughout Ghana. It is estimated the overwhelming majority (99%) of these micro-distributors in Ghana are women, many of whom are the only income earners in their families. This productive relationship with the women of Ghana is in line with The Coca-Cola Company's worldwide goal of empowering an additional 5 million women by 2020 by using its supply chain (Okine, 2012).

The economic impact of the Coca-Cola System (the subsidiary and the franchised bottler) on its stakeholders in Ghana will be further extended given the System's plans to source more inputs and raw materials from local suppliers. Implementation of this new supply chain will require assistance to local partners to meet the world class standards and capability that Coca-Cola expects. Obtaining more raw materials from Ghana will enable Coca-Cola to hedge against foreign exchange risk since the Ghanaian currency, the cedi, is a soft currency. In addition, increased local sourcing will broaden and deepen business opportunities for Coca-Cola's Ghanaian stakeholders.

Education

There are two principal ways the Coca-Cola system provides support for education in Ghana: (i) investment to improve the infrastructure in schools, and (ii) provision of tools that aid in the instruction of students. Regarding infrastructure improvement, the company has built classroom facilities for schools in several regions, including the Northern, Ashanti, Volta, Eastern, and Brong Ahafo regions of Ghana. A recent example is a six-classroom structure including a kitchen, dining facility, and rainwater harvesting system for Guunayili Primary school in the Tamale area.

With regard to instructional tools, the Coca-Cola system has partnered with The Discovery Channel Global Education Program to bring lessons to life in an innovative and interactive way via the use of videos in 25 schools in the Greater Accra and Kumasi metropolitan areas. The number of schools served is expected to reach 40. Remarkably, in assessing capability, statistically significant improvement in scores for four subjects, science, mathematics, English, and social studies/citizenship education, were found for students in these Learning Center schools, scores that were not found in other schools not in this system (Okine, 2012).

Youth Development

In furtherance of its support for youth development in Ghana, the Coca-Cola system provides financial assistance and guidance to a variety of youth development organizations. These include the Zawadi Africa Education Fund for females, Students in Free Enterprise (SIFE), Junior Achievement, Play Soccer, and United Way.

What is considered the star of Coca-Cola's youth development program in Ghana started in 2007. It involves hiring and providing training in sales and marketing yearly to about 200 national service personnel from universities and polytechnics. The graduates work directly with Coca-Cola field personnel throughout Ghana, gaining first-hand experience in problem solving in a global organization. Some of the national service personnel invariably secure positions with the Coca-Cola system, while others pursue careers elsewhere.

Health Care

The Coca-Cola system in Ghana is also working with partners to prevent diseases and improve health care delivery to communities. Coca-Cola works closely with Nets-for-Life to support the distribution of long-lasting insecticide treated mosquito nets throughout the country. It is reported that in 2012, along with other donor partners, the company supported the distribution of over 1 million mosquito nets to communities in Ghana and also supported a program to educate respondents about the dangers of malaria and how the nets can help with prevention (Okine, 2012). This significant initiative has been ongoing since 2006. In partnership with Medshare, a U.S.-based NGO, The Coca-Cola system delivered medical supplies and equipment worth about $1 million to the Ghana Health Service in 2011.

Water and Sanitation

Arguably, the Coca-Cola system's flagship program is in water and sanitation. Between 2009 and 2012, the company has been involved in a partnership with USAID to provide access to safe, clean drinking water to five communities in Greater Accra and the Volta regions in Ghana. With this partnership, Coca-Cola and USAID also plan to provide nine toilet facilities equipped with rainwater harvesting systems to seven institutions and build 227 household toilets. Some of the toilet facilities will generate biogas to be used for cooking meals for pupils in the school feeding program in Ghana.

The cornerstone of the water and sanitation program is the Safe Water for Africa (SWA) partnership between The Coca-Cola Company, Diageo (Guinness in Ghana and Nigeria), WaterHealth International, the IFC, and the Coca-Cola Bottlers in Ghana and Nigeria to raise $20 million to provide access for up to 2 million West Africans in Ghana, Nigeria, Liberia, and Sierra Leone by the end of 2013.

SWA is expected to implement the innovative small scale water treatment and distribution facility designed by WaterHealth International. The WaterHealth system treats surface water to WHO standards and distributes the water in communities for a usage fee. The usage fee is then used to sustain the operation and maintenance of the system. The water produced by this system is as clean and safe as water produced from any effective large scale municipal treatment system anywhere in the world. The partnership has already built 11 in Ghana and plans to build a total of 50 by 2013 (Okine, 2012).

Conclusion

The paper seeks to make the case that an active philanthropic support of social causes in developing countries by Western companies serves their interests and, thus, makes business sense. The premise for that position is that the prosperity of a business depends on two elements in the social environment: first, the health, stability, and overall well-being and prosperity of the community in which it operates; second, the extent to which it cultivates a climate of support in the community.

Given the susceptibility of developing economies to big shifts in the global economy (Sharma,2012), there is a need for ameliorating the Janus-face of globalization, in addition to dealing with the enormous social deficits, in these countries. Western MNEs that are involved in direct, as opposed to portfolio, investments in developing nations have a particular need to develop mutually beneficial long-term relationships with the host communities. This is necessary not only to continue a climate of support for foreign participation in these economies but also to minimize protectionist actions caused by skepticism of the merits of globalization and a jaundiced view of Western multinationals, in view of the colonial past. Coca-Cola's CSR practices in Ghana illustrate how other foreign direct investors might engage with their stakeholders in the host communities in developing economies.

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