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EVALUATION OF THE CORPORATE SOCIAL RESPONSIBILITY OF NEWMONT GHANA GOLD LIMITED (NGGL) IN KENYASI

SOPHIA AKO

2014

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EVALUATION OF THE CORPORATE SOCIAL RESPONSIBILITY OF NEWMONT GHANA GOLD LIMITED (NGGL) IN KENYASI

BY

SOPHIA AKO

DISSERTATION SUBMITTED TO THE INSTITUTE FOR DEVELOPMENT STUDIES OF THE FACULTY OF SOCIAL SCIENCES, UNIVERSITY OF CAPE COAST IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF ARTS DEGREE IN DEMOCRACY, GOVERNANCE, LAW AND DEVELOPMENT

MAY 2014

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DECLARATION

Candidate's Declaration

I hereby declare that this dissertation is the result of my own original work and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's Name: Sophia Ako

Signature:.……………………………… Date: ……………………………

Supervisor's Declaration

I hereby declare that the preparation and presentation of the dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

Supervisor's Name: Mr. J. S. Anoff

Signature: …………………………………. Date: …………………………..

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ABSTRACT

The study evaluates the corporate social responsibility practices of NGGL in Kenyasi in the Brong-Ahafo Region of Ghana. This research adopted both quantitative and qualitative method of data collection, analysis and reporting in providing socio-economic development effects of the activities of the NGGL. Also, the study depended on secondary and primary data sources. Interviews and questionnaires were the main tool for data collection and using SPSS (16) for the analysis.

It became evident that, NGGL is committed to high standards of environmental protection as well as worker health and safety. The district has also benefited from the operations of Newmont Ghana Gold Limited in the areas of water, electricity extensions, employment and revenue generation.

It is recommended that, inhabitants of Kenyasi supports the operations of Newmont Gold since it has a lot of prospects for the development of the District. This would be in the Implementation of most if not all of the development priorities of the community and also invest in other communities to generate more revenue for future development projects.

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ACKNOWLEDGMENTS

My soul gives thanks to the Lord and Bless his Holy Name for he has kept me so far. I am most grateful to all my lecturers but more especially Mr. Justice Sakyi Anoff who urged my interest in Corporate Social Responsibility. His supervision, suggestions and criticisms helped me produce this work.

I will also like to express my profound gratitude to some individuals for their support, which cannot be measured. I particularly wish to acknowledge Mr. Papa Ekow Armah and Fred Eshun, teaching assistants at the Institute for Development Studies, University of Cape Coast, for his supports.

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DEDICATION

To my family.

VERITAS NOBIS LUMEN

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LIST OF ABBREVIATIONS

ALPs	Alternative Livelihood Programmes
CBD	Convention on Biological Diversity
CCC	Community Compensation Committee
CCD	Convention to Combat Desertification
CEA	Cumulative Effects Assessment
CSR	Corporate Social Responsibility
EAP	Environmental Action Plan
EIA	Environmental Impact Assessment
EIR	Extractive Industries Review
EPA	Environmental Protection Agency
ERP	Economic Recovery Programme
GCM	Ghana Chamber of Mines
GFL	Gold Fields Limited
HIV	Human Immune Virus
IMF	International Monetary Fund
LBA	Licensed Buying Agent
LRP	Livelihood Restoration Programme
NGGL	Newmont Ghana Gold Limited
NGOs	Non-Governmental Organisations
OICI	Opportunity Industry Centre Industrialization
PMMC	Precious Minerals Marketing Corporation
SAP	Structural Adjustment Programme
SEA	Strategic Environmental Assessment

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SPSS	Statistical Product for Service Solutions
STD	Sexually Transmitted Diseases
UNCTAD	United Nations Council for Trade and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
WBG	World Bank Group

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CHAPTER ONE

INTRODUCTION

Background to the study

Ghana is the second largest producer of gold on the African continent and is also the tenth largest producer of gold in the world (Revenue Watch Institute, 2011). The subject of gold mining is one that is continuously debated on since it is linked to the country's economic development. The country's three largest and major gold and mineral producing companies are: Goldfields Ghana Limited, AngloGold Ashanti and Newmont Ghana Gold Limited (Revenue Watch Institute, 2011).

Newmont Ghana Gold Ltd (NGGL), the focus of this case study and owned by Newmont Mining Corporation is one of the largest gold producers worldwide (Kapstein & Kim, 2011). It operates in Australia, the United Nations, Peru, Indonesia, Canada, Ghana, New Zealand and Mexico (Kapstein & Kim, 2011). NGGL has its headquarters in Denver, Colorado, and is a publicly traded company. Newmont Ghana Gold Ltd reserves are estimated to account for almost 20% of NMC's worldwide assets (Kapstein & Kim, 2011). The company presently operates one gold mine, which is in the Brong - Ahafo Region with ongoing plans to build another mine at Akyem, a town in the Eastern Region (Kapstein & Kim, 2011). It operates four open pits at Ahafo and has 15 pits containing total reserves (Kapstein & Kim, 2011).

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The company started its operations in Ghana in February 2002. This was after Newmont Mining Corporation acquired Normandy Mining Limited, an Australian company, which had licenses to the projects in Ahafo and Akyem (Kapstein & Kim, 2011). On the 19th of December 2003, the Ahafo project was formalized between Newmont and the government of Ghana with a signed foreign investment agreement (Kapstein & Kim, 2011). The following year, the company started negotiations with communities that surrounded the mine and resettled 1,700 households, costing them $45 million in compensation and resettlement costs (Kapstein & Kim, 2011). That same month, the Ahafo project was given an environmental permit by the Environmental Protection Agency due to an environmental impact study conducted by Newmont Ghana Gold Ltd (Kapstein & Kim, 2011). Mining activities started at Ahafo in January 2006, with commercial production commencing in August 2006 (Kapstein & Kim, 2011).

In 2008, the country accounted for (3.4%) of the total world production (Kapstein & Kim, 2011). In 2009, the company produced 531,470 ounces of gold making (17%) of Ghana's total production, had revenue of $528 million and directly employed 1,731 people (Kapstein & Kim, 2011). During the year 2009, the Internal Revenue Service collected taxes adding up to a total of $243.0 million from all the mining sectors which was equivalent to (19.8%) of the total tax collections (Kapstein & Kim, 2011). 3.1 million ounces of gold were also produced by Ghana's mines during this year and gold represented (97.4%) of the country's mineral exports and (43.4%) of its total exports (Kapstein & Kim, 2011).

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Furthermore, 17,300 people were directly employed by mining companies in 2009 (Kapstein & Kim, 2011).

Businesses have traditionally defined themselves purely as economic entities maximizing returns for their owners. The need for companies to redefine themselves as economic and social entities is embodied in the concept of corporate social responsibility (CSR) whereby companies are increasingly being called upon to be good corporate citizens in the communities in which they conduct their business operations.

Frederick, Davis and Post (1988:23) argue that a business is an integral part of the society in which it operates and as such it is vitally important for business managers to be aware of the social environment and to interact with it skillfully and carefully. Business operations occur in a complex social environment and businesses have a social and moral obligation to take care of the society in which they operate. If a business fails to take care of its social environment, its long -term survival may be jeopardized. Seen this way, the sustainability of society and business as related entities becomes increasingly important. Therefore being a socially responsible company is good for business, because in the long-term it increases shareholder value as well as committing the business's skills, money and resources in solving society's problems. CSR requires organizations to adopt a broader view of its responsibilities that includes not only stockholders, but many other constituencies as well, including employees, suppliers, customers, the local community, local, state, and federal governments, environmental groups, and other special interest groups.

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The way corporate social responsibility programmes are conducted is also changing. There is a shift from a short-term *ad hoc* approach to corporate social investment to a more involved long-term engagement in corporate social investment programmes. As a result, companies are increasingly reviewing their approach to corporate social investment initiatives. Many corporate social investment programmes are now being aligned to core corporate values, and integrated into the overall corporate strategic planning process. Birch (2001:3) supports the above view by arguing that sustainable change in this area can occur only when companies adopt a corporate strategy that puts corporate social responsibility at the heart of corporate culture and conduct, that is, to make it a strategic issue in business organizations.

CSR involves a business identifying its stakeholder groups and incorporating their needs and values within the strategic and day-to-day decision-making process, thus a means of analyzing the inter-dependent relationships that exist between businesses, the economic systems and the communities within which they are operating. CSR is a means of discussing the extent of obligations a business has to its immediate society; a way of proposing policy ideas on how those obligations can be met; as well as a tool by which the benefits to a business for meeting those obligations can be identified (Osho, 2008). It involves the way organizations make business decisions, the products and services they offer, their efforts to achieve an open and honest culture, the way they manage the social, environmental and economic impacts of business activities and their relationships with their employees, customers and other key stakeholders having interest in the

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Business and its operations. The motivations to engage in CSR are varied – response to market forces, globalization, consumer and civil society pressures, corporate objectives, etc. The activities of these firms are therefore visible because of their global reach. As such, there is a higher incentive to protect their brands and investments through CSR. The CSR activities in this sector are mainly focused on remedy the effects of their business activities on the local communities. So, the firms operating in this sector have often provided pipe-borne waters, hospitals, schools, etc.

CSR has grown in importance in recent years, often through public scandals and mis-management. This has meant increased demands from customers, employees, statutory bodies and the general public for detailed information about whether companies are meeting acceptable standards. Increasingly companies have to take account of how their actions impact on society.

Presently, there is an increasing concern with the social responsibilities of organizations. This is reflected in part by the extent of government action and legislation on such matters as, for instance, employment protection, equal opportunities, company's acts, consumer law, product liability and safeguarding the environment (Mullins, 2005). Based on this the corporate social responsibilities of organizations have turned into a legal requirement.

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Statement of the problem

The social capital of a local community has a strong impact on the survival of business since a business derives some of its inputs like human capital from the community. Likewise, society has the expectation that business will take active steps to assist it to solve some of its social problems. In this case, as one of the largest employers in the Asutifi District, NGGL draws most of its work force and raw materials from this local community. NGGL's resources, wealth and capabilities are in stark contrast to the socio-economic challenges in the local environment where it operates. Being a big business in the area, contributions to the development of the local community is critical. Indeed, whilst the long-term sustainability and profitability of NGGL is important to the economy of the Asutifi District, it is also dependent on, and should be buttressed by, the social integration and development of the local community. The challenge for the company is to help reduce these social problems in the region and this could be achieved through an effective corporate social responsibility (CSR) programme.

According to Rockey (2008:6), "Today there is a growing awareness that being seen to be a socially responsible corporate citizen in the community is an important aspect of a company's public relations and corporate image profile". In the face of the foregoing discussions, this study therefore is an attempt to evaluate the corporate social responsibility practices of NGGL in Kenyase.

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Objectives of the study

The main objective of the study is to evaluate the corporate social responsibility practices of NGGL in Kenyase. Specifically, the study aims, among other things, to achieve the following objectives, namely to:

- Examine NGGL's Corporate Social Responsibility policy.
- Explore the motivation of the company carrying out corporate social investment programmes in the local community.
- Examine the effect of CSR programmes on the community
- Analyse the perception of the local community on NGGL's corporate social responsibility programme
- Make recommendations to management of NGGL in order to improve their Corporate Social Responsibility practices.

Research questions

As a result, the study seeks to ask the following questions;

- What does NGGL's Corporate Social responsibility Policy contain?
- What motivates the company to carry out corporate social investment programmes in community?
- What are the effecst of CSR programmes on the community?
- How does the local Community perceive the NGGL's corporate social responsibility programmes?

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Justification for the study

This study is to throw light on the various ways and methods that Newmont Ghana Gold Limited used when trying to perform its corporate social responsibilities in the course of its operations. The overriding interest for choosing this area of study was to investigate the view that companies need to be seen to be supportive of the social environments, particularly the local communities in which they operate**.** There is also a growing expectation in Ghana about the need for companies to engage in corporate social responsibility activities in communities where they operate. Hence, there was the need to investigate the extent to which issues of corporate responsibility and governance are becoming integrated into the overall business strategy in general. Likewise, society has the expectation that business will take active steps to assist it to solve some of its social problems. In this case, as one of the largest employers in the Asutifi district, NGGL draws most of its work force from this local community. NGGL's resources, wealth and capabilities are in stark contrast to the socio-economic challenges in the local environment where it operates. Being a big business in the area and one of the largest employers in the district, its contribution to the development of the local community is critical.

In addition the study was the conviction that being seen to be a good corporate citizen in the community is important for business because it builds its reputation as a caring company in the eyes of the people. According to Rockey (2008:6), "today there is a growing awareness that being seen to be a socially responsible corporate citizen in the community is an important aspect of a

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company's public relations and corporate image profile". Therefore, it was of particular interest to find out the extent to which NGGL, as a business operating in the local community of the Asutifi district, is aware that its public image is a function of how it is perceived to be discharging its corporate social responsibility activities in the local community.

For NGGL, investment in the local community makes sound business sense because the company will benefit from creating a happy, stable and healthy society that is conducive to business success. Nowhere is this need greater than in the Kenyase where whole communities are in dire need of basic social amenities like schools, healthcare, job creation opportunities and sports development.

Scope of the study

The focus of this study was to understand and appreciate the importance of the Corporate Social Responsibility of Organizations and to evaluate to what extent organizations conducted their corporate social investment activities in Kenyase and also to investigate how inhabitants of Kenyase see these CSR programmes. Newmont Ghana Gold Limited, a mining company situated in the Asutifi District in the Brong-Ahafo Region was selected as a case study.

Organisation of the study

The study consists of five chapters. The first chapter consists of the background to the study, statement of the problem, objectives of the study, research questions, justification of the study, scope of the study and organization

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of the study. Relevant and related literature is reviewed in the second chapter. The third chapter discusses the methodology adopted for the study. It covers the research design, the study area, sample and sampling procedures, instruments for data collection, validity of the research instrument and data processing and analysis of the data. In the fourth chapter, the main findings of the study are presented and discussed. The fifth and final chapter is made up of the summary, conclusions and recommendations.

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CHAPTER TWO

REVIEW OF RELATED LITERATURE

Introduction

This chapter discusses the relevant literature on corporate social responsibility which includes definitions and theories of corporate social responsibility and needs of the community as well as the empirical studies.

Concept of corporate social responsibility

Corporate social responsibility has been a longstanding practice in the corporate arena and thus, it has represented an attractive and fruitful topic for both academics and practitioners. Yet, despite its importance and hundreds of studies conducted, the CSR construct still lacks a generally accepted definition (Green and Peloza, 2011). There exist a variety of theoretical perspectives and definitions to explain the CSR phenomenon (McWilliams et al., 2006; Vlachos, 2012). Among those, the most cited definition is the one proposed by Carroll (1979; 1991). Carroll (1979) present CSR as a construct that encompasses the economic, legal, ethical, and discretionary expectations that society has of at a given point in time." In the definition, Carroll claims that these responsibilities that are expected from a firm are to be performed not only for the sake of the firm but also for the sake of society at large.

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Steiner & Steiner (2006) trace the origins of CSR back to the philanthropic work of wealthy business owners John D. Rockfeller and Andrew Carnegie, who gave away millions of dollars to social causes. Blowfield and Frynas (2005: 500) argue that "the modern precursors of CSR can be traced back to nineteenth-century boycotts of foodstuffs produced with slave labour…" (p.500). However, both sets of authors agree that the more contemporary understanding of CSR was formed in the last half of the twentieth century. Steiner and Steiner argue that the concept of CSR was first introduced in 1954 when Howard R. Bowen published his book *Social Responsibilities of the Businessman*. Bowen argued that managers have an ethical duty to consider the broader social impacts of their decisions, and that those corporations failing to uphold the broad social contract should stop being seen as legitimate. He also argued that it is in the enlightened self-interest of business to improve society as voluntary action could potentially avert the formation of negative public opinions and unwanted regulations (Steiner & Steiner, 2006:121). This latter argument is supported by the fact that early forms of corporate social responsibility (such as corporate philanthropy and the establishment of employee welfare programs) is one of the things that kept people from becoming hostile towards large corporations in the early 20th century (Micklethwait & Wooldridge, 2005). Extant literature also suggests that the dimensions of CSR vary as well. The most classical classification of the dimensions is the one offered by Carroll (1979) that emphasizes the four principle types of responsibilities as dimensions which are economic, legal, ethical and philanthropic. Carroll argues that these four dimensions are intimately related and

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thus, organizations should strive to achieve all four at all times. In other words, a socially responsible firm “should strive to make a profit, obey the law, be ethical, and be a good corporate citizen” (Carroll, 1991: 43).

Even if there exist other dimensions proposed by other researchers, these dimensions somewhat correspond with the dimensions proposed by Carroll. For example, Lantos (2001; 2002) claim that there exist three dimensions of CSR which are namely ethical, altruistic and strategic. Two of these dimensions- ethical and altruistic- are very much linked to the ethical and philanthropic dimensions that are previously proposed by Carroll. The exception is the strategic CSR dimension which is relatively new to the relevant literature. Strategic CSR implies that CSR activities have the potential to improve corporate image and increase motivation and loyalty primarily among various stakeholder groups including shareholders, employees and customers (Lantos, 2002; Vaaland 2008). Thus, more and more companies today consider the adoption of CSR initiatives as an important strategic objective (Wagner, 2009).

Probably the issue that is most extensively investigated within the context of strategic CSR is the relationship between CSR activities and a firm’s financial performance. This relationship has been much researched, with over a dozen reviews of numerous empirical studies published (Pava and Krausz, 1996; Margolis and Walsh, 2001, 2003; Orlitzky et al., 2003), yet the empirical evidence to date is rather mixed. While the effect of CSR on financial performance is found to be positive in some studies (Fombrun and Shanley, 1990;

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Solomon and Hansen, 1985; Stanwick and Stanwick, 1998), in others it is found to be negative (e.g., Aupperle et al., 1985; Mc Guire et al., 1988).

More recently, viewing CSR as an important business strategy and a source of competitive advantage, firms have begun to focus on the effects of CSR on other stakeholder groups, employees and customers in particular. In this context, some researchers have examined whether CSR activities enhance organizational effectiveness through improved job satisfaction (Hansen 2011) or organizational trust (e.g., Valentine and Fleischman, 2008) while others have studied the effect of CSR on customer-related outcomes such as customer satisfaction (Carvalho 2010; He and Li, 2011; Luo and Bhattacharya, 2006) and loyalty (Lee et al., 2012; Marin et al., 2009; Salmones et al, 2005, Stanaland 2011).

One of the primary reasons why there is currently no universally accepted definition of CSR is that it is an evolving concept, which over the years has been used to describe an increasingly wider range of corporate activity (Zadek, 2001a; Gutierrez & Jones, 2005; Hamann, 2003). CSR, which used to be equated with corporate philanthropy, now includes everything from charitable contributions and social investment19 to the direct integration of vulnerable populations into a corporation's regular business practice (Gutierrez & Jones, 2005). While some scholars argue that CSR-type programs and policies were originally adopted by companies in the midtwentieth century to deflect criticisms of their social or environmental misconduct (Gutierrez & Jones, 2005; Micklethwait & Wooldridge, 2005; Zadek, 2001a**),** others argue that more and more companies

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are now viewing CSR as a way to reduce the negative social and environmental impacts of their business, and to maximize the positive impacts of their investments, particularly in developing countries (Blowfield, 2005; Utting, 2005b; Zadek, 2001a). Therefore, given the number of existing definitions of CSR and the wide range of activities that CSR has been used to describe, Blowfield & Frynas (2005:503) suggest that it is perhaps more useful to think of it as an umbrella term used to describe a variety of beliefs and practices which hold that:

- Companies have a responsibility for their impact on society and the natural environment, sometimes beyond legal compliance and the liability of individuals;
- Companies have a responsibility for the behaviour of others with whom they do business (e.g. within supply chains);
- Companies need to manage their relationship with the wider society,

Blowfield and Frynas best capture the essence of CSR - at least in the way the term is used by current mainstream CSR proponents. Thus, unless otherwise amended, for the purposes of this thesis the term CSR will refer to the beliefs and practices outlined by these authors in the three points above.

Furthermore, according to the European Commission (2001), CSR is a concept whereby companies integrate social and environmental concerns in their business operations and interact with their stakeholders on a voluntary basis following increasingly aware that responsible behaviour leads to sustainable business success (Kapelus, 2008: p. 275-296). CSR is about managing change at

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company level in a socially responsible manner which can be viewed in two different dimensions:

- Internal – socially responsible practices that mainly deal with employees and related to issues such as investing in human capital, health and safety and management change, while environmentally responsible practices related mainly to the management of natural resources and its usage in production (Szekely & Knirsch 2005).
- External – CSR beyond the company into the local community and involves a wide range of stakeholders such as business partners, suppliers, customers, public authorities and NGOs that represent local communities as well as environment. A company should focus on areas such as economic, environmental and social when developing sustainability strategy (Szekely & Knirsch 2005). Sustainability strategy development can be based on legitimacy, economic and social theories. These theories explain social disclosures pattern by organisations (Haniffa & Cooke 2005). Thus, CSR practices can be based on these three strategies.

Legitimacy theory is whereby corporate social disclosures were motivated by the corporate need to legitimise activities (Hogner, 1982). This is where corporate management will react to community expectations (Guthrie & Parker, 1989). Thus, companies are expected to carry out activities that are acceptable by the community. Legitimacy also implies that companies will take caution to ensure their activities and performances are acceptable to the community given a

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growth in community awareness (Wilmshurst & Frost, 2000). Corporate social disclosure can be used to appease some of the concerns of the relevant publics and also as a proactive legitimation strategy to obtain continued inflows of capital and to please ethical investors (Haniffa & Cooke, 2005).

Economic theory reflects the degree of association of CSR and financial performance by taking consideration of cost-related advantages, market advantages and reputation advantages (Chamhuri & Wan Noramelia, 2004). In the business, CSR is concerned with employment, lifelong learning, consultation and participation of workers, equal opportunities and integration of people towards restructuring and industrial change. Basically, the formation of policies is influenced by the authority employment strategies, the initiative on social responsible restructuring, the initiatives to promote quality and diversity in the workplace and health and safety strategy.

The social issues include the benefits offered in terms of training related to safety, health and environment, donations, education scheme, medical benefits and others, (Chamhuri & Wan Noramelia, 2004). Environmental issues emphasize on preserving and conserving natural resources such as conducting recycling activities, noise reduction action plan to pursue noise improvement initiatives, water and process treatment and compliance with authority regulations and requirements. Many enterprises recognized the importance of their responsibilities towards the environment and take them seriously by setting targets for continually improving their performance. CSR social activities may include charitable contributions to local and national organisations such as fundraising, donations

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and gifts in areas where it trades and others like regeneration of deprived communities, reclamation of derelict land and creation of new regeneration jobs.

Development of strategies and programmes on social and environmental issues enabled firms to gain close relationship with community. Firms could take initiatives by conducting campaigns, seminars, workshops and giving donation to the society. This way enables a company to meet its CSR commitment and indirectly acts as a marketing and promotional strategy. As the result, higher market share can be obtained, which lead to higher revenues from larger sales. The CSR‘s policy implementation in business can also be influenced by fair commercial practices such as advertising, aggressive marketing and after-sales services between businesses and customers, (Chamhuri & Wan Noramelia, 2004). Policies, strategies and programmes that are associated with social activities can be used to indicate the level of CSR‘s commitment of an organisation. Organisations too, need to meet the customer‘s demand and expectations.

Today, buying behaviour is changing whereby consumers have increasingly required information and reassurance interests on the environmental and social concerns. As to maintain good relationship and attract more customers, enterprises are taking initiatives to fulfill the demand of providing such information. For instance, eco-labelling is a way of communicating organization‘s social responsibility to public. Besides, CSR is also concerned with employment, lifelong learning, consultation and participation of workers, equal opportunities and integration of people towards restructuring and industrial change. Employees

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who feel protected and appreciated will increase their productivity in production and thus, achieving economies of scale, (Mullin, 2005).

The history of social responsibility

The goal of this literature review is to observe how CSR has evolved in the business world in general and finally to identify the peculiarities of companies, taking again a special focus in mining companies. The notion of CSR has a long history and has evolved alongside the very concept of business, but it was not until the 1970s when it started to have more resonance and until the 1990s when it really began to be important in certain business strategies (Blowfield & Murray, 2008). Although there are different approaches, CSR can be understood as the voluntary contribution by companies to improving the environment, society and economy, either for altruistic reasons and/or to improve their competitive position. It is also often understood as going beyond shareholders reporting requirements (Friedman, 1970), by taking into account the expectations of other stakeholders that have a relationship with the company (Freeman, 1984). The literature defines the internal stakeholders as the owners or shareholders and employees, and the external stakeholders as the consumers, suppliers and members of the supply chain, government, third sector organizations, while in some instances taking a broader perspective to include society, environment and future generations.

Traditionally, the concept of CSR has been given marginal consideration in the world of management but it is claimed that the current financial and

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economic crisis (Great Recession) has led to it become a greater priority (Franklin, 2008). The opportunities arising from this have been explained through the Resource-Based View (RBV) theory, which considers that CSR can lead to the generation of resources and capabilities that can provide sustainable competitive advantage to the company (Branco & Rodrigues, 2006). On the other hand, pressures from stakeholders are manifesting the need for accountability starting with customers, who increasingly denounce possible fraudulent green washing practices (Ramus & Montiel, 2005), and are further perpetuated by other stakeholders (Sen & Bhattacharya, 2001). Increased demand for transparency and the benefits of lean management have led to the integration of aspects of CSR into the overall strategy of the company in order to benefit from new information and communication technology (Capriotti, 2011), and these data systems then inform the reparation of external reporting outputs and supplier certification in particular.

It is generally recognized that companies tend to prioritize CSR measures that offer cost savings and resources in the short-term or generate resources and capabilities (RBV), which in turn lead to competitive advantages and increased profits. CSR = CFP (corporate financial performance) has been considered the “holy grail” in the literature on CSR in recent years (Carroll & Shabana, 2010). This link has been widely studied during the last few years and more than one hundred studies have carried out to date, as well as some comprehensive meta-analyses. However, the results of these studies were not conclusive and in some cases were contradictory (Carroll & Shabana, 2010; Griffin & Mahon, 1997;

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Margolis & Walsh, 2001; McWilliams, Siegel, & Wright, 2006; Rowley & Berman, 2000; Wood & Jones, 1995). The correlation between CSP and CFP was found to be positive (Orlitzky, Schmidt, & Rynes, 2003), negative (Aupperle, Carroll, & Hatfield, 1985), or neutral (Ullmann, 1985), and with different causal directions. Most studies found a positive relationship between CSP and CFP, supported by different meta-analysis (Griffin & Mahon, 1997; Orlitzky et al., 2003). This led to wide acceptance of the notion that CSR would result in competitive advantage, improved financial performance or a higher value of the firm, but this vision has been criticized for an excessive bias considering CSR only as a business case (Lee, 2008).

Perhaps a better approach is not only looking at CSR's contribution to economic performance but its convergence with social objectives, naturally a part of the business strategy (Porter& Kramer, 2006). For authors like De Bakker, Groenewegen, et al. (2005) the question should not be whether CSR and results relate but what is the nature of CSR, for what purpose is it implemented and which stakeholders does it speak to. Companies driven by competitiveness will focus on responding to shareholders and investors. Those driven by legitimization respond to different stakeholders (employees, consumers, government, etc.) and finally altruistic firms usually respond to concerns over larger and more loosely defined groups (the environment and society overall).

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From philanthropy to corporate responsibility

The practices of philanthropy has been evolved from the day business existed in this world until today. The main reason for a company to exist is to create profit. Making profits are nothing wrong but the way used to derive such profits are of concerned. Before 1970, basically, corporate share its profit with the community through philanthropic activity. In other word, CSR is after-profit obligation. If let say, companies are not profitable they do not have to behave responsibly. This impact is even worse during severe economic depression or when an organisation is managed by unethical, short-term thinking managers that would lead to societies having no choice and accepting discrimination, child labour, pollution and dangerous working conditions. Another debate arises in this approach is if companies are just being good and donating a lot of money to social initiatives then they will be wasting shareholders' money. That is not sustainable in the long-run, and shareholders will quickly lose interest. Thus, during 1970 to 1990, organisation had shifted from sharing profits with the community as a soft approach of philanthropy to the hard approach by using philanthropy for the purpose of profit-making.

CSR is perceived as a public relation tool in improving an organisation image and performance. CSR is also performed for mitigating adverse impacts of an organisation onto environment and society such as those in the oil and gas industry. While philanthropy does little or nothing to help companies make profits, CSR activities are linked to improving a company's bottom line. Therefore, during 1990 to 2001 period, embedding socially responsible principles

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in corporate management has become a corporate obligation. CSR is increasingly being embedded into the corporate mission, strategy and actions of organisations (Ismi, 2003).

For a long term survival, CSR has been adopted as a corporate routine. Strategic CSR is whereby an organisation achieves sustainability in such a way that its CSR actions have become part and parcel of the way in which a company carries out its business. Its links to the bottom line of a company has been laid out clearly simply because, if it does not contribute to the bottom line, it will eventually be rejected by other stakeholders of the organization.

Though the practice of CSR is still in the early stage the concept has been much appreciated by most of the government-linked corporations. The practice has been increasingly important as a strategy towards sustainable business development. In general, the aim of government-linked corporation is to improve the living of Ghanaians and contributes towards nation development. They uphold the principle of giving back to community. The profits they earned are not only for the companies' benefits, but also for the nation as a whole. The strategies and programmes undertaken vary accordingly but with one goal that is to improve and enhance the quality of life in terms of safety, health and environment, (Aryee, 2005)

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The proponents of corporate social responsibility

Those who believe that CSR programs can contribute to development generally point out the benefits of such programs both to developing countries and to corporations. While the primary objective of CSR is ostensibly to benefit society, one of the ways CSR advocates often convince corporations to engage in more socially responsible practices is by making a 'business case' for CSR, arguing that CSR can be mutually beneficial to society and a company's financial bottom line. There are four frequently cited benefits of CSR to companies.

First, CSR proponents argue that CSR can help companies manage risk and improve their reputation and public image by strengthening the ties between companies and the communities in which they operate (Hopkins, 2004; Sayer, 2005). According to Goddard (2005), "Corporate activity that benefits the community can increase levels of social participation and generate positive attitudes towards the public and private sectors. This social cohesion is a key enabling condition for stable politics and profitable business" (p. 435). Companies may also implement CSR programs in an effort to gain the community's approval and support for their activities. This is crucial because although companies may have the legal right to operate, they may not have society's approval. This can be costly for a company, particularly if their operations are interrupted by, for example, mass protest or negative media attention. For this reason, companies often invest in community development projects or support local causes in order to acquire or maintain a 'social license to operate'. This 'social license' is something NGOs often refer to when making their case for greater social

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responsibility on the part of corporations. For example, Amnesty International (1998) claims that:

> The ability of companies to continue to operate, to provide goods and services, and to create financial wealth will ultimately depend on their being acceptable to the vigilant international community, which increasingly regards protection of human rights as a major condition of the corporate license to operate.

Second, CSR proponents argue that CSR can improve a company's financial performance due to the public's increasing propensity to make socially conscious investing decisions (Zadek, 2001a; Zadek, 2001b; Steiner & Steiner, 2006). Ethical investing has experienced a recent rise in popularity. According to DFID (2003), socially responsible investment in the UK is the fastest growing type of investment, amounting to £240 billion in 2001. A similar trend is occurring in the United States. According to Hopkins (2004), it is estimated that US$1 trillion in assets are now invested in socially and environmentally responsible portfolios in the U.S. At the same, Vogel (2005) points out that although there has been an increase in ethical investing, these types of investments still only make up a small portion of total investment worldwide. For example, a survey conducted in the UK found that only 3% of mainstream financial analysts spontaneously mentioned social or environmental factors when listing what they considered when judging companies' financial performance and potential (Zadek, 2001a). Also, Vogel (2005) explains that although US$151 billion was invested in socially screened mutual funds in the United States in

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2003, this represents only (2%) of the total US$7.9 trillion invested in mutual funds in 2004. While further study is required to determine the degree to which CSR can attract investors, Steiner & Steiner (2006 conclude “it seems fair to say that corporations rated high in social responsibility are no less profitable than lower-rated firms and are probably doing a little better” (p.126). Steiner and Steiner’s argument is supported by Orlitzky, Schmidt, & Rynes’ (2004) meta-analysis of studies on the relationship between corporate social performance and corporate financial performance which concluded that socially responsible companies tend to perform well financially due to improved managerial competency and improved corporate reputation.

Third, writers such as Frynas (2005) and Vogel (2005) argue that CSR gives companies a competitive advantage, particularly when vying for contracts. For example, Frynas (2005) observes that in a number of oil producing countries, socially responsible oil companies have been favored by governments when awarding oil and gas concessions. Moreover, it has been noted that small and medium sized enterprises that have made a greater commitment to being socially and environmentally responsible are favored by international buyers up the supply chain. For example, footwear subcontractors in Brazil have been persuaded to join the Employers’ Institute in Support to the Development of Children and Adolescents out of the threat of losing their contracts with large manufacturers (French & Wokutch, 2003).

Fourth, CSR proponents contend that CSR can help companies attract and retain top talent (Willard, 2002; Frynas, 2005; Hopkins, 2004). The *Millenium*

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Poll on Corporate Social Responsibility found that 20 (39%) of opinion leaders would be inclined to reward/punish their own company for its degree of social responsibility, and Willard (2002) suggests that one way top talent could reward or punish their own company would be to stay in or leave their job. Due to the high costs associated with employee recruitment, Willard argues that socially responsible companies could save money because they would experience less staff turnover. Also, Frynas (2005) notes that CSR could potentially make staff feel more positive about the company they work for, particularly expatriates working for oil companies in developing countries who witness widespread poverty despite the presence of large wealth generating oil and gas operations.

While CSR apparently benefits some companies, most proponents of CSR are generally more interested in the benefits CSR brings to society and the environment. These benefits, which are outlined below, are also what interest development theorists and practitioners. In the first place, proponents claim that CSR can help companies maximize the spill-over effects of FDI (DFID, 2003; Fox, Ward, & Howard, 2002). For example, Fox et al. (2002) claim that governments can better ensure that foreign investors contribute to development through job creation, knowledge and technology transfer, and the provision of infrastructure by adopting inward investment policies22 linked to CSR-friendly practices. Examples of inward investment policies include requirements regarding technology transfer, local economic linkages, local community consultation, or public private partnerships that seek to align corporate investment with public sector investments.

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Secondly, they argue that voluntary initiatives like CSR can help decrease Governments' financial burden related to monitoring and regulatory enforcement. CSR is often seen as type of 'voluntary regulation' as it entails companies agreeing of their own accord to surpass what is legally required of them in terms of social and environmental regulations. Blowfield (2004) purports that "voluntary regulation can be effective in developing countries, not least that it promises to reduce the financial burden of enforcement from cash strapped governments, theoretically freeing up funds for development initiatives" (p. 63).

Thirdly, CSR proponents contend that CSR can benefit society by introducing higher levels of social and environmental performance than those required by local law. Some argue that where the rule of law is weak, "CSR can be a useful step on the way to better national legislation in countries that have failed to enforce their laws" (Blowfield & Frynas, 2005). Also, it is recognized that a country's legal charter often lags behind social norms and expectations, and in such cases, voluntary initiatives such as CSR can temporarily fill the gap. Sayer (2005) explains:

> Voluntary codes are an immediate way of reducing environmental harm and the suffering caused by the negative social impact of business. But they are also a method of designing and testing the benchmarks, feasible ideas, norms, and standards for more ethical business conduct which will, in future, inform the regulatory frameworks and mechanisms (p.265).

A fourth claim made by proponents of CSR is that because CSR programs are becoming more sophisticated, they are capable of making a greater

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contribution to development. CSR programs are moving away from strictly philanthropic initiatives (such as building a plaza or donating medical equipment to a local hospital) towards investments in projects focused on long-term sustainability (Frynas, 2005). For example, companies are now working more with local governments and non-government organizations to design community development projects that best serve the long-term interests of community members.

This is not to suggest that all forms of philanthropy should be abandoned. In some cases, philanthropic contributions are still an effective way for companies to make a valuable contribution to the community, particularly if companies make contributions to organizations that are implementing well-designed development projects. On the other hand, gifts and handouts given directly to the community are now viewed as a less effective way for companies to contribute to sustainable development, as the benefits of this type of philanthropy are generally not long-lived.

Lastly, CSR proponents claim that in some cases, for example where countries are governed by weak or predatory governments, corporations may be more capable of delivering development than governments. Kuper (2004) argues:

> …if on some occasions corporate leaders are better (morally) motivated than rulers of developed as well as developing states, then we cannot decide by fiat that states are the primary agents of development. In attributing global political responsibilities, we must instead begin with an empirical assessment of the capabilities, opportunities and motivations of

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diverse and powerful actors. (p.15)

Although not all proponents of CSR advocate the concept for the same reason, the literature suggests that they at least share the following three assumptions:

- The private sector has an important role to play in development and poverty reduction;
- Globalization and the rising power of corporations is inevitable; and 3) corporations are capable of reform. These three assumptions form the basis of Sayer's (2005) argument that corporations are with us for the long haul, and that we therefore ought to look for ways in which they can be part of the solution to development. "In the end," Sayers writes, "companies are programmable machines, and we the people, through our moral principles, expectations, demands, and laws, must write the programme" (p.267). These three basic assumptions are also what separate proponents from opponents of CSR.

Is CSR the same as business Ethics

Business ethics refers to a code of conduct describing a company's way of conducting its business. The ethics often deals with a company's core values, obligation to employees, principles of doing business and its relationship with its stakeholders. Business ethics can be described to guide the decisions, procedures and systems of an organization in a way that; (a) contributes to the welfare of its key stakeholders, and (b) respects the rights of all constituents affected by its

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operations (International Federation of Accountants, 2007, p.35). There is clearly an overlap between CSR and business ethics, both concepts concern values, objectives and decision based on something than the pursuit of profits. The difference is that ethics concern individual actions which can be assessed as right or wrong by reference to moral principles. This implies that socially responsible firms must act ethically in their course of actions.

Mining, social development and corporate social responsibility (CSR)

A review of the Corporate Social Responsibility (CSR) and Sustainable Development literature identified substantial divergence in ideological and operational interpretations of the role of business in society. Companies tend to opt for the most pragmatic response, often resulting in CSR activities that are self-contained and that have little substance or impact on core business and the sustainability of products/services (Porritt, 2005).

Kapelus (2002) questions whether these pragmatic approaches effectively address the development concerns of local communities in developing countries. At the local level, where CSR is implemented, the potential costs of being socially responsible can be measured against the potential profits of operation, and managers are confronted by tensions in assessing trade-offs. This is often handled by modifying the definition of the ‘affected community’ in ways that restrict the number of claims that arise. Sustainable development requires a radically different way of thinking, one that moves from‘band-aid’ CSR to an integrated, strategic commitment to becoming genuinely sustainable over time (Porritt,

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2005). This ambition seeks innovation and practical solutions that increase the assets of the organisation and of others in these diverse contexts over the long term. Much of the CSR literature is unhelpful to those in the resources industry, especially those in countries characterized by weak governance, complex politics, corruption, discrimination, violence, human rights violations, and market and welfare structures that reinforce poverty.

No doubt, corporate-community investment can be a mechanism to contribute to sustainable development in the regions in which companies operate, and to engage stakeholders on issues of importance. To be effective, however, the investment decision requires analysis by the company as to what sustainability means at the local level, the true nature of business drivers for a sustainability strategy and the role of social investment in delivering such a strategy. This is a cause of many dilemmas for managers, as their priorities tend to be oriented towards specific operational objectives, rather than social development objectives. Because of its legal status and fiduciary duties to shareholders, a mining operation's duty is to maximise profits for shareholders while remaining within the law. Therefore, social investment, as with any other type of company investment, requires appropriate considerations to determine what actions will be instrumental in maximising shareholder returns.

In contrast to this instrumental relevance to shareholders, social investment takes place within a general context of ethical management. Industry has an ethical responsibility to ensure that its activities are sustainable (DesJardins, 1998), and companies have responsibilities to stakeholders for

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ethical reasons. Stakeholders are persons or groups with legitimate interests in the company, and whose interests are of intrinsic value, whether or not the company has any corresponding functional interest in them. Each stakeholder has a right to be treated as an end in themself, and not solely as a means to an end (Donaldson and Preston, 1995). Fabig and Boele (2003) criticise the popular stakeholder management approach to CSR practice and argue that unless stakeholders are in a position to exercise their ‘stake’ and claim respect for their rights, stakeholder management will be limited to being a public relations exercise, which fails to meet the needs of stakeholders.

The literature is oriented towards the negative social impacts of mining, with little analysis on mining-led development initiatives that seek to enhance the positive impacts. It is generally accepted, nonetheless, that companies are ill-equipped to address social problems. A company is more likely to create value from social projects that are central to its strategy and objectives, such as local employment, building a local supply base, ensuring the infrastructure and service needs of employees and their families are met, or facilitating skills transfer between employees and community groups, than from projects that are not (Burke and Logsdon, 1996). It is more likely to have the knowledge and commitment necessary for project success. Gaining support from senior management of mine sites to long-term social projects is made easier when focus areas are shown to benefit the site's strategic goals.

Often, ‘strategic’ social investments involve entering the domain of government. Particularly in some of the developing countries in which mining

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companies operate, considerations of sustainable development require considering a much wider range of social commitments than is the case in developed countries. These may include education and health, programs to promote local economic activities, support for indigenous peoples, and basic institution building (Humphreys, 2001). In developed countries, these costs can be shared with a wide range of other contributors. In many developing countries, companies will have to bear them on their own.

Ferguson (1998) considers this may require reconceptualising transnational companies as key players in a new system of governmentality. This may blur the lines between business and government, but it does not necessarily mean a withdrawal by the state. Instead, the logic is that if business takes on a larger responsibility than previously, government can target its development programs more effectively.

In contrast, Petkoski and Twose (2003) argue that the commercial volatility of the extractive industries sectors suggests that companies should refrain from entering into long-term, unilateral, commitments to community development programs since these can generate false expectations and community dependency, as well as undermining the proper role of the state. Greater sustainability and reduced business liabilities are achieved where companies learn to partner with local government on community projects, aligning their social investment programs with the strategic social and economic priorities of a legitimate democratic planning and political process at district or regional level. Where such political and planning processes are either absent, immature or

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corrupted, the company should seek to 'lead from behind', by avoiding undermining the proper role of government and yet play a visible part in building the capacity of local authorities to plan and implement social and economic development. This type of social investment is particularly appropriate for those in developing countries where good governance is lacking.

Benefits of adopting a corporate social responsibility policy

Some of the positive outcomes that can arise when businesses adopt a policy of social responsibility include improved financial performance, lower operating, costs, enhanced brand image and reputation, increased sales and customer loyalty, greater productivity and quality, more ability to attract and retain employees, access to capital, reduced regulatory oversight, workforce diversity, and product safety and decreased liability Benefits to the community and the general public include charitable contributions employee volunteer programmes corporate involvement in community education, employment and homelessness programmes and product safety and quality.

Lastly Environmental benefits to be accrued include greater material recyclability, better product durability and functionality Greater use of renewable resources Integration of environmental management tools into business plans, including life-cycle.

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The critics of CSR

As stated earlier, CSR is criticized by two groups of people, those who believe it is bad capitalism and those who believe it is bad development. This section begins by exploring the key arguments made by the former group.

CSR is bad capitalism

The person most well-known for rejecting the concept of corporate social responsibility is perhaps neoclassical economist, Milton Friedman. In his widely cited essay, "The Social Responsibility of Business is to Increase its Profits," Friedman (1970) criticizes the claim that corporations should have a social conscience. He argues:

> …there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud (Friedman, 1970:91).

Friedman maintains that corporate executives cannot be expected to exercise social responsibility because doing so would require that they compromise shareholder earnings, make decisions that they are not qualified to make, interfere with government responsibilities, and impose costs on their stockholders, customers and employees. Many consider Friedman's argument to be outdated, but there are still a few Friedman followers who claim that CSR will decrease welfare, undermine the market economy, reduce economic freedom, and

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deflect business from its primary role of wealth creation (Henderson, 2001; Henderson, 2005; Kerr, 2004, Crook, 2005, Norberg, 2003).

Generally, opponents of CSR argue that the business of business is business and companies that simply compete and prosper do enough to make society better off. Echoing Adam Smith, Henderson (2005) explains:

Economic progress does not depend on a commitment by businesses to bring it about, nor does it result from their good intentions or a sincere wish on their part to benefit people (or to promote 'sustainable development'). To repeat, it results from innovative profit oriented activity within the framework of a competitive market economy. (p.31)

Norberg (2003) agrees, arguing that if companies choose to focus on CSR rather than just increasing efficiency, corporations will become less productive, economic growth will wane, and society as a whole will have fewer resources to meet its needs. For this reason, some argue that CSR actually requires companies to behave *irresponsibly*. To some extent, CSR also requires managers to violate corporate law as it compromises corporate executives' fiduciary duty to their shareholders by asking them to give away shareholders' money to other stakeholders and charitable causes rather than to invest it profitably (Crook, 2005; Friedman, 1970; Heath & Norman, 2004). Heath and Norman argue that managers committed to strong CSR programs may fail to maximize profits and could thus risk losing their jobs if investors see an opportunity to make more money by scrapping CSR-related initiatives.

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A second criticism of CSR made by those in this camp is that corporate social responsibility may reduce governments' motivation to fulfill their responsibilities to their citizens and potentially foster communities' dependence on a corporation. According to some critics, this dependency is cause for concern for two reasons:

- corporations lack the democratic credentials to serve the public good (Friedman, 1970; Crook, 2005); and
- market forces, such as competition, limit a corporate executive's ability to manage a corporation in the public interest (Korten, 1996; Doane, 2005).

Some critics of CSR argue that corporate executives are not qualified to make decisions about the community and the environment; therefore these decisions should be left to those who are qualified, namely elected government officials (Friedman, 1970; Buchholz & Rosenthal, 2004). Because governments are established to act in the interest of their countries' citizens, CSR critics argue that they are the only institutions that should be responsible for public spending, attending to the demands of social justice, and providing public goods. This argument is largely based on the notion of accountability, as politicians who fail to act in the interests of their constituents risk losing their parliamentary seat in the following election (Korten, 1996). Conversely, because CSR initiatives are voluntary, corporations cannot be penalized if they stop providing goods or services which fall outside the scope of their business. And, as Doane (2005) points out, corporate "investments in things like the environment or social causes

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become a luxury and are often placed on the sacrificial chopping block when the going gets rough" (para.9).

It should be noted, here, that proponents of CSR have acknowledged and addressed these criticisms with a number of counterarguments. CSR advocates maintain, firstly, that acts of corporate social responsibility can, in some cases, increase rather than decrease a corporation's profits (Vogel, 2005, Hamann & Kapelus, 2001). Hamann (2003) explains that poor community relations can cause costly delays in a business's operations. Moreover, Phillips (2002) argues that companies cannot afford to be socially *irresponsible* as high profile cases of environmental and social devastation, such as the case of environmental contamination caused by BHP's Ok Tedi mine in Papua New Guinea, can severely tarnish a company's reputation and make it difficult for companies to attract business partners and customers.

Secondly, while it is true that CSR might impose some costs on employees, customers and stockholders, so do other "justified" expenditures such as executive remuneration, corporate governance, human resource management, and marketing (Moon, 2005). For example, customers generally absorb the costs of advertising, and shareholders often forego a portion of corporate profits to pay managers' bonuses. The benefits of investing in non-production oriented activities like advertising, executive remuneration, and CSR, are often difficult to quantify. Nevertheless, managers invest in such activities in order to ensure the smooth running of the company and to increase its value in the long-term.

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Thirdly, proponents note that CSR is only intended to complement the regulatory framework established by governments, rather than to relieve governments of their duty to serve the public interest. Blowfield (2004) contends, "For government and private development agencies faced with stagnant or declining funds, business offers a way of increasing resources and revenues, and CSR is one route to working with companies" (p.61). Further, Kuper (2004) argues that although CSR initiatives are voluntary, "…participation in voluntary initiatives will offer learning opportunities about compliance, the result being that corporations will have less reason to fear and resist the introduction of compulsory codes" (p.12). By the time regulation catches up to social norms, companies that have already invested in improving their social and environmental performance will not have to absorb as many extra costs when trying to adhere to new regulatory requirements.

Fourth, the public is demanding that corporations be more socially and environmentally responsible, thus socially responsible corporations are simply responding to market demand. A public opinion poll conducted by Environics International in 2001 revealed that only (11%) of North Americans surveyed believe that the role of large companies is simply to "focus on making profits in ways that obey all laws", while (39%) said that they wanted companies to "set higher standards and build better society" and (49%) wanted business to meet both objectives (Wheeler & McKague, 2002:2).

Fifth, some scholars argue that large corporations themselves have rejected Friedman's view that the business of business is just business (Hamann &

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Kapelus, 2001). Attesting to greater acceptance of CSR among corporations is the collaboration of sixteen of the world's largest mining companies to establish an International Council on Mining and Metals committed to sustainable development (Hamann & Kapelus, 2004), and the 1400 plus companies that have signed on to the UN Global Compact.

Finally, CSR proponents argue that the critics in the 'CSR is bad capitalism' camp mistakenly separate business from society (Hamann & Kapelus, 2001; Goodpaster &Matthews, 2003). Goodpaster & Matthews maintain:

Neither private individuals nor private corporations that guide their conduct by ethical or social values beyond the demands of law should be constrained merely because they are not elected to do so. The demands of moral responsibility are independent of the demands of political legitimacy and are in fact presupposed by them. (p.148) Goodpaster's and Matthews' argument is firmly rooted in social contract theory which states that there is an implicit contract between productive organizations and society (Moir, 2001; Amba-Rao, 1990). This theory is advanced by business ethicist Thomas Donaldson (1989), who writes:

As we look at the moral foundations of business, we are to presume that rational individuals living in a state of 'nature' – in which everyone produces without the benefit of the direct cooperative efforts of others –attempt to sketch the terms of an agreement between themselves and the productive organizations upon which they are considering bestowing status as legal, fictional persons, and to which they are considering allowing access to both natural resources and the existing employment

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pool. (p.47)

Based on this line of reasoning, CSR proponents argue that corporations and society are bound by a social contract in which businesses fulfill economic needs and social goals in exchange for the use of society's resources (Amba-Rao, 1990). These points effectively counter some of the criticisms made by those in the 'CSR is bad capitalism' camp. However, there remains an entirely different set of concerns voiced by those in the 'CSR is bad development' camp.

CSR is bad development

Although they may agree that companies should be more socially responsible, critics in this camp are quick to point out the limitations of CSR. One significant shortcoming of CSR identified by these critics is that it ignores the structural dimensions of the business-poverty relationship. Lund-Thomson (2005) observes that CSR does not challenge the global-level, structural causes of conflicts between companies and stakeholders. Similarly, Blowfield (2005) remarks that if poverty is a result of political, social, or economic structure, rather than a matter of capacity, access, and opportunity, then CSR is unlikely to provide a solution. For example, critics question whether issues of land rights and resource distribution can be reduced to a corporation's improvement of their social and environmental performance in a region. This problem is perhaps best articulated by Kemp (2001) who states, "While the notion of CSR is not under question, its application and relevance are. It brings to mind Marie Antoinette's aphorism, suggesting that in our enthusiasm the West may be trying to distribute

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cake, when what is truly needed is bread" (p.33). Thus, Utting (2005a) argues that in order for CSR to make a significant contribution to development, "the CSR agenda needs to address the structural and policy determinants of underdevelopment and the relationship of TNCs to those determinants (p. 385).

According to these critics, a key weakness of CSR is that it calls for change, but only within the current capitalist framework. According to Blowfield (2005), "[CSR] treats capitalist assumptions and values (e.g. commoditized labour, the rights of capital) as universal norms even when these might run counter to the well-being or experience of workers and local communities" (p.522). Consequently, it has been argued that "CSR as a discipline lacks the means to consider its own orthodoxy" (Blowfield & Frynas, 2005:510). The more cynical critics further argue that CSR may in fact be used by companies to legitimize capitalist expansion. According to Kemp (2001), "It is pertinent to ask whether CSR and voluntary initiatives, which are largely Western led, comprise a diversion from the real issues of legislative reform and multilevel political and social development" (p.35).

Some critics suggest that it is no coincidence that CSR is being promoted by the same institutions that advocate the Washington Consensus (Doane, 2005; Hopkins, 2004; Jenkins; 2005; Blowfield, 2005; Kemp, 2001). Doane (2005) writes, "Rather than shrink away from the battle, corporations emerged brandishing CSR as the friendly face of capitalism, helped, in part, by the very movement that highlighted the problem of corporate power in the first place" (para.3). Similarly, Jenkins (2005) maintains that "development agencies have

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come to see CSR as a way of reconciling support for the private enterprise and a market-based system with the central aim of reducing global poverty" (p.530). Buttressing Jenkin's argument, Antonio Vives of the Inter-American Development Bank has stated, "CSR, by its very nature, is development done by the private sector, and it perfectly compliments the development efforts of governments and multilateral institutions" (in Jenkins, 2005:525).

For many CSR critics, it is the very notion of "development done by the private sector" that is worrisome. Firstly, some CSR critics argue that the objectives of corporations and development organizations are often conflicting or incompatible (Frynas, 2005; Blowfield, 2005). Doane (2005) maintains that it is difficult for the market to deliver long-term social benefits because the short-term demands of the stock market provide disincentives for doing so. For example, if corporate executives are obligated to maximize shareholder profits, it is difficult for them to justify corporate expenditures on community development or the environment if these expenditures reduce profits. While most critics do not deny that *some* corporations have managed to simultaneously deliver long-term social benefits and short-term financial returns, others argue that these cases are the exception, rather than the norm (Fig, 2005). Moreover, it has been noted that CSR often only addresses the social and environmental issues that business is willing to accept as negotiable (Blowfield, 2005). For example, in 1997 and 1998 Shell engaged in a number of consultations and workshops with parties interested in the company's Camisea gas project. According to one representative from a UK-based charity group that attended the workshops. "Time was very limited, the

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process inadequate, and at no point was the company willing seriously to consider the view that it should not be there [in Camisea] at all." (in Rowell, 2002:36). As the case of Shell demonstrates, the issues that companies are willing to accept as negotiable are not necessarily the issues that development experts and organizations consider to be most important.

Related to the last point is the criticism that typical CSR initiatives ignore key development issues (Utting, 2005b). For example, a company's CSR policies are more likely to prohibit things like slavery and child labour, yet ignore the right to a living wage and freedom of association. Blowfield & Frynas (2005) explain that outlawing the former two practices does not cost a company too much money and could in fact help the company avoid consumer backlash. Raising employee wages and permitting unionization, however, could negatively affect the company's bottom line. In a similar vein, the mainstream CSR agenda has been criticized for failing to challenge companies in areas where their corporate citizenship is most tangible and effective – the payment of taxes and royalties (Jenkins, 2005; Utting, 2005b).

One could then argue that the CSR policies and programs are designed by TNCs, in order to benefit TNCs, rather than to meet larger social objectives. To this end, Blowfield and Frynas (2005) point out that "we need to consider how far the business case shapes not only the choice of issues or relevant constituents, but also the very discourse that delineates the boundaries of CSR" (p. 512). Utting (2003) agrees, noting that the CSR agenda must become more "south-centered" and claims that the current CSR agenda may be used more to vindicate the actions

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of corporate managers, northern consumers and some NGOs, than as a means to improve the conditions of workers and communities in the developing countries. He argues:

> The CSR agenda tends to be somewhat "northern driven" and focuses on a fairly narrow set of issues, sectors and companies. Various social and environmental issues or business activities of concern to workers and communities in developing countries may not get much attention… Aspects related to workers' empowerment, industrial relations and labour rights, and the conditions of workers in sub-contracted activities, receive far less attention. (Utting, 2003: Development impacts of CSR, para.1)

An additional concern regarding the predominantly northern-driven CSR agenda is that it could present a barrier to entry for small and medium-sized enterprises (SMEs) in developing countries. While CSR is promoted as a *voluntary* mechanism to improve the social and environmental practices of business, the IISD et al. (2004b) explains that it has become more of a "market entry requirement" for SMEs. As more and more large multinationals incorporate CSR into their supply chain management, there is fear that they will discriminate against SMEs that do not have the financial resources to adopt CSR practices. Blowfield & Frynas (2005) point out that in this way, CSR can act as a burden, rather than a benefit to developing countries:

> Ironically, a firm's commitment to CSR can actually lead to these marginalized groups being seen as a threat to the company's claim to responsible operation. Some major sporting goods companies, for

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instance, have reduced the amount of outsourcing to smaller producers in part because it is difficult to monitor those facilities. (p.508)

The fact that CSR could conceivably create more problems than solutions for developing countries leads to the following additional concern about CSR: corporations generally lack development expertise (Frynas, 2005; Christian Aid, 2004). Critics of CSR worry that development projects will fail if companies do not have the time or experience necessary to tailor projects to specific countries or regions, to involve the beneficiaries of CSR in the project design, or to integrate CSR initiatives into a larger development plan (Frynas, 2005). The case of Shell in Nigeria gives credence to this concern: one report found less than one-third of Shell's development projects in Nigeria to be fully functional (Frynas, 2005). Moreover, Bendell (2005) notes that initial corporate responses to campaigns against child labour in the sporting goods industry in Pakistan led to many children losing their jobs and seeking work in more hazardous or abusive industries (p.163). In response to this criticism, CSR proponents have argued that the establishment of tri-sector partnerships between business, NGOs, and government can help corporations make decisions regarding community development and environmental sustainability that they would be deemed unqualified to make on their own.

Other critics, while not necessarily critical of private sector-led development, remain skeptical about corporations' stated intentions to act responsibly in this regard.

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According to Frynas (2005), this skepticism is justified based on the mounting evidence of a gap between the stated intentions of business leaders and their actual behavior. As a result, non-government organizations such as Rights Action and Christian Aid claim that CSR is used to mask the sometimes devastating environmental and social impacts multinational companies can have on communities (Cuffe, 2005; Pendleton, 2004). By pointing to their token “development projects,” corporations can divert attention away from some of the more deleterious activities they may be involved in, a practice commonly referred to as “greenwashing” (Beder, 2002a; Beder, 2002b; Pendleton, 2004; Kuper, 2004; Whellams & MacDonald, 2007). According to Fig (2005) “What passes for CSR is often greenwash, distracting the gullible into believing that business has a serious sustainability agenda” (p.617).

A final set of criticisms is related to the voluntary nature of CSR. Firstly, some CSR critics argue that companies adopt CSR policies and programs to block tougher national or international regulation of corporate activities (Lund-Thomsen, 2005; Christian Aid, 2004). Secondly, critics argued that in the absence of binding regulation, companies are free to determine the range and level of obligation they will fulfill (Newell, 2005). Because CSR is entirely voluntary, there is a worry that the worst corporate offenders will be left unrestrained and the victims of their actions will have little or no means of recourse (Pendleton, 2004). Jaded by multiple cases of companies failing to deliver on their commitments to CSR, Christian Aid is now calling for international regulation and national

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legislation that will make corporations legally responsible to care for communities and the environment.

Proponents of CSR have taken these criticisms seriously. While they recognize that legislation can level the playing field for corporations, and reduce bribery, corruption, and the exploitation of labour, proponents point out that new legislation could in fact reduce CSR to the lowest common denominator. According to Henriques, "…if there were legislation around CSR, then companies will deliver what the law requires, but never more" (in Hopkins, 2004:7). On the other hand, while some CSR proponents agree with their critics that tougher regulation is desirable, they point out that it is not always feasible (UNRISD, 2000). Vogel (2005) explains that in such cases, voluntary initiatives can be effective:

It would be better if China enforced its labor laws, but even if the government fails to act, Mattel can improve the conditions for some Chinese workers. It would be better if Vietnam had more stringent occupational safety and health standards, but in their absence, thanks to Nike, some workers are exposed to fewer hazards. It would be better if the Indian government provided schools for all the country's children, but at least Ikea and the Rugmark Foundation can give more Indian children access to education. It would be better if the United States imposed legally binding restrictions on emissions of greenhouse gases, but since it has been unwilling to do so, voluntary corporate programs are better than nothing. (p.163)

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In response to the second criticism, one might concede that it is true that in the absence of regulation, companies are left to decide to what extent they will surpass what is legally required of them. However, proponents of CSR point to a few theoretical tools that can help companies solve these dilemmas. Based on social contract theory, Simon, Powers, & Gunneman (1972) introduce the concept of a moral minimum to help corporations gauge the degree of responsibility they have to society. The moral minimum states that all citizens, both individual and institutional, are to avoid inflicting harm on society. In the same vein, Donaldson (1989) outlines minimal and maximal duties of corporations to society. Minimal duties include: 1) enhancing the welfare of consumers and employees;
2) respecting rights; and 3) minimizing harm to society and the environment, such as that caused by the depletion of natural resources. Maximal duties, those that are admirable but not required, would include initiatives such as supporting Third World development projects or contributing to environmental sustainability research. Much of the recent literature regarding the role of CSR in development calls for corporations to fulfill Donaldson's maximal duties by voluntarily going beyond the ethical, legal, and public expectations that society has of business (Weiser & Zadek, 2000; Vives, 2004; Fox, 2004; Maresca, 2000).

Alternatively, some proponents of CSR have adopted Edward Freeman's stakeholder theory to help them identify to whom, outside of shareholders, a corporation has a particular obligation. According to stakeholder theorist Thomas Jones, CSR is "the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law or

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union contract" (Jones, Wicks & Freeman, 2002: 21). Other 'stakeholders' include, but are not limited to, suppliers, customers, employees, financiers, and communities.

To some extent, the stakeholder approach has been incorporated into most modern corporate CSR policies and practices in the form of a commitment to stakeholder engagement. Through a process of stakeholder engagement, managers can better determine who will be most affected by the company's operations and how the company might address the concerns of such groups or individuals.

Newmont's social responsibility policy

Newmont's future is dependent on the ability to develop, operate, and close mines in a manner consistent with the commitment to sustainable development, protection of human life, health, and the environment, and adding value to communities in which it operates.

- Sustainable development encompass these widely recognized principles:
    a. Conservation and preservation of natural resources and the environment;
    b. Equitable sharing of the benefits of economic activity; and
    c. Enhancement of the well-being of people.
- Develop and use systems to identify and manage risks, and provide accurate information to support effective decision making.

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- Train our people and provide the resources necessary to meet our objectives and targets.

NGGL as a subsidiary of Newmont commits to:

- Respecting the Universal Declaration of Human Rights in business operations;
- Respecting social, economic and cultural rights of local people;
- Adopting policies, standards, and operating practices that ensure ongoing improvement;
- Where appropriate and feasible set operating standards that exceed the requirements of local law;
- Assessing performance against stated policies and standards;
- Demanding leadership from all employees;
- Sharing success by partnering with stakeholders in appropriate community development programs;
- Consulting stakeholders in matters that affect them;
- Striving to communicate performance in an accurate, transparent and timely manner;
- Understanding that actions and conduct of NGGL employees and contractors are the basis on which stakeholders will evaluate NGGL's commitment to achieving the highest standards of social responsibility; and

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- Implementing our Social Responsibility Policy in conjunction with Environment, Health, and Safety Policies since these issues can affect the communities in which we operate.

NGGL recognizes potential social and environmental effects can be created through development of mining projects. Such effects may range from bad publicity reflecting perceived problems or issues due to lack of communication and stakeholder engagement to actual and measurable environmental and social impacts resulting from poor design, construction, operation, or closure of specific mine developments around the world. To ensure proper and appropriate mine development occurs in Ghana, NGGL endorses the concept that communication with Project stakeholders is an essential component of any environmental and socio-economic assessment process. NGGL is committed to pro-active and ongoing communication with all agencies, organizations, and individuals with an interest in development of the Project.

Consultation and disclosure practices which NGGL will implement for a Project are described in the Public Consultation and Disclosure Plan (PCDP). The PCDP includes details of public involvement activities occurring:

- Before Newmont acquire a concession;
- During development of Environmental Impact Statements (EISs) for securing the mining lease;
- During implementation of a public involvement program designed to address and resolve resettlement and compensation issues;
- During development of the Project; and

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- Continuing throughout the life of the Project.

NGGL, in keeping with Newmont's corporate philosophy, is designing and operating Projects to be a model corporate citizen in terms of recognition of social and environmental concerns in communities where the Project may have an effect (planning Alliance (pA) 2005). To implement this approach, NGGL has undertaken the following:

- Ensuring fair and consistent recruitment practices, including recruitment of local skilled and semiskilled labor to the extent possible;
- Improving the welfare of affected communities, including levels of health, education, and infrastructure;
- Operating on the basis of equal opportunity, regardless of race, gender, creed, color, or religious preference;
- Maintaining price stability and minimizing inflationary impacts;
- Providing compensation that results in minimal disruption to the community and supports reestablishment of lost livelihoods; and
- Undertaking properly administered land transactions defined in consultation with stakeholders, (IFC, 2005)

Empirical studies of CSR and financial performance

According to Margolis and Walsh (2002), one hundred twenty-two published studies between 1971 and 2001 empirically examined the relationship between corporate social responsibility and financial performance. The first study was published by Narver in 1971.

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Empirical studies of the relationship between CSR and financial performance comprise essentially two types. The first uses the event study methodology to assess the *short-run* financial impact (abnormal returns) when firms engage in either socially responsible or irresponsible acts. The results of these studies have been mixed. Wright and Ferris (1997) discovered a negative relationship; Posnikoff (1997) reported a positive relationship, while Welch and Wazzan (1999) found no relationship between CSR and financial performance. Other studies, discussed in McWilliams and Siegel (1997), are similarly inconsistent concerning the relationship between CSR and short run financial returns.

The second type of study examines the relationship between some measure of corporate social performance (CSP) and measures of *long term* financial performance, by using accounting or financial measures of profitability. The studies that explore the relationship between social responsibility and accounting-based performance measures have also produced mixed results. Cochran and Wood (1984) located a positive correlation between social responsibility and accounting performance after controlling for the age of assets. Aupperle, Carroll, and Hatfield (1985) detected no significant relation between CSP and a firm‘s risk adjusted return on assets. In contrast, Waddock and Graves (1997) found significant positive relationships between an index of CSP and performance measures, such as ROA in the following year. Studies using measures of return based on the stock market 30 also indicate diverse results. Vance (1975) refutes previous research by Moskowitz by extending the time period for analysis from 6 months to 3 years, thereby producing results which

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contradict Moskowitz and which indicate a negative CSP/CFP relationship. However, Alexander and Buchholz (1978) improved on Vance's analysis by evaluating stock market performance of an identical group of stocks on a risk adjusted basis, yielding an inconclusive result.

Measures of corporate social responsibility

Determining how social and financial performances are connected is further complicated by the lack of consensus of measurement methodology as it relates to corporate social performance. In many cases, subjective indicators are used, such as a survey of business students (Heinze, 1976), or business faculty members (Moskowitz, 1972), or even the Fortune rankings (McGuire, Sundgren, and Schneeweis 1988; Akathaporn and McInnes, 1993; Preston and O'Bannon, 1997). Significantly, it is unclear exactly what these indicators measure. In other cases, researchers employ official corporate disclosures—annual reports to shareholders, CSR reports, or the like. Despite the popularity of these sources, there is no way to determine empirically whether the social performance data revealed by corporations are under-reported or over-reported. Few companies have their SCR reports externally verified. Thus, information about corporate social performance is open to questions about impression management and subjective bias. Still other studies use survey instruments (Aupperle, 1991) or behavioral and perceptual measures (Wokutch and McKinney, 1991). Waddock and Graves (1997) drew upon the Kinder Lydenberg Domini (KLD) rating system, where each company in the S& P 500 is rated on multiple attributes

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considered relevant to CSP. KLD uses a combination of surveys: financial statements, articles on companies in the popular press, academic journals (especially law journals), and government reports in order to assess CSP along eleven dimensions1. Based on this information, KLD constructed the Domini 400 Social Index (DSI 400), the functional equivalent of the Standard and Poors 500 Index, for socially responsible firms.

Measures of financial performance

Although measuring financial performance is considered a simpler task, it also has it specific complications. Here, too, there is little consensus about which measurement instrument to apply. Many researchers use market measures (Alexander and Buchholz, 1978; Vance, 1975), others put forth accounting measures (Waddock and Graves 1997; Cochran and Wood 1984) and some adopt both of these (McGuire, Sundgren, Schneeweis, 1988). The two measures, which represent different perspectives of how to evaluate a firm's financial performance, have different theoretical implications (Hillman and Keim, 2001) and each is subject to particular biases (McGuire, Schneeweis, & Hill, 1986). The use of different measures, needless to say, complicates the comparison of the results of different studies. In other words, accounting measures capture only historical aspects of firm performance (McGuire, Schneeweis, & Hill, 1986). They are subject, moreover, to bias from managerial manipulation and differences in accounting procedures (Branch, 1983; Brilloff, 1972). Market measures are forward looking and focus on market performance.

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CSR among corporate organisations in Ghana

Tarkwa and its surrounding villages, have nearly a century of gold mining history. Socially, Tarkwa's long mining history and the concentration of mines with the attendant resettlement and relocation problems and the related issue of compensation negotiation and the frequent clashes between the communities and mining companies over environmental issues have given rise to environmentally conscious population. Thus there are emerging social movements among the population around mining and its impacts. Apart from mining, other economic activities are in the area of wood processing, agriculture, textile manufacture and metal processing. Small-scale industries in milling, cassava processing, carving, craft, and carpentry, tailoring and distributive trading exist (Akabzaa & Darimani, 2001).

The mining industry is considered the most important sector in the area. There is a concentration of 8 of Ghana's 14 large-scale mines in the area producing a significant proportion of the country's gold output. In addition the only manganese mine is located within this area. There are more than 100 registered small scale gold and diamond mining companies in the area together with more than 6000 unregistered (illegal) or galamsey operators. There is in addition, about 30 local and foreign exploration companies exploring for gold and diamonds in the area (Ghana Chamber of Mines, 2006).

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CHAPTER THREE

METHODOLOGY

Introduction

According to Oni (2003), research methodology is used to describe all the methods involved in the collection of all information required for a study. This section discusses how the research was carried out, including the research design, study area, study population, sample and sampling procedures, research instrument, sources of data, validity and reliability of data, measurement of variable, data collection methods, data analysis technique, and limitations of the research methodology of the study.

Research design

In pursuit of giving empirically founded answers to the research questions which influence the economic, social and environmental performance of a CSR-committed mining company in Ghana and how the practice of CSR may improve the lives of the people in the community, the research used Newmont Ghana Gold Limited as a case study. A case study is "an in-depth comprehensive study of a person, a social group, an episode, a process, a situation, a programme, a community, an institution or any other social unit" (Globusz Publishing, 2011). The method gives a description of a case with regards to its peculiarities and helps

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in gaining a lot of information about what is being studied which can be used for further studies. A case study presents a whole view of a unit and provides clear insight (Globusz Publishing, 2011). On the other hand, case study lacks confidentiality as subjects are not truthful as they feel they need to tell the researcher what he wants and also, it presents the possibility for errors and subjectivity since questions are predetermined and prescriptive (Murphy, 2006). This offers the study the opportunity to get a deeper understanding of development from the community's point of view.

The type of research study used was descriptive in nature, based on the intent of the study. This is because the research was a fact-finding investigation with the necessary interpretation. It focused on particular aspects of the problem being studied. A descriptive study is designed to collect descriptive information and provide information to use in future, more practical studies. Another reason why this method is being used is because in this research, the problem is being described and not argued about. However, it "can reveal potential relationships between variables, thus setting the stage for more elaborate investigation later" (Globusz Publishing, 2011).

The study organisation

Newmont Gold Limited was founded in 1921 and publicly traded on the New York Stock Exchange since 1925; Newmont is one of the world's leading gold companies. Headquartered in Denver, Colorado, the company employs approximately 15,000 people, the majority of whom work at Newmont's mines

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sites in the United States, Australia, Peru, Indonesia, Bolivia, New Zealand and Mexico (Newmont Mining Corporation, 2006). Newmont recently developed its first project in Ghana, which has become the company's next core operating district in 2006, had over 20 million ounces of gold reserves in its concessionary sites (Newmont Mining Corporation, 2006). As already stated Newmont's African operations are predominantly in Ghana and include basically, the Ahafo mine. The Ahafo mine situated at Kenyasi is located in the tropical, cocoa-growing region of Midwestern Ghana, approximately 180 miles (290 kilometers) northwest of the capital city of Accra and contributes approximately 8 percent of Newmont‟s worldwide equity gold sales in 2007 (Newmont Mining Corporation, 2006). This in essence depicts how the natural resources of the area would be subjected to exploitation for the next fifteen or so years in the area.

Study area

Kenyasi is the capital of the Asutifi district in the Brong Ahafo region of Ghana. "The Asutifi District is one of the Nineteen (19) districts in Brong Ahafo located between latitudes 6°40‟ and 7°15‟ North and Longitudes 2°15‟ and 2°45‟ West sharing boundaries with Sunyani District in the North, Tano South District to the North East, Dormaa District to North West, Asunafo North and South Districts in the South West and Ahafo Ano South and North Districts (Ashanti Region) in the South East" as indicated in figure 1 (Government of Ghana, 2002).

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Plate 1: The signboard to Newmont Ahafo Plant site

Source: Researcher, 8th February, 2014.

Occupying a total land surface area of 1500 sq.km, the district is one of the smallest in the Brong Ahafo Region with a total of 117 settlements in the district and four paramountcies, namely: Kenyase No.1 Kenyase No.2, Hwidiem and Acherensua (Government of Ghana, 2000). “The district capital Kenyasi is about 50km from Sunyani, the regional capital of Brong Ahafo, through Atronie and Ntotroso” (GoG, 2000). Perhaps the most important potential for the development of the district lie in the abundant natural resources in the areas of forest and forestry products, good soil of high agronomic value, sand, clay and mineral deposits like gold, diamond, and bauxite (GoG, 2002).

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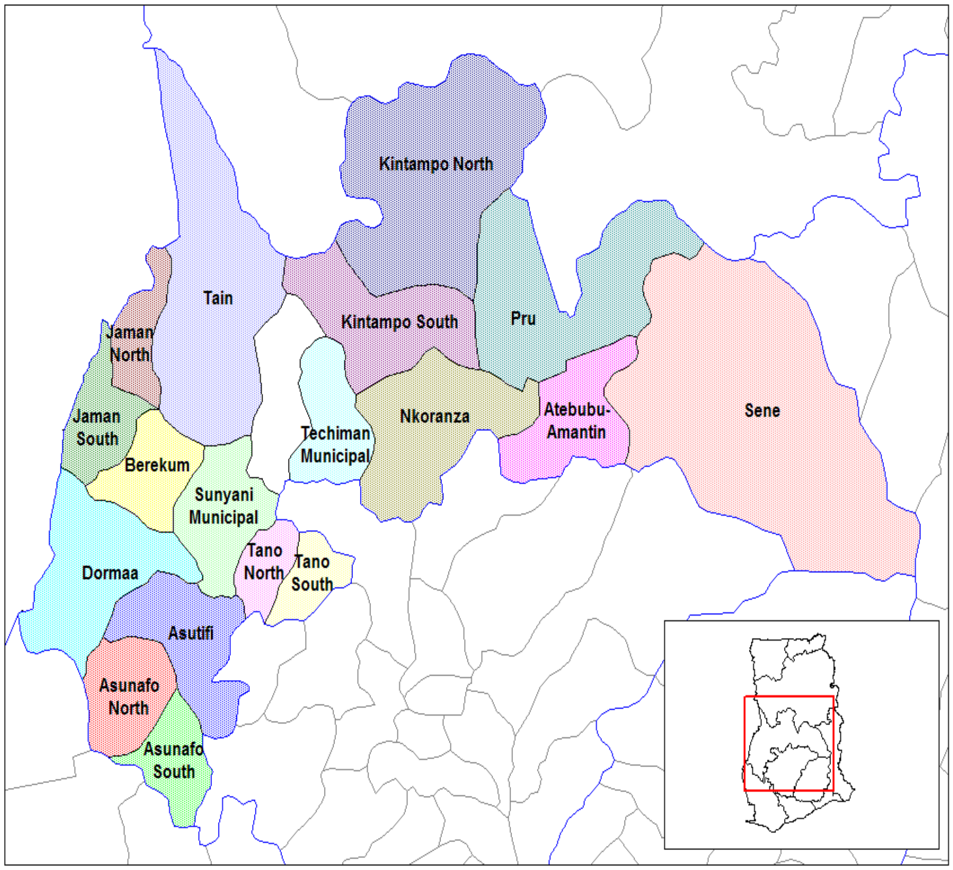

Figure 1: Map showing Brong Ahafo region of Ghana with its districts including the Asutifi District

Data source: Government of Ghana 2009.

Topographically, Kenyasi lies within the forest dissected plateau "with average height of about 700 feet above sea level and the lowest part of Kenyase found along the river basins whilst the highest point is found within a chain of mountains" (GoG, 2000).

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Plate 2: Entrance to the Kenyasi community from neighbouring Ntotroso community showing the forests cover of the Kenyasi community

Source: Photo: Researcher, 8th February, 2014.

In fact, geologically, the area is fully covered by rocks of Birimian and Dahomeyan formations with these rocks known to be gold, manganese and Bauxite bearing rocks (GoG, 2000) and could explain why currently gold is being mined in the areas where these rocks are found by Newmont Ghana Gold Limited one of the biggest mining companies in the world. Predominantly, it is Kenyase here that massive exploratory works is being carried out by mining companies. In addition to these are "large areas of forest reserves such as the Biaso Shelter Belt, Bia Tam Forest Reserve, Asukese Forest Reserve, Goa Forest Reserve and Desiri Forest Reserve with these forest reserves together covering a total of about 475.63

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square kilometres , about (30%) of the entire land surface area of the area" (GoG, 2000) and it is to be assumed that the massive exploitation of the area for minerals would invariably affect these forest since they are also embedded with some Birimian rocks.

The predominant occupation in Kenyase is subsistence agriculture which engages 66.7 percent of the economically active labour force. As a matter of fact, the sector (farming and animal husbandry) employs majority of women population in Kenyase. "About 91 per cent of those engaged in other occupations outside agriculture still take up agriculture as a minor activity" (GoG, 2002). With the recent operation of mining activities by Newmont Ghana Gold Limited to mine gold within its boundaries, it has created grave concern about the tremendous implications of the mining activities on the local economy. For instance, farmers feel threatened by the mining operations, but on the other hand, a lot of job opportunities are being created both directly and indirectly. Kenyase therefore finds itself in the middle of profound structural changes providing opportunities and challenges to managers of the town.

Study population

The set of all equal complete coverage measurements on a variable is called a population. Population can also be described as the set of all measurements associated with a universe of elements (Miller & Cryer, 1991). The target population of the data collection covered the Asutifi district and included Newmont Ghana Gold Ltd, and the inhabitants of Kenyasi community.

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The 2010 population census of Ghana of the Asutifi district was 202,000 people. These covered the four paramonticies used comprised Kenyasi I Kenyase II Hwidien and Acherensua. The Asutifi district which contain the Newmont Ghana Gold Ltd has a population of 122,000 (Ghana Statistical Service, 2010). The target population was heads of households and opinion leaders because they are the only indigenous people in the community of the study area whose livelihoods have long been totally linked to the mining site. The second group was the workers who work and live in the communities.

Estimation of sample size

Formula $n= (Z/e)^2(p)(1-p)$

where z=no. of standard errors for a specified confidence level

p=proportion of incidence of the variable in the population

e=proportion of tolerable error

1. 49%= proportion of males in the population
2. 95%=confidence level
3. 1.96=Z
4. 0.05=proportion of tolerable
5. $n= (1.96/0.05)^2(.49)(.51)$
6. n=195.92
7. n~200

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Sampling and sampling procedures

The sampling procedures namely, probability and non-probability, the probability sampling technique used was the stratified for both the workers and heads of households living in the mining communities because these two individuals are relevant to the subject matter being studied.

The second sample included individuals living in the Kenyasi mining community. The mining community was chosen because it was the most recent of all the mining communities under the company. Therefore it is very likely that any new policies, decisions and way of operation of the company would be better incorporated in this community.

Under non probability sampling, the purposive sampling technique was used to gain access to the management and opinion leaders. With regards to the sample size that was used as indicated in the formula, 200 households living in the mining community were selected. The households, opinion leaders and staff the sample size lies in the fact that time and resources available to the researcher were not enough to cover the entire area with a population of about 202,000. A sample of 200 respondents was chosen from heads of households' traditional authority and workers. This comprised 150 heads households, 30 opinion leaders and 20 workers. This was done by sampling the views of the community, those in business and management of the company (NGGL).

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Research instrument

The main data collection instruments used for the study were questionnaires and interview schedules with the selected sample population and key management officials in NGGL. Field observation was also conducted at the community level. These were done to put the perceptions of corporate social responsibilities of mining in its proper perspective.

These interviews were conducted face-to-face of particular relevance in the present study. This is because the nature of the information required a deep analysis of views and perceptions for the two selected staff of NGGL.

The interview guide was divided into two parts. Part A is the Interview Guide for the Local Community Participants and Part B is the Interview Guide for the Company.

Methods of data collection

The study employed three methods of data collection. These included: questionnaire, observation and interviews.

A questionnaire is a written instrument that contains a series of question called items that attempts to collect information on a particular topic (Renckly et. al, 1996). Respondents who could read and write answered the questionnaire. The items on the questionnaire were decided by reflecting on the purpose of the study and the research questions. The design of the questionnaire was a mixture of open and close-ended questionnaire. According to Dawson (2002) many questionnaire begin with a series of closed questions, with boxes to tick or Scales to rank, and

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then finish with a section of open-ended questions for more detailed response. Questionnaires were handed out to two hundred individuals living in the mining community all who would have had practical experience with the presence of the Newmont Ghana mine. Using questionnaires helped in obtaining the data quickly and made the individuals more comfortable in answering objectively.

An interview is a joint product of what interviewees and interviewers talk about together and how they talk with each other (Siegle, 1994). In this study structured interview was used for gathering data for this research. The interview was used because personal contacts between the interviewer and interviewee provided a good opportunity to clarify issues, and the response rate is also high. The interviews were done face-to-face, with the questions asked being open ended ones. This approach was adopted because the researcher has been working and living in Kenyase and for that matter the Asutifi district for the past ten years. The researcher has gained a close and intimate familiarity of individuals including their religious, occupational, or sub cultural group, and their practices through an intensive involvement with the people of the study area over a period of time. Personal involvement, observation, interaction and experience as well as discussions with players of CSR in Kenyasi, were brought to bear during the research.

Sources of data

The study depended on both primary and secondary data for its sources of information, analyses and reporting. The primary sources of data were heads of

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households in the community, opinion leaders, workers and management at NGGL were also interviewed. Other primary source was personal observation of the community. The secondary sources include published research articles, journals and publications, websites, published and unpublished works on mining and development in Kenyase.

Pre-test

Reliability refers to the consistency of the instruments in tapping information from more than one respondent (Creswell, 2003). A pilot study was conducted at Obuasi. In all, thirty (30) respondents were selected to participate in this pre-test. Pilot testing of the questionnaire helped to put the questionnaire in it proper shape to measure what it was intended. The questionnaire was then amended accordingly for use in the field. The refining of the items in the questionnaire was intended to make the items very simple for the respondents to understand so that they could provide the appropriate response to the items. The pre-test also gave a fair idea of the responses to be obtained from the field.

Validity of the research instrument

To ensure that the study instrument is valid and reliable, as the quality of a research largely depends on the quality of the instruments used and procedures of collecting the data since the two essentials of a good research are validity and reliability, the researcher ensured that the questions designed are based on the following guidelines:

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- The questions were formed in such a way as to make it easy for respondents to understand them
- The questions asked were as few in number as necessary to produce the information required.
- The questions required answers that were very straight forward and precise in nature.
- The questions are directly related to the information required.
- The questions were such that could be answered honestly and without bias.

Since validity is the extent to which the instrument used measures what it was intended to measure, the accuracy of a research instrument being reliable is whether the data collection process is consistent and stable.

Data analysis technique

The data collected, that is both qualitative and quantitative data, were analyzed with the aid of Excel and Statistical Product for Service Solution (SPSS, Version 16) computer software to provide descriptive statistics such as standard deviations, regression analysis and the formation of frequency tables. Qualitative analyses covered the community's perceptions about the company's activities and relationship with members of the community.

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Ethical issues

Ethical considerations confront every researcher who embarks on a study of this nature. According to sproll (1996) ethics in social science research are worms or standard behavior that guide moral choices about our behavior and our relationships with others. Some general agreements have been shared by researchers about what is proper and improper in the conduct of scientific in giving. The most important ethical agreements that avails in social sciences research include, free and informed consent, confidentiality and anonymity, privacy, appropriate methodology and reposting. These concerns were dealt with in the course of conduction.

The most important ethical consideration that the study entailed was complete anomy unity and confidentiality once the data for the study was sourced from the company. Thus the company was convinced that the study was for academic exercise.

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CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This chapter aims at analyzing and presenting data collected from the field. It essentially captures the perceptions of a cross-section of the respondents in the selected mining communities across the district. The questions that the respondents were asked were constructed from the objectives that the study set out to achieve. From these broad objectives, questions were constructed and this resulted in the respondents being asked many questions in order to probe deeper to get a better understanding.

Much of the opinions reflected in the ensuing sections are mainly those of individuals and groups of community members specifically, household heads the youth and women in communities who were directly affected by actual mining activities by NGGL. They also represent the opinions of traditional leaders and elders, chiefs and community leaders, clan and family heads, unit committee members, assembly members and local leaders. For this reason the chapter devotes part of its pages to treating the socio-economic characteristics and background of the respondents to the case study survey.

NOBIS

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What does NGGL's CSR policy contain?

According to Business for Social Responsibility (BSR, 2000) many companies are choosing to make explicit commitment to corporate social responsibility in their mission, vision and value statements. Such statements frequently extend beyond profit maximization to include an acknowledgement of a company's responsibilities to a broad range of stakeholders, including employees, customers, communities and the environment. Therefore, one of the first things the study sought to find out was to see how NGGL's Policy statements incorporate corporate social responsibility issues.

NGGL's CSR policy

As a leading and major industry player, NGGL recognizes that not only must we ensure that the products we produce and process are of high quality and meet the demanding standards of our customers, they must be produced in a manner which is sustainable and takes into account environmental and social interests. But we also recognize that Corporate Social Responsibility goes well beyond that. As a leading economic force in areas of our operations, NGGL embraces its responsibility, not just as a good corporate citizen, but to foster an economically viable community and empower people.

In addition, we are also committed to promoting and protecting the health, safety and well-being of our employees, contractor personnel and local communities, especially in and around our mill and plantation areas. As such, our commitment

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to sustainability is as much about establishing a conducive working environment and a thriving social infrastructure as it is about caring for the environment.

We shall achieve this – with a focus on continual improvement - through the adherence and applications of the RSPO Principles & Criteria; Environmental Management System (EMS ISO14001), the United Nations Global Compact Principles, and the Group's Environmental, Social, Health and Safety Policies and Best Practices." (Source: NGGL year.)

Pearce and Robinson (1997:45) write that in defining or redefining the company's mission, vision and core values, managers must recognize the legitimate rights of the all firm's claimants. Each of these interest groups has justifiable reasons for expecting (and often demanding) that the firms satisfy their claims in a responsible manner. It is also argued that applying a stakeholder approach to the management a firm recognizes that other interests other than those of shareholders are seriously affected by corporate activity. Carroll (1984: 61) argues that from the point of view of a highly pluralist society, stakeholders might not only include shareholders, employees, customers and competitors, but also other groups such as the community, special–interest groups, and society or the public at large. The local community is a large and visible stakeholder group for any corporation.

From the above, one can see that NGGL declares explicitly that one of its corporate values is a commitment to the environment and the community. The fact that the company has expressly set out corporate social investment in the community as one of its values and policies shows that the company cares greatly

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about this activity. Such an express commitment tells the local community and other stakeholders that the company cares about corporate social responsibility issues and is committed to living this promise.

Table 1: Satisfaction of respondents on the corporate social investment programmes

Type of respondent	Response						
	Satisfied		Undecided		Not satisfied		Total
	F	%	F	%	F	%	
H/H	100	71.4	15	10.7	25	17.9	140
Opinion leaders	25	62.5	5	12.5	10	25	40
Staff	16	80	2	10.0.	2	10.0	20
Total	140	70.0	22	11.0	27	13.5	200

Source: Field Survey, 2013

What motivates the company to carry out corporate social investment programmes in the local community?

The respondents from the community and the company were then asked specifically why they think NGGL is involved in corporate social investment projects in Kenyasi.

The respondents argued that even though NGGL is fully owned by a multinational corporation (Newmont Mining Corporation), it is situated here in Ghana and it is operating in Kenyasi; therefore, it has a social responsibility

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Kenyasi. Waddock and Boyle (2009:129) argue that the globalization of many companies" operations means that the communities to which companies relate can no longer be narrowly defined as the community immediately surrounding the corporate headquarters. Rather, Waddock and Boyle argue that "community" has rapidly been redefined as those locales in which a company has significant activities.

The respondent's responses why they think the company conducts CSI programmes in the region were summarized as follows:

Use of labour force from the Asutifi district and the Brong-Ahafo Region

One respondent, citing the company's use of the labour force from Kenyasi, had this to say:

"They use the labour forces which are people from the Asutifi district and the Brong-Ahafo Region and they all work very hard and they are committed towards building and ensuring the profitability and growth of NGGL as a reckoned mining company in Ghana and in West Africa. I actually think you should look after the people who work for you in more than paying their salaries".

Another respondent from the community felt that the company's labour force are very committed to NGGL and about 70% of these workers come from the Kenyase in the Asutifi district. He thought therefore that the company felt obliged to give something back to their workforce by taking active steps to make social investment in the communities where these workers come from. He further argued that this is not just a good deed that NGGL is doing, but rather they have seen value for their money. He said that:

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"I am told our workers here are very good and as a result NGGL is one of the best mining companies in Ghana. So this is not just a good deed that NGGL is doing, they have seen value for their money. So, I think through the training and the money they have invested here, they have also seen that the company is improving."

Creating a better community

Some respondent's suggested that because NGGL has invested in this local community and conducts its business operations here, the company should invest in the upliftment of the community to create a better society. One respondent from Kenyase community expressed this view as follows:

"The company that has invested in a certain particular community, it is also supposed to be responsible for the upliftment of that community".

Achieving economic democracy

From the company's side, the Human Relations Manager felt that as a company, undertaking CSI in the community is important because it is an investment in the social upliftment of the region. He believes this is their part in playing their role in the democratization process of the country in order to bring about economic liberation to the majority of the citizens in the province.

He had this to say: "It is an investment to the on-going democratization of any country to ultimately achieve economic democracy". Mbigi (2002:16) supports the company's view above of the need for economic liberation in any country by arguing that:

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There is no recorded case in history where a society has been able to make a sustainable transition to democracy without a business revolution; democracy thrives on economic progress, a highly informed and literate population as well as an enterprising population.

The Estate Manager expressed his comments as follows; “I believe that after the attainment of political democracy in Ghana, there needs to be an economic revolution to bring about positive socioeconomic change to many disadvantaged communities. This economic revolution can only happen if the business sector is actively involved in social investment programmes in the local communities where the majority of disadvantaged communities live.”

To make employees feel proud of their company

Smith (2003) states that some employees express a preference for working for socially and ethically responsible companies. This reasoning is supported by Vivader-Cohen (2000), who claims that socially responsibly companies create employee loyalty. The former worker’s leader who happens to some from one of the local communities in Asutifi district responded that NGGL should invest in the community where he comes from so that he can feel proud of the company. It has been suggested that when workers see that the company is interested in their welfare and committed to certain values such as corporate social responsibility, it motivates the workers and they have a deep sense of pride and belonging to that company because they know that the company really cares about their welfare and not just in maximizing profits. The former Worker’s leader had this to say:

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"The company is supposed to be responsible to make sure the upliftment of where I reside is taken up so that I can be in a position to be proud of the company. That is one of the reasons why NGGL must not be looking only on the profit of its products."

The present Worker's leader also agreed with the above view and felt the company should invest in the community and in the employees so that the workers can be happy when they associate the quality of their lives with the success and image of NGGL. He said;

"You want your workers to be happy because the standard of the product we are making is high and of the right quality, so you want to bring them as close as possible towards the level of your product. That is why BOPP must take plight of their employees and also develop their children so that everybody can stand up and say they are proud of associated with NGGL."

According to Barrett (1998:3) successful companies are those that are less focused on their self interest and more focused on the common good. He adds that if the organizations leadership "walks the talk" of corporate social responsibility values, it makes the employees of such an organization become proud of their company.

To create a win-win situation for the company and the community

According to the Enlightened Self-Interest Theory, enlightened companies of the future are learning to find win-win situations whereby they invest in CSR programmes that benefit communities while at the same time promoting the

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interests of their own business. In fact, for many organizations, this is one of the most important reasons why they conduct corporate social responsibility activities.

The company believes that by identifying social causes that are aligned with their business interests and tackling these issues, they are also meeting their business needs by achieving stability in the plant, making employees loyal to the company and improving the performance of workers in the plant.

Businesses that create a win-win situation by investing in social causes which need attention in the community while at the same time aligning these issues with their long-term business interest end up benefiting as well. NGGL's key CSI focus areas have been in education and training, crime prevention, healthcare with the focus on HIV/AIDS and primary health care, Provision of Social Amenities.

The HR Manager commented that:

"Our responsibility is to offer a joint commitment not only to our business but also to our community within which we operate. Therefore, it is a commitment to the upliftment of the community but the benefit is also to us because when we have a better-educated people, we can employ them. Then we have a lower crime, it lowers the crime rate in the area but it also draws further investment to this area in the form of suppliers, which will then lead to the support of our business."

Smith (1994:105) writes that increasingly, companies are identifying social causes in communities where the company can use its resources to help

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while at the same time meeting its own business interests, thus creating a win-win situation for both parties involved. This strategy of dovetailing social causes with business interests is strong and the management in their responses both concurred on the use of this strategy. He believes that by using such a strategy, companies are backing CSI programmes with real corporate muscle, because they have a stake in these programmes. Smith continues that this idea of a company serving its business interest, while at the same time backing community needs, entails becoming "Janus-faced"- having one face serving the community, the other serving the business's interest. Kanter (1999:124) agrees with Smith's observations above and argues that when companies approach social problems as if they have a stake in the problems, they treat the effort as they would treat any other project central to the company's operations.

The types of corporate social responsibility programmes that NGGL conducts within the local community

According to Kirsten (2000:22), corporate social investment programmes in the local community should be aimed at uplifting, empowering and sponsoring self-sustaining regional projects within the community. NGGL undertakes CSR programmes in the following Six (6) key focus areas and these are, Education, Health, Agriculture, Safety and Security, and Provision of Amenities. These programmes are discussed below.

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The HR Manager made the following comment when reacting to the question of some of the types of activities that NGGL undertook in the communities;

"Our main focus area is on education, health and Agriculture. This is because these issues are major issues in Ghana today, as it is believed that the future growth of any country depends on the education, health and good nutrition obtained by its people".

Education

NGGL has opened its Primary and JHS to the Community

The NGGL has established a primary and JHS for the children of Employees of NGGL. This school was set up in 1985 to provide formal education for the children of employees of NGGL. Because of the value the Management of NGGL places over education, Children from the Communities which fall in its catchment area are also admitted. In the primary Cycle, the enrolment proportions are (40%) of the Pupils are wards of employees whilst (60%) of the Pupils are from the Communities. In Junior High school, it is the opposite, (60%) of the pupils are wards of employees whilst (40%) are from the Communities.

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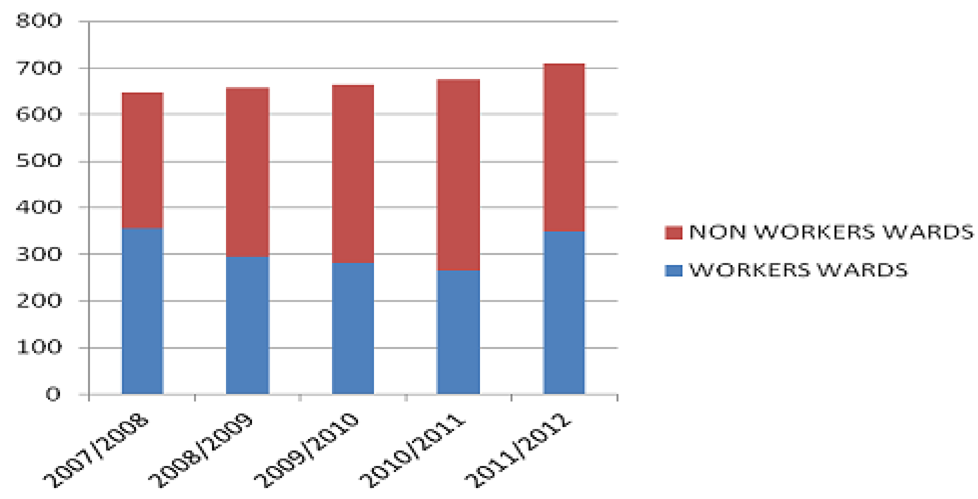

Figure 2: NGGL Primary School Enrolment (2007-2012)

Source: NGGL School Enrolment Records 2012

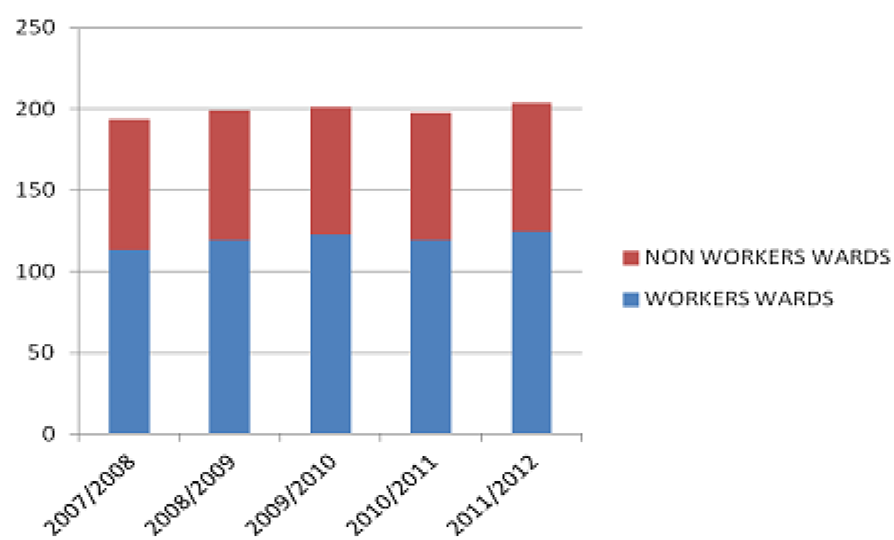

Figure 3: NGGL JHS Enrolment (2007-2012)

Source: NGGL School Enrolment Records 2012

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Construction of classroom or rehabilitating school buildings for the communities

NGGL has over the years constructed or assisted the communities to build classrooms for their schools and also rehabilitate existing dilapidated School buildings. The construction of a Three-unit Classroom block at Kenyase (ongoing) and the rehabilitation of the Kenyase primary school (2011) are examples of such projects.

Plate 3: A school built by Newmont at Kenyasi new site

Photo: Researcher, 8th February, 2014.

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Health

NGGL recognizes it's moral and legal responsibility for health and safety and is committed to providing a safe and healthy environment for its employees, contractors, clients, visitors and the inhabitants of the neighbouring communities in all aspects of its operations. NGGL has a well resourced Ministry of Health approved NHIS Clinic with laboratory services and manned by a Resident Medical Doctor, Midwife, supporting staff and supported by an Ambulance for emergency situations. The NGGL clinic is open to both the employees and general public. Some of the programmes undertaken by NGGL Clinic include General/Clinical consultation, Health education with focus on HIV/AIDS, Outreach services.

Clinical services

About (60%) of the total attendance to the Clinic is contributed by non employees who comprise the people from the surrounding communities and workers from nearby companies. The Clinic offers services such as Maternity services, Child Welfare Services, Family health services and general consultation.

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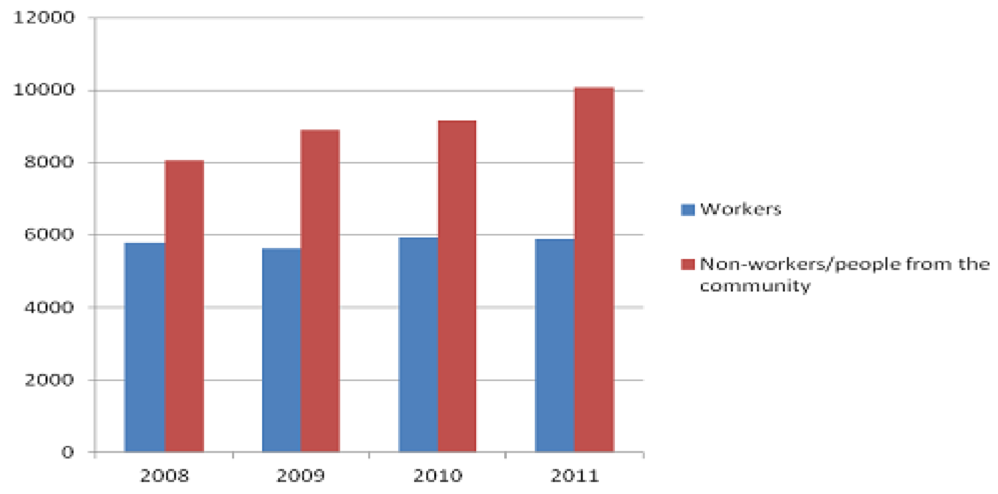

Figure 4: NGGL Clinic's OPD Attendance records

Source: NGGL Clinic's OPD Attendance Records 2012

Health education with focus on HIV/AIDS and malaria control and prevention

NGGL is one of the few businesses that have implemented a very good HIV/AIDS strategy. The company's HIV/AIDS task team comprises management and employees, as well as a full-time Resident Medical Advisor responsible for monitoring the company's HIV/AIDS policy. Its HIV programme assists its employees and their immediate families as well as people in the local communities. The company believes that, if their employees and their families are educated and treated with regard to HIV/AIDS, it will have a positive effect in the community. NGGL has a comprehensive prevention and care programme for employees and their families, which includes access to anti-retroviral therapy and

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Peer Educators or Counselors. The NGGL Clinic is also involved in undertaking Health outreach services.

NGGL's health programme has also focused on the prevention and eradication of Malaria. Under this programme NGGL is championing the Ministry of Health's sale and free distribution of Treated insecticide bed nets to all Malaria Endemic Areas. Also NGGL undertakes mass spraying of mosquito infected areas in its Estates.

Support for the district and regional health directorate

NGGL also provides support for the district and regional health directorates. In 2010, NGGL presented items such as a Motor Bike, Photocopier and printer for the Asutifi district mutual Health insurance office at Kenyasi.
NGGL always provides support in terms of personnel and Transport for all national and regional immunization and inoculation programmes

Agriculture

Provides Technical Agronomic Support

NGGL provides oversight Expert Technical support to farmers. The 18 member team providing this support service consists of one (1) Assistant Manager, One (1) Supervisor and fifteen (15) supporting staff. They provide extension services to support the farmers. Some of their activities include ensuring that the farmers properly maintain their farms, adopt good Agronomic practices, harvest their palm fruits and the religiously apply the fertilizer and other

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farm inputs supplied to them. The salaries and all other overhead costs of this team is borne by NGGL.

Logistical and road maintenance support

NGGL provides Tractors coupled with Trailers and Tipper Trucks to help evacuate Fresh Fruit Bunches from the Small holder farms in Kenyase. NGGL also undertakes and bears all road maintenance and culvert bridges constructional costs. All this is aimed at improving Crop recovery and enhance the profitability of the project.

Safety and security

The objective of the company in its involvement in this initiative is to join hands with other partners to fight crime in the community. NGGL has partnered the government (Ghana Police Service) by setting up a Police Station on the Company's premise (with 15 police personnel) and this unit oversees the maintenance of peace and prevention of Crime in the Asutifi district which lie within the company's catchment area. (A total of about 12 Communities). The company built the Police station from its own resources and also provides free accommodation, Electricity and Water for the Police Personnel. To help motivate the Police personnel to effectively discharge their duties effectively, NGGL has instituted an incentive package where the Company tops up the basic salaries of these Police Personnel by (25%) over what their colleagues elsewhere receive. This is seen as a major catalyst which has helped the police function effectively

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and this is manifested in the relative peaceful atmosphere prevailing in the company's catchment area of the Asutifi district. Additionally the company provides logistics support in terms of providing transport for the Police personnel when undertaking operations in the communities and sometimes some of the company's private security force is released to beef up the number of police force. NGGL also has an ambulance which in cases of emergency situations in the communities is released by the company to support all humanitarian activities.

Provision of Amenities

Water and sanitation

NGGL either constructs or provides support to the communities for the construction of new as well as the rehabilitation of existing sanitation facilities such as KVIPs. A 20-seater 107 KVIP was built for the Kenyase community in 2010 and currently another 10-seater KVIP is also under construction for the same community. NGGL also assists the provision of good drinking water to the communities by supporting the community water projects. An example is the financial support NGGL provided to the Kenyase community water project in 2010.

Electricity

NGGL also provides support for the electrification projects undertaken by the communities. The main High voltage Power supply lines from Takoradi to NGGL and the communities spanning through Asutifi district was funded by

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NGGL. In 2011 NGGL supplied Electrical fittings and Energy bulbs worth GHC5000 for the Street lighting project in the Kenyase community.

Support for preservation of customs and culture

NGGL as part its effort in ensuring the preservation and promotion of important and rich cultural practices in the local communities provides materials such as Sheep, Assorted drinks and cash donation to support all traditional and cultural festivities and activities hosted annually by in the various communities. The Human Relations Manager clearly emphasized this point when he was being interviewed. He said that “Promoting the rich cultural heritage of the Communities in the company’s catchment area will help project the tourism potential of the Asutifi district and also enhance the image of NGGL as the communities will get the feeling that we care about them”.

How Kenyasi perceive NGGL’s corporate social responsibility programmes

Sagawa and Segal (2000:117) contend that the sincerity or lack of it, demonstrated by a business in supporting a cause is often evident to its partners, employees, and the public at large. As corporate social responsibility programmes are activities that are conducted within the community, it was therefore important to ask the community stakeholders what they thought about NGGL’s CSR programmes, that is, to know their perception regarding how the company is performing this activity. It was also important to get views from the company to know what they think of their performance and compare the two sides.

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Generally, there was mixed reaction and responds from the community as well as the employees in the company when the question of whether they were satisfied with the company's performance with regards to CSR.

Responsiveness to community needs

Kenyasi community think that NGGL's responsiveness to the needs of the community is good. This means NGGL has to continue to find ways and means or put in a system to ensure that it improves in its responsiveness to the needs of the local community. In this game of corporate image, perception is reality and a company must uphold the values it claims to hold by actually "walking the talk" because the public judge a company from its actions first (*Sunday Times*, 29 September 2002).

Expectations

There was also a sense of high expectation regarding what the community wanted from NGGL. There are those who see the company as their only "saviour" by looking at what the company has done in the local communities. It is difficult getting support from the government and it is easier to solicit help from the company was the general lamentation.

As a result, the community continues to expect a lot from NGGL to the point that some respondents thought that NGGL is now the government in the Asutifi district which can bring about the socio-economic prosperity that the area so desperately needs. One respondent expressed this perspective as follows:

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"There are so many things expected from the company. The communities expect the company to now shoulder the responsibilities of what it is like it has taken a government role, which is impossible. NGGL is only a business".

O‟Brien (2000) and Hess et al (2002) note the comparative advantage of private firms over governments or non-profit organizations to provide assistance in solving certain social problems. This comparative advantage they write is readily seen in the developing world where big private companies are seen as having more resources than governments to provide social relief to poor communities. It is not surprising that these local communities are having ever increasing greater expectations of private businesses to help them solve their socio-economic problems. These private firms then assume a *"de facto"* government status in some local communities as the case with NGGL in Kenyase.

Areas of excellence

The respondents felt that there are certain CSR programmes that NGGL has excelled in that they would like other companies in the region and even nationally to emulate. The major programme mentioned was its support and investment in Education in the community, Agriculture and provision of Amenities for the community.

The company on the other hand when interviewed about how they see themselves to be conducting their corporate social investment programmes in the community, they were very conservative about their performance. Their response was surprising in that, while some of the communities were in full praise of the

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company, the company was conservative in the way they perceived their own activities. Actually, this response is not bad. It would have been a problem, if the company were praising itself while the community felt otherwise.

Overall CSR performance of NGGL

Table 2: Perception of respondents by CSR programmes

Type of respondent	Response						Total
	Agree		Undecided		Disagree		
	F	%	F	%	F	%	
H/H	110	78.6	10	5.0	20	14.3	140
Opinion leaders	25	62.5	10	25.0	15	37.5	40
Staff	16	80.0	2	10.0	2	10.0	20
Total	151	75.5	22	11.0	37	18.5	200

Source: Field Survey, 2013

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CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This chapter tries to provide a summary of the work, draw conclusions and plausible recommendations made with respect to the findings stating clearly stakeholders and their responsibilities to enhance effective implementation when the need arises.

Summary

The study was conducted in Kenyase in the in Asutifi District in the Brong Ahafo region of Ghana. The main objective of the study was to evaluate the corporate social responsibility of NGGL in Kenyase. The research employed the case study design to collect the data. The simple random sampling technique was used to select individuals in the selected communities, while purposive sampling was used to select the officials of NGGL. A set of questionnaires and interview schedules were used to collect data from the respondents. Data gathered were analysed, using Excel and Statistical Product for Service Solutions (version 16).

The main findings of the study were:

First, NGGL's Policy statements contained a very strong CSR statement which is reflected in its CSR Policy.

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Secondly, NGGL was motivated to undertake its various CSR activities because,

- 70% of its entire labour force comes from the Asutifi district.
- The company aims to create a better community.
- Undertaking CSI helps in achieving Economic democracy since CSI in the community is an investment in the social upliftment of the Area.
- NGGL's CSI activities are also undertaken to make Employees feel proud of their company and also
- To create a win-win situation for the Company and community by investing in programmes that benefit Kenyase while at the same time promoting business interests.

Third, NGGL is actively involved in undertaking five) key CSR programmes. These are;

- Education by opening its Primary and Junior High School to the children from the community, and also constructing classrooms and providing educational facilities for schools in the communities in its catchment area.
- Health with focus on HIV/AIDS and Malaria Prevention and Control
- Agriculture with support for Small Holder farmers, ready market for their harvested Fresh Fruit Bunches, providing logistical and Road Maintenance support as well as provision of Roads and Bridges to link the farming community
- Improving Safety and Security of its catchment area by joining hands with partners such as the government to fight crime by setting up a Police station on the Company's premises. This unit oversees the maintenance of peace and

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prevention of Crime in the Communities which lie within the company's catchment area.

- Provision of Amenities in areas such as Sanitation, Water and Electricity for the deprived communities.

Fourth, there was mixed reaction and response from the community as well as employees when the issue of how they see NGGL's CSR programmes was raised. Generally NGGL's CSR performance was seen to be good as five(5) out of the Six (6) responses obtained representing 83.3% rated NGGL's overall CSR performance as either good, very good or satisfactory whilst the remaining one(1) representing 16.3% rated NGGL's overall CSR performance as either poor or satisfactory

For corporate social investments to work, it is important that the company and the local community have a good relationship. It was therefore important to know how NGGL interacted with the local community and also how the community views NGGL. The company said it has a "powerful" relationship with the community, that they can count on the community to support them in times of crisis. With reference to data gathered during the interaction with the focus groups from the communities it was inferred that But one general feeling which came to light was that the other communities think that NGGL's CSR programmes are more biased towards the others.

Conclusions

The increase in mining investment in Ghana since 1989 has resulted in a significant increase in mineral production and the generation of external earnings

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which are appropriately channeled to the provision of infrastructure and the general development of the country. Locally, the operation of Newmont Ghana Gold Limited in Kenyasi has imparted positively through the provision of infrastructure and revenue base of the community.

Clearly, the need for integrating environmental protection and management is of heightened importance in the development agenda of the country and the global economy at large. As a result, effective collaboration of all stakeholders as well as an uninterrupted support from the government can provide the necessity for performance and impact assessment to optimize the benefits and reduce the negativities of the mining activities in the District.

Recommendations

Based on the findings of the study, recommendations have been made to optimise benefits of the mining operations in Kenyase and minimise, if possible eradicate its negative impacts on the environment.

- The company should:
- Set up a Corporate Social Responsibility Committee with well defined roles and duties to oversee and monitor the CSR activities or programmes undertaken by NGGL.
- Carry out an in-depth perception survey to know the opinions of the local Communities regarding the way it conducts its corporate social investment activities in the local community.

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- Conduct a study to find out what issues are pertaining in the Communities who rated NGGL's CSR activities as poor or satisfactory and quickly address them.
- NGGL should institute more stakeholder dialogue with the local community leaders in a bid to come up with joint decision making strategies regarding problems affecting the region. This stakeholder dialogue is also important in order to improve the sustainability of CSI programmes after they have been handed over to the local community
- Also, the company should identify Non-governmental organizations at grass-roots level in the District to work with who can assist them in identifying projects that need assistance in the community
- It is also recommended that more publicity should be given to the CSR programmes that are undertaken by NGGL.
- Lastly it is recommended that Management of NGGL should ensure accurate records are kept on all the CSR and other Community assistance projects the company undertakes.

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APPENDIX A

QUESTIONNAIRE FOR COMMUNITY RESPONDENTS

This questionnaire is designed to solicit information on the above topic for the purpose of producing a master's dissertation. Please be assured that respondent's confidentiality is of paramount concern to the researcher. In view of this please answer the questions in your candid and objective opinion as possible.

1. Community Date

Household Data

Demographic Data from Household

(Tick appropriate box)

2. Sex of Respondent a) Male b) Female

3. Age of Respondent

4. Marital status of Respondent: a) Single b) Married c) Windowed

d) Divorced

e) Separated

5. Position in household: as a) Husband b) Wife c) Grandmother

d)Sister e) Brother f) Others (Specify

6. How many people live in this house? ....

7. How many people are in your household? ....

8. How long has the Newmont Ghana Gold Limited (NGGL) been operating in your community? a. 1-3yrs b. 4-6yrs c. 7-9yrs d.10yr

9. Have you encountered any problem/differences with NGGL? Yes [ ] No [ ]

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If yes, what kind of problem?

a. Lack of compensation b. Land taken away c. Loss of Jobs d.Others (specify)

10. In your view what do you think were/are the causes of such differences? ....

11. What were the community's initial reactions to the activities of the NGGL? Indicate for the various categories of people

a. The youth…………………………………………………………………………

b. Traditional authorities………………………………………………………………

c. Assembly representatives/ unit committee members…………………………

12. Who has been affected by the activities of NGGL? ………………………..

13. Have they been duely paid compensation by NGGL? Yes [ ] No [ ]

14. If yes, how does NGGL pay compensation to the affected persons? …………………………………………………………………………………………

15. Has NGGL been involved in the provision of social facilities to your community?

Yes [ ] No [ ]

16. If yes, indicate the type of infrastructure provided

Facility	Date completed	On-going

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17. How were/was the above achieved? ……………………………………………

18. What are some of the important benefits the community derives from the operations of NGGL in the following areas?

1. Economic…..………………………………………………………………

2. Social…………………………………………………………………………

19. How has their activities affected the community negatively in the following areas?

1. Economic…………………………………………………………………

2. Social

……………………………………………………………………………..

20. What is your main source of water?

a. Pipe Water [ ]

b. Well [ ]

c. Bore hole [ ]

d. Stream [ ]

e. Others (Specify)

………………………………………………………………………………

21. How has the activities of NGGL affected your source of water?

…………………………………………………………………………………………

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22. What is the quality of your water?

a. Very good [ ]

b. Good [ ]

c. Bad [ ]

If bad, why?..

23. What is the size of landholding in this community?

a. 1-2acres [ ]

b. 3-4 acres [ ]

c. 5-6 acres [ ]

d. 7 acres and above [ ]

24. Which major diseases affect the household members?

a. Malaria [ ]

b. Chicken pox [ ]

c. Others (specify) [ ]

25. Which health facilities are patronized by the household members?

a. Hospital [ ]

b. Community health centre [ ]

c. Traditional [ ]

d. Private [ ]

26. What is your reason for your choice?

...……………………………………………………………………………………

27. What is the distance to access health facilities?

a. One kilometer [ ]

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b. Two kilometers [ ]

c. Three kilometers [ ]

d. Four kilometers and above [ ]

28. What is your main source of income? ……………………………………

29. Name other sources of income? ……...

ACTIVITIES	MAJOR SOURCES			MINOR SOURCES		
	Amount (Daily)	Amount (Weekly)	Amount (GH¢) Monthly	Amount (Daily)	Amount (Weekly)	Amount (GH¢) Monthly
Agric						
Service						
Commerce						
Remittances						
Loans						
Others (specify)						

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APPENDIX B

QUESTIONNAIRE FOR NGGL -MANAGEMENT

This questionnaire is designed to solicit information on the above topic for the purpose of producing a master's dissertation. Please be assured that respondents' confidentiality is of paramount concern to the researcher. In view of this please answer the questions in your candid and objective opinion as possible.

1. Position of officer responding:

2. Address:

3. Telephone: Fax:

4. E-mail:

5. How long has your company been in existence in this community?

6. What problems does the company encounter with the community?

a. Community Demonstration b. Illegal mining d. Road blocks

e. Community/Company Leadership ability f. Other, please specify……

7. In your view what do you think were/are the causes of such problems?

……………………………………………………………………………………

8. How has the problem been solved? ……………………………………………

9. Does your organization pay compensation to land owners?

10. How does your organization address the concerns of the communities?

a. Compensation b. Employment c. ALP d. Other ventures

11. Who are your major collaborators and what are their roles?

……………………………………………………………………………………

12. How did your organization commence mining exploration in the community?

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……………………………………………………………………………………………

13. What are the community's initial reactions and how do you manage that?

………………………………………………………………………………………….

14. What are your Corporate Social Responsibilities to the communities?

…………………………………………………………………………………………

15 How are these CSR produced and maintained?

……………………………………………………………………………………………

16. Have the people been prepared for Alternative Livelihood Programmes in terms of training?

……………………………………………………………………………………………

17. Were the people provided with any financial assistance? What were they?

……………………………………………………………………………………………

18. What has been the impact of these programmes according to community feedback?

……………………………………………………………………………………………

19. What are some of the key policy areas you are concerned with?

…………………………………………………………………………………………

20. How does your company benefit from the provision of corporate social responsibilities to the communities?

………………………………………………………………………………………….

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