EVALUATING THE EFFECT OF NEWMONT GOLD LIMITED’s CORPORATE SOCIAL RESPONSIBILITY ON AHAFO KENYASI (GHANA) COMMUNITY DEVELOPMENT

Kofi Owusu Yeboah
Lecturer, School of Business, Spiritan University College, Ejisu, Ashanti, Ghana
Sirkoywayo@gmail.com; Sirkoywayo@yahoo.co.uk

Wiafe Nti Akenten
Coordinator, Accounting Department, Ghana Baptists University College, Kumasi, Ghana
Wiafentiakenten@gmail.com

Abstract
Mining companies in Ghana continue to have their reputation tainted as perception persists that their contribution to sustainable development does not commensurate with the profits they make from extracting the country’s mineral resources. The purpose of this work was to assess the effect that Newmont Gold Ghana Ltd is having on the development of Kenyasi, Ghana. This research is descriptive research. The population of this study was the residents of Kenyasi and the Staff of the community affairs department of Newmont in Ahafo Kenyasi. A sample size of 100 and 20 respectively were used. Convenience and purposive sampling techniques were employed. Data were analyse quantitatively. It was found out that the community-based development approach and the benchmark approach are the most highly used CSR practices by Newmont. Generally, residents have negative perception of Newmont CSR practices. However, it was found that Newmont CSR practices have had positive effect on their social capital and reputational capital. Some of the recommendations made include that, government should cap a percentage of value of minerals mined to develop the Kenyasi community, and the establishment of CSR fund by Newmont.

Keywords: CSR Practices, CSR Perception, Social Capital, Reputational Capital, and CSR Dimensions
INTRODUCTION

In the early 20th century, business firms were dominated solely by the objective of profit maximization. In the 1970s, social activists began questioning business firms of their sole objective of profit maximization, since every firm gains its existence and momentum from society. Hence firms have certain duties towards the society to perform (Choudhary and Sing, 2012). Corporate Social Responsibility (CSR) which was seen as corporate “Philanthropy” till 1990s is considered as a strategy today to gain competitive advantage. Also turbulent, complex and competitive business environment urged business bodies to dive into CSR. Today CSR is seen as a key to long term success, reputation and brand image. Corporate books have understood that without healthy and prosperous society the business bodies cannot excel. One of the main objectives of any business activity is to serve the society apart from making profits. A business serves the society by providing employment, raising the standard of living, playing role in civic affairs, providing basic amenities like healthcare and education facilities (Choudhary and Sing, 2012).

Historically, the mining industry has taken a ‘devil may care’ attitude to the impacts of its operations; operating in areas without social legitimacy, causing major devastation, and then leaving when an area has been exhausted of all economically valuable resources (Jenkins and Obara, 2008). Cost benefit language has often been used to excuse the damage caused in one place because it is outweighed by the overall financial benefits (Jenkins, 2004). However, in recent years the global mining industry has addressed its social and environmental responsibilities; numerous factors have contributed to this, and the extractive industry is key in debates about social and environmental sustainability (Cowell et al., 1999). The Corporate Social Responsibility (CSR) programmes of mining companies tend to focus on community initiatives as their impact in economic, social and environmental terms is felt greatest at the local level (Jenkins and Obara, 2008).

CSR programmes of mining companies tend to focus on community initiatives because the economic, social and environmental impacts of their operations are basically felt greatest at the local level. Most mining companies have concentrated their CSR interventions in the areas of education, health, and alternative livelihood income generating activities. The large scale mining companies, which are members of the GCM, have set up Trust Funds to ensure adequate funding for their social investment activities. For example, Goldfields Ghana established a foundation in 2002 and derives CSR funding from its production and profitability situation which is based on a yearly contribution of US$ 1.00 of every ounce produced plus 0.5 percent of pre-tax profits. This represents over US$ 1 million a year for financing social
investment projects. Anglogold Ashanti has also been instrumental in the fight against malaria through its Obuasi Malaria Control Programme (Anaman, 2008).

However, critics of the mining industry have called on the Government of Ghana (GoG) to hold the mining companies accountable instead of being an accomplice in an act that exploits the country’s mineral resources and creates death traps for the people instead of liberating them from hunger, illiteracy, vulnerability and other social problems (Boon and Ababio, 2009). Akabzaa et.al (2008) state that with regard to infrastructural facilities and development: “...the mining towns of Obuasi, Tarkwa, Prestea, Konongo, Bibiani among others, provide a classic picture of the typical mining towns in Ghana. These towns are far from affluent, an aberration of what communities endowed with mineral resources, are or should look like. The towns are very much unlike other gold mining towns such as Johannesburg in South Africa, Noranda City in Ontario, Canada, Reno in the USA or Perth in Australia, where the scars of mining are sealed by the beauty and riches of these cities, built out of mining”.

Problem Statement
The effectiveness of CSR initiatives in the oil, gas and mining sectors has been increasingly questioned (Frynas, 2005). While multinational mining companies have ‘remodelled’ themselves as good corporate citizens there is little evidence as to how this recognition of the need to address sustainability issues has affected communities, and whether community development initiatives have been effective in contributing to more sustainable communities (Jenkins and Obara, 2008). Mining companies in Ghana continue to have their reputation tainted as a perception persists that their contribution to sustainable development is not commensurate with the profits they make from extracting the country’s mineral resources (www.ghanabizmedia.com/ghanabizmedia/test.html). Boon and Ababio (2009) added that critics of the mining industry in Ghana have called on the Government of Ghana (GoG) to hold the mining companies accountable instead of being an accomplice in an act that exploits the country’s mineral resources and creates death traps for the people instead of liberating them from hunger, illiteracy, vulnerability and other social problems. These criticisms the researcher have observed have led to many people questioning the approaches of mining companies in Ghana towards CSR practices.

Another major problem that has contributed to the conduct of this research is that the researcher has observed that many people in Ghana have negative perception towards CSR practices by mining companies in Ghana. For some, these CSR activities are nothing but public gimmick. Mining communities have continued to wander in abject poverty, diseases, among others. Mining companies undertake some of these so-called CSR activities without even
consulting the beneficiary communities. They do what is normally in line with their own corporate objectives. Therefore for some observers these CSR activities have not improved the livelihood of beneficiary communities.

Moreover, various authors have indicated the benefit of companies undertaking corporate social responsibility. For some, being good corporate citizen enhances corporate social and reputational capital. For others CSR practices is a competitive strategy tool to achieve overall competitive advantages. Others have also analysed the effect of CSR practices on corporate sales and brand images. However, the researcher has observed that being good corporate citizen does not necessarily inure a company to all the benefits of CSR practices. For some critics CSR practices especially the voluntary practices is a waste of shareholders resources. For them the provision of infrastructure and other social development projects is the duty of government not companies. Companies pay taxes and that the government must use the taxes to undertake social development projects for the citizenly. This therefore has brought to the fore the issue of the positive effect of CSR practices on companies especially in the area of social capital and reputational capital.

Research Objectives
From the research topic the general objective of this study is to assess the effect of CSR of Newmont Ghana Gold Ltd on community development. However, to achieve the general objective, the following specific objective as deduced from the problem statement above will be achieved:

1. To assess the approaches to CSR practices of Newmont Gold Ghana Ltd at Ahafo Kenyasi.
2. To assess the perception of residents of Ahafo Kenyasi on the CSR practices of Newmont Gold Ghana Ltd.
3. To determine the effect of CSR practices of Newmont on its social and reputation capital at Ahafo Kenyasi.

Research Questions
In order to achieve the above specific research objectives, the following research questions are posed:

1. What are the approaches to CSR practices of Newmont Gold Ghana Ltd in Ahafo Kenyasi?
2. What are the perceptions of residents of Kenyasi on the CSR practices of Newmont Gold Ghana Ltd?
3. What is the effect of CSR practices of Newmont on its social and reputation capital?
Significance of the Study

A lot of studies have been conducted on CSR practices of mining firms in Ghana and across the world. However, not many studies have been conducted on CSR practices of Newmont Gold Ghana Ltd on its Ahafo mines. This may be partly due to the fact that Newmont have existed in Ghana for less than 10 years. This means that not many studies will naturally be done in that direction. This study will therefore add to the available data of CSR practices of Newmont in Ghana. Also, the conduct has been necessitated by the fact that mining companies in Ghana continue to have their reputation tainted as a perception persists that their contribution to sustainable development is not commensurate with the profits they make from extracting the country's mineral resources. This study will thus bring to fore the perception of Kenyasi citizenry with regard to this view.

Moreover, the conduct of this research will also serve as a source of reference for students, researchers, and the academia who may want to conduct their own studies.

LITERATURE REVIEW

This part of the research report covers a review of research conducted by other researchers. It also includes speeches, reports, and papers presented by various authorities. These works are critically presented, analysed, contrasted, and compared. The theories emanating from this review of the works will guide in forming sets of motivated questions that will form the questionnaires of this work. This section has been subdivided into ten main parts.

Definitions of CSR

The phrase Corporate Social Responsibility (CSR) was coined in 1953 with the publication of Bowen's 'Social Responsibility of Businessmen'. The World Business Council for Sustainable Development in its publication "Making Good Business Sense" by Lord Holme and Richard Watts used the following definition. "Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large" (Choudhary and Sing, 2012).

However, according to Atuguba and Dowuona-Hammond (2006) there is no universal definition of CSR. The concept is always being redefined to serve changing needs and times. While the fundamentals of CSR remain the same everywhere, different emphases are found in different parts of the world because CSR issues vary in nature and importance from industry to industry and from location to location (Atuguba and Dowuona-Hammond, 2006).
According to Owusu (2012) corporate social responsibility (CSR, also called corporate conscience, corporate citizenship, social performance, or sustainable responsible business) is a form of corporate self-regulation integrated into a business model. CSR policy functions as a built-in, self-regulating mechanism whereby business monitors and ensures its active compliance with the spirit of the law, ethical standards, and international norms. He added that the goal of CSR is to embrace responsibility for the company’s actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere. He continued that CSR-focused businesses would proactively promote the public interest (PI) by encouraging community growth and development, and voluntarily eliminating practices that harm the public sphere, regardless of legality. CSR is the deliberate inclusion of PI into corporate decision-making that is the core business of the company or firm, and the honouring of a triple bottom line: people, planet, profit (Owusu, 2012).

As per European Commission (2001) CSR is “A concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment. Saeed and Arshad (2012) gave a similar definition to the European Commission. CSR can be defined as situations where the firm goes beyond compliance and engages in actions that appear to further some social good, beyond the interest of the firm and that which is required by law (Saeed and Arshad, 2012). According to Business for Social Responsibility (2003) CSR is “Business decision making linked to ethical values, compliance with legal requirements, and respect for people, communities, and the environment around the world”.

The operational definition of social responsibility is “Social responsibility contends that management is responsible to the organization itself and to all the interest groups with which it interacts. Other interest groups such as workers, customers, creditors, suppliers, government and society are placed essentially equal with shareholders” (Choudhary and Sing, 2012). For the purpose of this study the operational definition as given by Choudhary and Sing will be used.

**Dimensions of CSR**

On the basis of previous literature, Saeed and Arshad (2012) divide CSR into two dimensions: external CSR practices and internal CSR practices. The most common operationalisation of CSR has been done in the work of Carroll (1991) who provides the foundational concepts of CSR. The firm’s CSR practices should encompass its economical, legal, ethical and voluntary activities for social responsibility, whereas more and more emphasis is only on the voluntary practices that may include philanthropy, corporate volunteerism and corporate citizenship.
Researchers have also documented an internal dimension of CSR that generally covers the employees' well-being at work, particularly including their health and safety and also development and talent identification. According to Fuentes-Garcia, et.al (2008) another addition to the dimensions of CSR is the 2001 Green Paper by Commission of European Communities that identifies the typology of CSR as its internal and external dimensions. Generally, research in social responsibility has focused on only the external CSR, that is, community development and environmental protection, and literature is lacking in the internal dimension of CSR and the link between these two. Carrol (1991) also presented the argument that firms wishing to effectively engage in corporate social Programme (CSP) needed to have (a) a basic definition of CSR; (b) an understanding of the issues for which a social responsibility existed; and (c) a specification of the philosophy of responsiveness to the issues. Carroll (1991) described the following dimensions of CSR:

**Economic**
A basic starting point for effective CSP from this perspective is the assimilation and adoption of the basic types of CSR. The first category that Carroll (1991) delineated is a responsibility that is economic in nature, entailing for example providing a return on investment to owners and shareholders; creating jobs and fair pay for workers; discovering new resources; promoting technological advancement, innovation, and the creation of new products and services. Business from this perspective is the basic economic unit in society and all its other roles are predicated on this fundamental assumption (Jamali and Mirshak, 2008).

**Legal**
The legal responsibility is the second part of the definition and entails expectations of legal compliance and playing by the “rules of the game.” From this perspective, society expects business to fulfill its economic mission within the framework of legal requirements (Jamali and Mirshak, 2008). But while regulations may successfully coerce firms to respond to an issue, it is difficult to ensure that they are applied equitably (Pratima, 2002). Moreover, regulations are reactive in nature, leaving little opportunity for firms to be proactive. Laws therefore circumscribe the limits of tolerable behavior, but they neither define ethics nor do they “legislate morality” (Solomon, 1994).

**Ethical**
In essence, ethical responsibility overcomes the limitation of law by creating an ethics ethos that companies can live by (Solomon, 1994). It portrays business as being moral, and doing what is
right, just, and fair. Therefore, ethical responsibility encompasses activities that are not necessarily codified into law, but nevertheless are expected of business by societal members such as respecting people, avoiding social harm, and preventing social injury. Such responsibility is mainly rooted in religious convictions, humane principles, and human rights commitments (Lantos, 2001). However, one limitation to this type of responsibility is its blurry definition and the consequent difficulty for business to concretely deal with it (Jamali and Mirshak, 2006).

**Voluntary**

The final type of responsibility is where firms have the widest scope of discretionary judgment and choice, in terms of deciding on specific activities or philanthropic contributions that are aimed at giving back to society. The roots of this type of responsibility lie in the belief that business and society are intertwined in an organic way (Frederick, 1994). Examples of such activities might include philanthropic contributions, conducting in-house training programs for drug abusers, or attempts at increasing literacy rates (Carroll, 1991). This type of responsibility is the most controversial of all since its limits are broad and its implications could conflict with the economic and profit-making orientation of business firms (Jamali and Mirshak, 2006).

**Figure 1: A Hierarchy of Corporate Social Responsibilities**

![Hierarchy of Corporate Social Responsibilities](source: Carroll, 1991)

According to Carroll (1991), economic responsibility is the basic foundation and discretionary or volitional is the apex. This revisited conceptualization implies that the four responsibilities are aggregative in the sense that corporations that want to be ethical for example must be economically and legally responsible. From this perspective, economic and legal responsibilities are socially required, ethical responsibility is socially expected, while philanthropy is socially
desired (Windsor, 2001) and each of these responsibilities comprises a component of the total social responsibility of a firm.

Further research has elaborated more dimensions of CSR, relating it to strategic HR literature more concerned with the internal employees and direct stakeholders of an organization (Saeed and Arshad, 2012). The following dimensions of social responsibility have been developed in the HR management (HRM) literature, which is categorized as internal dimensions of CSR (Ali, et.al, 2010).

**Non-Discrimination and Equal Employment Opportunity**
This dimension is about the organization’s principles on treating the employees on an equal and equitable basis by showing equal opportunity to the talent and promoting diversity.

**Staff Development and Training**
The organization’s agenda for employees’ training needs for identifying and developing the talent.

**Protection of Human Rights**
To deal with employees on humanitarian grounds and taking care of their health and safety at the work and in addition providing them with a smooth working environment.

**Managing Environmental Impacts**
This aspect is about optimization of resource utilization and reducing environmentally damaging effluent can reduce the environmental impact.

**Approaches of CSR Practices**
Some commentators have identified a difference between the Canadian (Montreal school of CSR), the Continental European and the Anglo-Saxon approaches to CSR (Saether and Aguilera, 2008). And even within Europe the discussion about CSR is very heterogeneous (Habisch, et.al, 2005). According to Owusu (2012) there are five main approaches to CSR practices.

**Community-Based Development Approach**
Owusu (2012) emphasised that an approach for CSR that is becoming more widely accepted is a community-based development approach. In this approach, corporations work with local
communities to better themselves. Example: establishing education facilities for adults and HIV/AIDS education programs.

**Philanthropy Approach**
A more common approach of CSR is philanthropy. This includes monetary donations and aid given to local and non-local non-profit organizations and communities, including donations in areas such as the arts, education, housing, health, social welfare, and the environment, among others, but excluding political contributions and commercial sponsorship of events (Tilcsik and Marguis, 2013). Some organizations do not like this approach as it does not help build on the skills of the local people, whereas community-based development generally leads to more sustainable development.

**Another Approach to CSR is to incorporate the CSR Strategy Directly into the Business Strategy of an Organization**
For instance, procurement of Fair Trade tea and coffee has been adopted by various businesses including KPMG. Its CSR manager commented, "Fair-trade fits very strongly into our commitment to our communities" (Owusu, 2012)

**Creating Shared Value**
Another approach that is garnering increasing corporate responsibility interest is creating shared value (CSV). The shared value model is based on the idea that corporate success and social welfare are interdependent. A business needs a healthy, educated workforce, sustainable resources and adept government to compete effectively. For society to thrive, profitable and competitive businesses must be developed and supported to create income, wealth, tax revenues, and opportunities for philanthropy (Owusu, 2012). He added that many approaches to CSR pit businesses against society, emphasizing the costs and limitations of compliance with externally imposed social and environmental standards. CSV acknowledges trade-offs between short-term profitability and social or environmental goals, but focuses more on the opportunities for competitive advantage from building a social value proposition into corporate strategy (ibid).

**Benchmarking**
Many companies use the strategy of benchmarking to compete within their respective industries in CSR policy, implementation, and effectiveness. Benchmarking involves reviewing competitor CSR initiatives, as well as measuring and evaluating the impact that those policies have on society and the environment, and how customers perceive competitor CSR strategy. After a
comprehensive study of competitor strategy and an internal policy review performed, a comparison can be drawn and a strategy developed for competition with CSR initiatives (Owusu, 2012).

**Importance of CSR in the Mining Industry**

Walker and Howard (2002) outline several reasons why CSR and other such voluntary initiatives are important for mining companies. These include the: Public opinion of the sector as a whole is poor; opinion of natural resource extraction industries is influenced more by concerns over environmental and social performance than by performance in areas such as product pricing, quality, and safety (Rae and Rouse, 2001); Pressure groups have consistently targeted the sector at local and international levels, challenging the industry’s legitimacy. An example of this is the numerous environmental, community and indigenous groups who oppose the development of uranium mine at Jabiluka in the Kakadu National Park in Australia. Many large NGOs have campaigns specifically targeted at the mining industry, such as Oxfam’s Mining Campaign3 and Friends of the Earth International’s Mining Campaign (resisting economic globalisation) (Jenkins and Obara, 2008); The financial sector is increasingly focusing on the sector from both risk management and social responsibility perspectives. It is not unusual for mining companies to be screened out of Socially Responsible Investing (SRI) funds altogether (SRI Compass, 2002); and Maintaining ‘a licence to operate’ is a constant challenge. For example, resistance by numerous social organisations to the expansion of gold mining at Mount Quilish Peru has led Newmont to suspend its activities (Jenkins and Obara, 2008).

For mining companies, CSR is the manifestation of a move towards greater sustainability in the industry i.e. the practical implementation of the goals of sustainability. CSR is a means by which companies can frame their attitudes and strategies towards, and relationships with, stakeholders, be they investors, employees or, as is salient here, communities, within a popular and acceptable concept. In the mining industry, progress within the three dimensions of sustainable development (economic, environmental and social) could be achieved through – economic development – investment of generated revenues to ensure the future development and long-term livelihood of the communities (Jenkins and Obara, 2008); environmental protection minimising the environmental impact of natural resource exploitation and land rehabilitated to allow successive use (Sànchez, 1998); and social cohesion – reducing the social and cultural disruption to communities, maintenance of stakeholder dialogue and transparency of operation (ibid.). In their efforts to embrace CSR, companies must identify the interests, concerns and objectives of various stakeholders (including national, regional
government, local authorities, indigenous people, local communities, employees and competitors) and address their often-varying needs (Guerra, 2002).

There are a number of business reasons aside from external pressure why mining companies invest in communities through their CSR programmes. Frynas (2005) outlines these as: Obtaining a competitive advantage - community investment programmes are used to aid the awarding of concessions as companies appearing to be socially responsible are often favoured in this process; Receiving and maintaining a stable working environment – CSR initiatives are occasionally initiated as a means of ‘buying’ the local communities’ agreement to allow a company to operate. Managing external perceptions and maintaining a good reputation – CSR initiatives are used for PR purposes; Keeping employees happy - CSR initiatives can often make staff feel more positive about the company, and can increase motivation and efficiency. They can also help to retain and recruit the best staff.

A key stakeholder for all mining companies, and therefore a strong focus for their CSR initiatives, is ‘the community’. Mining has a huge impact on local communities; positive effects include the creation of new communities and wealth, income from export revenues and royalties, technology transfer, skilled employment and training for local populations and improvements in infrastructure such as roads, schools and health clinics (Jenkins and Obara, 2008).

Social Capital
The concept refers to features of social organization that create an environment of mutual benefits and coordination (Putnam, 1995). The concept of social capital is broadly defined as an asset that inheres in social relations and networks. From a micro perspective many researchers have studied it at individual level, (Burt, 1997) and from a macro perspective it has been studied at community and organization level (Putnam, 1995). In the recent era, the term ‘social capital’ is highlighted more at the organizational facet (Putnam, 1995). Leana and Van Buren (1999) describe organizational social capital as a resource reflecting the character of social relations within the firm formed by goal orientation and shared trust. Social capital is broadly categorized as structured social capital and relational social capital. Thus, the conceptualization of organizational social capital is like a value enhancing system resource (Saeed and Arshad, 2012).

Social capital has been identified by many researchers to be related to organizational advantage. Adler and Kwon (2002) have identified organizational social capital to be related to organizational performance through building trust. It also has potential benefits for building intellectual capital and innovation in the organization.
The concept has been further operationalized in different ways in social science research. The majority of research in the domain of social capital is at the individual level where the motive of research is to identify individual social capital in the society. Management studies have adopted this conceptualization at the organizational level by recognizing the benefits of networking, social ties and resources that are inherent in those relationships (Saeed and Arshad, 2012).

As defined by Coleman (1998), social capital is an asset that consists of network of relationships and their inherent resources and other network structures. This leads to ties among the members of a group, and these ties affect the individual’s attitude, sense of support and attachment. Networking serves as social support to the people that effects satisfaction and ease at work through social support. Another dimension in networking determines trust facilities, communication, information sharing and collaboration. Trustworthy members can provide social and emotional support, resulting in stronger emotional attachment and satisfaction. This dimension is associated with innovative behavior and employees’ individual job-level outcomes. A deeper facet of social capital extends to intellectual capital. This is determined by a set of shared norms and values, and mutual trust (Saeed and Arshad, 2012).

**CSR and Social Capital**

Not much work has been done on the relationship between CSR and social capital. However, the prevalent researchers have found CSR to create reliable social networks for organizations and social capacity (Goddard, 2005). Corporate activity that benefits the community can increase the level of social participation and generate positive attitudes in the business, and can be a critical component in economic prosperity and sustainable development (Saeed and Arshad, 2012). According to Putnam (1995) social capital is accumulated through actual human relationship and interactions that initiate and facilitate strong internetwork ties and norms, which boost cooperation and collective action. Such network of relationship can be developed consciously by the people and also by other social activities. The creation of social capital is embedded into many organizational activities such that it helps knowledge transfer and innovation. In addition, it builds efficiency in creation of new ventures, in community development and CSR (Saeed and Arshad, 2012).

Companies’ internal and external networks provide opportunity for social transactions. An employee may use his formal and informal relationships inside and outside of the company to mobilize resources. In such informal networks, employees can volunteer ideas and opportunities to develop, so that their company can adopt and can capitalize on their social networks to accumulate resources. Such social networking and capitalization can bring the key organizational actors together and utilize their key competencies for collective action (Moon,
According to Goddard (2005) corporate activities that can benefit the community can increase the level of social participation and generate positive attitude toward then public and private sector. In addition, this social cohesion can build profitability in the business.

Sacconi and Antoni (2008) conducted an empirical research on CSR practices and social capital creation on nonprofit organizations, and concluded that CSR practices adopted as a formal instrument and to implement a multi-stakeholder ownership approach can positively affect social capital creation by maintaining cooperative personal relationships. In addition, in another study on theoretical relationship between CSR and social capital, Antoni concluded that adoption of explicit CSR can build cognitive social capital by emphasizing on the beliefs and fiduciary duties. Moreover, both CSR and cognitive social capital generate endogenous incentives for the firm to cooperate with weak stakeholders by reciprocal interactions, and therefore they lead to create structural social capital (Saeed and Arshad, 2012).

**Reputation Capital**

Reputational capital signifies the value created by a firm’s image in a stakeholder’s mind because of their interaction with the organization (Saeed and Arshad, 2012).

Many researchers have related reputational capital to positive outcomes in firms, such as customers’ intention to buy a service, attraction for employers and employees’ strong identification with the organizations (Saeed and Arshad, 2012). According to Peloza (2005) CSR can contribute as a reputation building tool for an organization. He define a CSR – CSP relationship to show the value of CSR that provides incremental gains by increasing the organization’s goodwill and reputation to turn it into insured corporate image.

Strong corporate reputations help organizations to win the war of talent and foster employee retention (Saeed and Arshad, 2012). Roberts and Dowling (2002) agrees and added that corporate reputation unites all the stakeholders of the organization, as increased corporate reputation increases customer confidence in services, which effects the buying decisions. According to Schwaiger (2004), companies with strong reputations have better access to capital markets that lowers the capital cost. Good corporate reputations serve as a guarantee for high-performing workers. Hamori (2003) concluded that an organization’s reputational capital can be an indicator of its ability to attract talented employees, and also reputable companies can attract investors more easily.

**CSR and Reputation Capital**

According to Klein and Dawar (2004) CSR is like an insurance policy against negative events of a firm, and proactive social activities achieve and maintain good reputations. The studies in
CSR and reputation relationship have been related to many stakeholders such as bankers and investors, a company’s reputation and sense of loyalty among customers and employees (Saeed and Arshad, 2012).

In an empirical study by Siltaoja (2006) the researcher has concluded that there exists a link between CSR and reputation based on the notion of value priorities. The individual’s perception about CSR activities is very important to build reputation generated by such activities for an organization.

Reputations are outcomes of a competitive process in which firms signal their key characteristics to stakeholders to maximize their socioeconomic and moral status. Reputation is additional to the market value of a firm and that can be attributed for an organization to be a responsible citizen. It is generally believed that corporations’ social responsibility activities can be used for image enhancement of an organization, which can build more legitimacy in the eyes of its stakeholders.

Corporations’ social responsibility toward environmental management, economic growth and philanthropy are categorized as external CSR activities, and help in building reputations and goodwill of organizations (Saeed and Arshad, 2012).

Criticism of CSR

According to Whellams (2007), CSR is criticized by two groups of people, those who believe it is bad capitalism and those who believe it is bad development. These are explained below:

**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).

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 deflect business from its primary role of wealth creation (Henderson, 2005).

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 (Henderson, 2005).

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). 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.

A second criticism of CSR made by those in this camp is that corporate social responsibility may reduce governments’ motivation to fulfil 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: 1) corporations lack the democratic credentials to serve the public good (Friedman, 1970; Crook, 2005); and 2) market forces, such as competition, limit a corporate executive’s ability to manage a corporation in the public interest (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). 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 become a luxury and are often placed on the sacrificial chopping block when the going gets rough”.

**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 (Whellams, 2007). Lund-Thomson (2005) observes that CSR does not challenge the global-level, structural causes of conflicts between companies and stakeholders. 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 (ibid). Utting (2005) 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.

According to these critics, a key weakness of CSR is that it calls for change, but only within the current capitalist framework. 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”. Some critics suggest that it is no coincidence that CSR is being promoted by the same institutions that advocate the Washington Consensus (Doane, 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”.

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). 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 (Whellams, 2007).

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). 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).

**Broad Overview of the Mining Industry in Ghana**

Ghana is endowed with substantial mineral resources and has a well-established mining sector, which has grown considerably in recent years to represent an important pillar of the Ghanaian economy. This is as a result of the pursuit of generally liberal macro-economic policies and specifically for the mineral and mining sector institution of comprehensive and attractive legal, fiscal and institutional frameworks by Government. These measures have helped in no small way to attract investments into the economy at large but particularly the mining industry, especially the gold sector (UNCSD, 2010).

Currently, seven (7) large scale companies are producing gold, while one (1) each are producing bauxite and Manganese. Also, over 650 registered small scale mining groups are engaged in the mining of gold, diamonds and industrial minerals. The mining sector maintained an average contribution of 5.5% to Gross Domestic Product (GDP) and 42% of total merchandise export during 2000 – 2008. The sector’s contribution to exports rose from 36.26% in year 2000 to 45% in 2008, being the single largest contributor from 1991, excepting 2004 alone when it was overtaken by the cocoa sector. Ghana’s gold exports totalled US$2.25 billion in 2008, up from US$1.3 billion in the previous year. Total merchandise exports from the mining sector amounted to US$2.35 billion in 2008 (UNCSD, 2010). In year 2011, Ghana produced over 3.6 million ounces of gold, which is highest figure in the history of this country. This tremendous production resulted in total export revenues of more than US$5 billion (www.business-africa.com). From the period of 1983 to 2011, mining sector of Ghana has attracted Total Direct Investment (TDI) of US$ 11.5 billion (UNCSD, 2010).

It is also worth mentioning that the Small Scale Mining (SSM) sub sector contributes on the average (from 2000 to 2008) about 12% of the total gold produced and 89% of diamonds production (UNCSD, 2010). In 2011 the small scale companies contributed over 28% of the
entire gold production for the year. Ghana is 9th largest gold producer in entire world and mining sector contributed 27.6% of government revenue, 38.3% of entire corporate tax earnings and 6% of Ghana’s GDP in 2011. (www.business-africa.com). It is estimated that between 500,000 to one million people are involved directly in SSM and another 500,000 to one million people benefit directly or indirectly from this activity (UNCSD, 2010).

The industry also contributes to the Ghanaian economy through the payment of corporate taxes, royalties and income taxes on both salaries and wages of employees, and dividends declared. Between 2000 and 2008, the mining sector contributed an average annual 11% of Government Revenues collected by Internal Revenue Service in the form of corporate tax, PAYE and royalties. Total mining sector taxes amounted to US$544,904,517.13 for the period (UNCSD, 2010).

The sector continued to be the single largest contributor of royalty, accounting for an average of about 98% of the total royalties paid to government over the past 10 years. Additionally, through the Minerals Development Fund, part of royalties paid to central government is recycled back to the mining communities to be used for general development projects and for addressing some of the degradation the environs of mines suffer (UNCSD, 2010).

In the area of employment, the sector as at the end of the year 2008 provided 24,000 jobs for Ghanaians in the formal sector; that is, direct jobs with the operating mines and mine support service companies. Small-scale mines also generated about 500,000 jobs across the nation. Some indirect jobs were also created, as a result of the existence of the mining companies. These will increase drastically in the ensuing years (UNCSD, 2010).

Overview of CSR of Mining Firms in Ghana
The mining industry in Ghana has had some positive effects on the economy, providing support for the protection of the cultural heritage of the country (former Gold Coast), and enhancing community development through the provision of education, employment and other livelihood programs. However, the operations of some mining companies have also had negative impacts (Amponsah-Tawiah and Dartey-Baah, 2007). Mining in some communities has caused erosion of culture and break down of cultural values. It has deprived others of their traditional livelihoods through the pollution of river bodies and the environment and purchase of their farmlands. These and many others have placed the mining industry under the spotlight of Community Based Organisations (CBOs), Civil Society Organisations (CSOs) and other environmental Non Governmental Organisations (NGOs). Consequently, the mining industry in Ghana has begun using CSR as a basis for addressing the social and environmental problems associated with the
industry (Amponsah-Tawiah and Dartey-Baah, 2007). CSR in the Ghanaian mining industry which started as a defensive and reactive measure to complaints from community members and the numerous civil society organisations operating within the sector has now become a proactive strategy of engagement. Mining companies operating in the country now have designated Community Relations departments, which are involved in a range of community development works such as the funding and supporting of community assistance programmes (Amponsah-Tawiah and Dartey-Baah, 2007). The nature of corporate responsibility in the mining industry of Ghana varies amongst companies and is dependent on the type of product mined, size of company, background of company and length of operation. All the companies adopt the same approach in pursuing their CSR agenda. The community development approach is the fulcrum around which the CSR agenda of mining companies revolve. Some of the companies have well established foundation funds in which they allocate a dollar per every ounce of product produced and 0.5% of their annual profit before tax. These resources are then used to support various community development activities such as the social investment support schemes, construction and establishing sustainable livelihood programmes (Amponsah-Tawiah and Dartey-Baah, 2007). The sustainable livelihood programmes also referred to as alternative livelihoods, has become fashionable particularly amongst large scale mining companies in Ghana many of who have made it a significant focus of their community development activities and strategies. Mining companies use these programmes to re-skill community members in alternative and sustainable livelihoods such as grass cutter farming, snail farming, and small cottage businesses as cane and basket weaving, the making of soap and pomade among others. These methods are adopted with the belief that it will help reduce communities' dependence on the mine for economic sustenance and will become self-sustaining even after the mine closes (Amponsah-Tawiah and Dartey-Baah, 2007). Mining companies in Ghana not only focus on members of their immediate communities but also support national institutions. For instance, they have been providing support in the form of practical attachment and the provision of equipment and expertise to the staff and students of the University of Mines and Technology in Tarkwa. Goldfields Ghana limited one of the leading mining companies in Ghana continues to be a major sponsor of Ghana’s national team- The Black Stars. A consortium of mining companies in the country (Newmont Ghana Gold Limited, AngloGold Ashanti Limited, Golden Star Resources and Goldfields Ghana) offered to build a plant at Tema at a cost of 40 million dollars to supply 80 megawatts of power to supplement the country’s energy generation effort (Chamber of Mines, 2006). Mining companies in conjunction with the regional health directorate of the Western Region of Ghana have on an annual basis been providing free voluntary counselling and testing on HIV to people living within the Wassa and
Obuasi communities where they operate (Chamber of Mines, 2005). These are all significant activities being undertaken by mining companies in Ghana as part of their corporate responsibility. Mining companies in Ghana now report their environmental and social performances in their annual reports. Some companies have established monthly and quarterly newsletters which they use to report on their activities in the communities and other organisational activities (Amponsah-Tawiah and Dartey-Baah, 2007).

Perceptions of Ghanaians on CSR Practices of Mining Companies

The author has observed that many Ghanaians have negative perception about some of the activities that companies in Ghana particular the mining companies do that they called corporate social responsibility. This observation is corroborated by Ebow Haizel-Ferguson (Corporate Affairs and Community Relations Director of Sigma-Base Technical Services (GH) (www.ghanabusinessnews.com). According to him “The projects companies do and call Corporate Social Responsibility (CSR) in Ghana, is a sham,” (www.ghanabusinessnews.com).

He continued that many companies that operate in Ghana throw out a little school building here, a bore hole there and call it CSR. He said, “Comparing it with the high profit they make, this is tokenism.” “They do not even consult the members of the community for which these projects are meant for”, he added. “The CSR should be about what the indigenes need and not what the companies think they want,” he said. Mohammed Amin Adam who is an Energy Economist with experience in development finance and project appraisal said that, the planning of CSR should include the people living in the community. He proposed that, a CSR regulating body should be established to oversee the activities of CSR projects of companies. Haizel-Ferguson agreeing with the proposal, added that, the creation of an institution like this, is long overdue.

“The mining companies’ CSR projects have not been useful to us,” Mr. Mohammed Pepluo, Tarkwa and Prestea representative of WACAM – a Civil Society Organization that advocates against negative impact of mining says. According to Pelpuo, a borehole provided by the Golden Resource mining company at Twiagya near Prestea, was done without consulting the indigenes. He says that, water from the borehole is not wholesome and turns bluish whenever raw plantain is dropped into it.

Adding his voice, Head, Organisation and Human Resource Management of the University of Ghana Business School – Dr Daniel Ofori said many corporate bodies operating in Ghana lacked broad knowledge and understanding of what CSR entailed. Dr Ofori explained that CSR goes beyond philanthropy, and covers a wider perspective, which includes observing sound environmental maintenance practices, good treatment of workers, ensuring quality
products, adhering to basic ethical standards in social and business circles as well as observing their legal obligations (Source: www.ghanabusinessnews.com).

**METHODOLOGY**

**Research Design**

This research was descriptive research. According to Robson (2002), seeks to portray an accurate profile of events, persons or situations. This research is descriptive because it seeks to describe the CSR practices of Newmont Ghana Gold Ltd. The research strategies used was survey and single case embedded studies. The research philosophy is interpretivism.

**Population Size**

The population size of the Staff of the Community Relations department was 20 according to the Head of the department. However, the current population size of residents of Ahafo Kenyasi is estimated to be over 5000 (http://asutifi.ghanadistricts.gov.gh/?arrow=atd&_=32&sa=1407).

**Sampling**

Sampling means the selection of a part of a group or an aggregate with a view to obtaining information about the whole (Saunders, et.al, 2007). The entire population size of the staff of Newmont Community Relations were interviewed. However, a sample size of 100 was selected from the residents of Ahafo Kenyasi. Ahafo Kenyasi is divided into two main traditional areas namely Kenyasi No.1 and Kenyasi No.2. This means that 50 respondents were selected each from traditional area.

Purposive sampling method (a non-probability sampling method) was used to obtain data from the residents of Kenyasi. In view of this specific groups were targeted. These groups include, Nananom, Youth groups, Assembly members, and workers. The convenience sampling technique involves selecting samples of convenient elements by the interviewer which means that respondents were selected because they were coincidently in the right place at the right time for the questionnaire (Saunders et.al, 2007). On the staff, since data was collected from all of them, the convenience methods were used. In order to have enough time to collect the data, the researcher took two weeks leave from work. Summarised, the table 1 for the sample size and technique.
Table 1: Sampling of Respondents

<table>
<thead>
<tr>
<th>Unit of Analysis</th>
<th>Population</th>
<th>Groups</th>
<th>Groups Sample Size</th>
<th>Total Sample Size</th>
<th>Sampling Technique</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff of Newmont Community Relations Department</td>
<td>20</td>
<td>Nananom</td>
<td>10</td>
<td>100</td>
<td>Purposive</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Youth Leaders</td>
<td></td>
<td></td>
<td>Purposive</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Assembly Members</td>
<td>20</td>
<td></td>
<td>Purposive</td>
</tr>
<tr>
<td>Residents in Ahafo Kenyasi</td>
<td>5000</td>
<td>Other residents</td>
<td>50</td>
<td></td>
<td>Convenience</td>
</tr>
</tbody>
</table>

**Data Collection and Instrument**

The data collection instrument used was questionnaire. The structured questionnaires were conveniently distributed among the respondents. There were two set of questionnaires. One was for the staff and the other was for the residents. The staff questionnaire comprises of six constructs testing the CSR approaches, six (6) constructs testing effects of CSR on social capital, and five (5) constructs testing effects of CSR on reputation capital. These constructs will help to answer research question 1 and 2. The residents’ questionnaire comprises of six (6) statements testing the perception of residents on the CSR practices of Newmont. The questionnaires were developed using likert scale.

**Data Analysis Technique**

Data was analysed using both quantitative and qualitative techniques. Quantitative methods like mean, standard deviation, and variance, coefficient of variation, frequency, confidence level, and percentages were used. In this part of the study respondents were asked to assess the approaches to CSR practices of Newmont Ahafo mines in Ahafo Kenyasi. Six (6) constructs were used to test the approaches to CSR practices of Newmont. The 1st and 2nd constructs test the use of community-based development approach. The 3rd construct test philanthropy approach with the 4th constructs testing the business strategy approach. The 5th construct test the shared value approach, and the last construct testing the benchmarking approach. Twenty (20) staff of the community relation department answered these constructs. Respondents were to assess these statements on the basis of strongly agree, agree, neutral, disagree, and strongly disagree. Strongly agrees carries the highest weight of 5 points with strongly disagrees carrying the least weight of 1. According to Yeboah and Komedoda (2014) “If a respondent
indicate “disagree or strongly disagree” it means that the respondent disagree with the statement as stated, thus agreeing with the negation of the statement. This means that if a particular construct records mean figure of 1, it does not mean that such a construct is the least relative to other construct in order of agreement or priority. However, what it means is that such construct is the highest relative to other constructs with mean figures below 3 in order of agreement with the negation of the construct as stated in the questionnaire. The implication of this for this study is that all constructs with mean figures below 3 are constructs that respondents do not agree with the researcher as stated but agree with the negation of the same construct which were not stated. Constructs with mean figures above 3 are constructs that respondents agree with the researcher as were stated. Therefore, it is these constructs that can be rank in order of agreement whiles constructs with mean figures below 3 can be rank in order of agreement with the negation of the constructs”.

According to Arthur (2012) standard deviation indicates the breadth of variability of the distribution. They measure how compact or widespread the observations are. The standard deviation tells approximately how far on the average a score is from the mean. The lower the standard deviation, the closer the responses are to the mean. The standard error of the mean indicates the probability that a sample is unlikely to be truly representative of the population. The smaller the standard error, the greater the precision of the sample value to represent the population. The mean for a five point likert scale is 3.00 with a standard deviation (SD of 1.58), and a coefficient of variation of 52.67%. The standard mean of error on a five point likert scale is 0.71. On a five point likert scale there is a 95% confidence level that the mean figure ranges between 2.31 and 3.61 (Yeboah and Komedoda, 2014).

ANALYSIS AND FINDINGS

Personal Data of Staff

Gender of Staff

![Figure 2: Results of Staff Gender](attachment:image.png)

<table>
<thead>
<tr>
<th>Score</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>52</td>
<td>52%</td>
</tr>
<tr>
<td>Female</td>
<td>48</td>
<td>48%</td>
</tr>
</tbody>
</table>
From figure 2, 9 respondents representing 24% were males as against 11 respondents representing 55% are females. This statistic reflects the fact that there are more females in Ghana than males. This means that the department recruitment policy reflect gender balance. The effect of this finding on this study is that, 55% of the responses came from the female perspective. Since sometimes the gender of a person may influence his or her world view, it means that the questions answered by the staff will be skewed towards the female perspective.

**Age of Staff**

According to figure 3, 4 respondents representing 20% are 18 to 25 years old with 12 (60%) and 4 (20%) respondents falling between 26-35 years and 36-45 years old respectively. None of the respondents are above 45 years old. These findings suggest that the department have youthful workers than elderly workers. The managerial implication of this finding is that, all things being equal, none of the staff will be expected to retire within the next 15 years. The effect of this finding on this study is that most of the answers to the questions came from staffs that are mostly youthful and that may not be well experienced. However, this may not affect the reliability of the answered questionnaires as the respondents answered the questionnaire based on their own perception.

**Educational Background of Staff**

According to figure 4, 4 respondents representing 20% have less than one year of educational level with 5 (25%), 3 (15%) and 8 (40%) respondents having one to three, three to five and more than five years respectively. These findings suggest that the department recruit mostly with a lower level of education.
According to figure 4, only 2 (10%) and 1 (5%) of respondents have diploma and professional qualifications respectively. Since diploma (including HND) and professional qualifications are equivalent tertiary qualifications, it can be deduced that these three respondents have tertiary qualifications. However, 17 respondents representing 85% have first degree and above qualifications from various field of endeavour. The managerial effect of this finding is that Newmont have the people with the right qualifications manning the community relations department. This shows the seriousness Newmont attached to the department. The effect of this finding on this study is that the responses came from staff that are well educated and thus understood the questions posed.

**Years of working with Newmont**

According to figure 5, only 4 (20%) respondents have worked with Newmont for less than 1 year with 5 respondents representing 25% working with Newmont from 1 to 3 Years. In addition, 8 respondents representing 40% have work with Newmont for more than 5 years. Also, 11 staff out of the 20 has work with Newmont for more than 3 years. This shows that majority of the staff have worked with the company for quite enough time to fully appreciate the CSR practices of Newmont and even to appreciate how the CSR practices affect the social and reputational capital of the company. The effect of this finding on this study is that most of the responses came from staffs that have work with Newmont for more than three years.

**Personal Data of Residents**

**Gender of Residents**

According to figure 6, 52 (52%) are male and 48 (48%) are female. The effect of this finding on this study is that the responses came from a balanced set of gender.
According to figure 6, 52 respondents representing 52% are males with 48 (48%) respondents being females. Looking at the figures presented there were 4 more males as against females who answered the questionnaire. Even though the statistics point to responses being tilted towards the male gender, the difference is so small that, one can conclude that the researcher ensured gender balance in the questionnaire administration. This means that the responses fairly reflect both the male and the female perspectives.

Age of Residents

From the above figure 7, 15% of the respondents were 18-25 years old with 45 % falling within 26-35 years old. This means that 60% of the respondents were between the ages of 18 to 35 years old. This means that 40% of the respondents are 36 years and above. The implication is that most of the responses came from people who are below the age of 36 years. It is argued that the youth look at issues from different perspective than the elderly. The youth arguably tend to be more aggressive than the elderly who are more relaxed and calmly. However, it must be noted that the respondents answered the questionnaire based on their own judgment and for that matter their aggressiveness or otherwise may not matter.

Educational background of Residents
According to figure 8, 9% of the respondents have primary level education. This educational level includes Junior High School level, and Middle school level certificate. Also, 46% of the respondents have Senior High School or vocational school level education with 12% of respondents having no-formal schooling qualification. Only, 33% of the respondents have some tertiary level qualification or university degree and above. This means that most of the respondents have Senior High school and below educational qualifications. This means that most of the respondents have educational qualifications not up to tertiary level. The problem is that people with low level qualification may not have equal understanding of issues and discourse as highly educated counterparts. Therefore their understanding of CSR practices may not be on the same sound footing as the highly educated elite. However, one thing is clear; people of sound mind can easily identified the effect of CSR practices on their own lives. It must also be noted that respondents gave responses based on their own understanding and judgment. Therefore, the responded based on what they know and understand.

Years Living in Kenyasi

According to figure 9, only 10% of the respondents have lived in Kenyasi for less than 5 years with 8% living in the town for 5-10 years. A whopping 75% of the respondents have lived in the town for more than 15 years. Since Newmont was established in Ghana on February 2002, it means that it has existed in Ghana for only 11 years. This shows that majority of the respondents who answered this questionnaire are people who witnessed the birth of the company in Kenyasi and as such can witness the standard of living of the people in the town in the pre-Newmont era and the post-Newmont era. They also have witnessed the CSR practices of Newmont in the town and its effect on the town folks. In view of this, one can adequately relied upon their judgment on the CSR practices of the company.
Approaches to CSR practices of Newmont

Table 2: Descriptive Results for Approaches to CSR Practices

<table>
<thead>
<tr>
<th>CSR Approaches construct</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>Standard error of the mean</th>
<th>Variation</th>
<th>Coefficient of Variation</th>
<th>Confidence level @ 95%</th>
<th>Lower</th>
<th>Upper</th>
</tr>
</thead>
<tbody>
<tr>
<td>We focus more on establishing developmental and skills building projects.</td>
<td>20</td>
<td>4.15</td>
<td>1.07</td>
<td>0.24</td>
<td>1.15</td>
<td>25.83%</td>
<td>3.68</td>
<td>4.62</td>
<td></td>
</tr>
<tr>
<td>We cooperate with local communities in establishing projects that will better them</td>
<td>20</td>
<td>4.35</td>
<td>1.07</td>
<td>0.24</td>
<td>1.15</td>
<td>24.67%</td>
<td>3.88</td>
<td>4.82</td>
<td></td>
</tr>
<tr>
<td>We have been donating money to local organisations and NGOs</td>
<td>20</td>
<td>3.85</td>
<td>0.83</td>
<td>0.19</td>
<td>0.68</td>
<td>21.49%</td>
<td>3.49</td>
<td>4.21</td>
<td></td>
</tr>
<tr>
<td>We operate only when we are satisfied with our CSR obligations to communities</td>
<td>20</td>
<td>3.45</td>
<td>1.08</td>
<td>0.24</td>
<td>1.16</td>
<td>31.17%</td>
<td>2.98</td>
<td>3.92</td>
<td></td>
</tr>
<tr>
<td>Our CSR budget consumes a substantial amount of our profit</td>
<td>20</td>
<td>3.90</td>
<td>1.06</td>
<td>0.24</td>
<td>1.12</td>
<td>27.18%</td>
<td>3.44</td>
<td>4.36</td>
<td></td>
</tr>
<tr>
<td>We compare our CSR practices against some of the best practitioners in any industry</td>
<td>20</td>
<td>4.35</td>
<td>1.12</td>
<td>0.25</td>
<td>1.26</td>
<td>25.85%</td>
<td>3.86</td>
<td>4.84</td>
<td></td>
</tr>
<tr>
<td><strong>AVERAGE</strong></td>
<td><strong>20</strong></td>
<td><strong>4.01</strong></td>
<td><strong>1.04</strong></td>
<td><strong>0.23</strong></td>
<td><strong>1.09</strong></td>
<td><strong>26.03%</strong></td>
<td><strong>3.55</strong></td>
<td><strong>4.46</strong></td>
<td></td>
</tr>
</tbody>
</table>

From the above table 2, the construct “we focus more on establishing developmental and skills building projects” recorded a mean figure of 4.15. Since the mean figure is above 3.00, it means that the respondents accept that Newmont focus more on establishing developmental and skills building projects. The standard deviation for this construct is 1.07. This means that the various responses are 1.07 mean figures above and below the mean figure. Since this standard deviation is below 1.58 (the standard deviation figure on a five point likert scale), it means that the mean is reliable. In addition, the standard error of the mean is 0.24 which is lower than the standard error of mean of 0.71 on a five point likert scale. This means that the samples mean closely predict the population mean. The variation figure is the square root of the standard deviation and it also measures the rate of dispersion like the standard deviation. The coefficient of variation for this construct is 25.83%. This means that there were 25.83% variations in the responses of this construct. Since this is lower than 52.67% (the coefficient of variation on a five point likert scale), it means that the mean figure recorded is reliable. The coefficient of variation for this construct was lower than that of constructs 4, 5, and 6. There is a 95% confidence level...
that the mean figure for this construct falls within 3.68 to 4.62. Since constructs one and two test the use of community-based development approach and they both recorded mean figures above 4.00, it means that per the respondents, Newmont used the community-based development approach highly.

A critical look at the same table 1 also indicates that the last construct also recorded a mean figure of 4.35. Since this construct test the use of benchmark, approach, it means that Newmont also used the benchmarking approach to CSR practices. All the other constructs recorded mean figures above three but below 4. They indicate that Newmont also used the philanthropy approach, business strategy approach, and shared value approach but not on the same level as the development and benchmark approaches. The entire constructs recorded a mean figure of 4.01 indicating the highly use of the five approaches explained in chapter 2 of this study.

One may wonder why Newmont may be using all the five approaches to CSR practices in its operations. This may suggests the lack of specific model to CSR practices of the company. That is the company may not know the appropriate CSR approaches to adopt that will give the greatest return to its operational areas that is why it is adopting various forms of CSR approaches. However, one may also argue that the use of the various approaches indicates the seriousness that Newmont attached to CSR practices.

**Residents perception of CSR practices of Newmont**

Table 3: Descriptive Results of Residents perception to CSR practices

<table>
<thead>
<tr>
<th>Residents perception constructs</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>Standard error of the mean</th>
<th>Vari- ation</th>
<th>Coefficient of Variation</th>
<th>Confidence level @ 95%</th>
</tr>
</thead>
<tbody>
<tr>
<td>We are better off than before due to CSR activities of Newmont</td>
<td>100</td>
<td>2.97</td>
<td>0.56</td>
<td>0.06</td>
<td>0.32</td>
<td>18.93%</td>
<td>2.86</td>
</tr>
<tr>
<td>What Newmont has invested in our communities correspond with the profit they are making</td>
<td>100</td>
<td>1.55</td>
<td>0.30</td>
<td>0.03</td>
<td>0.09</td>
<td>19.18%</td>
<td>1.49</td>
</tr>
<tr>
<td>Newmont plan, design, and execute CSR activities with active involvement in local people</td>
<td>100</td>
<td>2.65</td>
<td>0.32</td>
<td>0.03</td>
<td>0.10</td>
<td>11.92%</td>
<td>2.59</td>
</tr>
<tr>
<td>There is a CSR standing committee with majority of members been locals</td>
<td>100</td>
<td>2.49</td>
<td>0.55</td>
<td>0.06</td>
<td>0.31</td>
<td>22.19%</td>
<td>2.38</td>
</tr>
</tbody>
</table>
According to table, 3 each of the constructs tested recorded mean figures below 3.00. Since weights below three correspond with “disagree and strongly disagree” responses on the five point likert scale, it means that the resident do not accept the constructs stated hence they accept the negation of the constructs stated. For example, the construct “what Newmont has invested in our communities correspond with the profit they are making” recorded a low mean figure of 1.55. This means that per the residents the profit that Newmont is making by extracting gold from their land does not correspond with the level of investment the mining firm is making in the community. That is, Newmont is making huge profit but investing little in the community. This finding confirms the views that many Ghanaians hold that mining companies make huge profit from their operations but the mining towns do not typical portray such status (Akabzaa, et.al, 2008).

In general, the average figure of 2.42 recorded for the entire constructs shows that the residents have negative perception about the CSR activities of Newmont Ghana Gold in Kenyasi. For example, the residents asserted that they are not better off in Post-Newmont era than the pre-Newmont era; local people are not involved in the planning, designing, and execution of CSR activities of the firm; and the local community do not determine the projects and programmes that should be part of the CSR activities. The finding that local communities do not determine CSR projects may not be strange. This is because most often these CSR firms have their own policies and programmes which may be in line with their international headquarters and as such may not reflect what the community members want. This may lead to situations where the firm thinks it is doing much in terms of CSR but the beneficiaries see otherwise.

However, the point is, what is the essence of embarking on CSR when the beneficiaries do not feel its impact? However, whiles table 4.1 portrays the use of various approaches to CSR table 3 shows that the residents have negative perception of the various CSR approaches practices.
Effects of CSR Practices on Social capital

Table 4: Descriptive Results of effects of CSR on social capital

<table>
<thead>
<tr>
<th>Social capital constructs</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>Standard error of the mean</th>
<th>Variation</th>
<th>Coefficient of Variation</th>
<th>Confidence level @ 95%</th>
<th>Lower</th>
<th>Upper</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our CSR activities has increased the level of social participation in our company by the locals</td>
<td>20</td>
<td>4.25</td>
<td>1.05</td>
<td>0.23</td>
<td>1.10</td>
<td>24.62%</td>
<td>3.79</td>
<td>4.71</td>
<td></td>
</tr>
<tr>
<td>The local people has developed positive attitude to our operations</td>
<td>20</td>
<td>3.80</td>
<td>0.88</td>
<td>0.20</td>
<td>0.77</td>
<td>23.12%</td>
<td>3.41</td>
<td>4.19</td>
<td></td>
</tr>
<tr>
<td>Our CSR activities has created great social bond between our company and the locals.</td>
<td>20</td>
<td>3.85</td>
<td>0.74</td>
<td>0.17</td>
<td>0.55</td>
<td>19.34%</td>
<td>3.52</td>
<td>4.18</td>
<td></td>
</tr>
<tr>
<td>Our CSR activities has created economic prosperity and sustainable development in the local communities</td>
<td>20</td>
<td>4.05</td>
<td>0.89</td>
<td>0.20</td>
<td>0.80</td>
<td>22.02%</td>
<td>3.66</td>
<td>4.44</td>
<td></td>
</tr>
<tr>
<td>Our CSR activities has created knowledge and innovation transfer between our company and the locals</td>
<td>20</td>
<td>4.25</td>
<td>1.05</td>
<td>0.24</td>
<td>1.11</td>
<td>24.73%</td>
<td>3.79</td>
<td>4.71</td>
<td></td>
</tr>
<tr>
<td>Our CSR activities has given us the peace (operational license) to operate</td>
<td>20</td>
<td>4.35</td>
<td>1.12</td>
<td>0.25</td>
<td>1.26</td>
<td>25.85%</td>
<td>3.86</td>
<td>4.84</td>
<td></td>
</tr>
<tr>
<td><strong>AVERAGE</strong></td>
<td>20</td>
<td>4.09</td>
<td>0.96</td>
<td>0.21</td>
<td>0.93</td>
<td><strong>23.28%</strong></td>
<td><strong>3.67</strong></td>
<td><strong>4.51</strong></td>
<td></td>
</tr>
</tbody>
</table>

According to table 4, all the constructs tested recorded mean figures above 3.00. This means that the respondents generally agree on the positive effect of the CSR practices of Newmont on the various aspects of its social capital. The average mean figure of 4.09 recorded for the entire construct shows that there is a high positive effect of CSR practices of Newmont on its social capital. For example, the construct “our CSR activities have increased the level of social participation in our company by locals” recorded a mean figure of 4.25. Since this figure is above 4.00, it can be said that residents of Kenyasi highly associate themselves with the various activities of the company because of their CSR activities. Those constructs above 3.00 but below 4.00 shows moderate effect. An interesting observation is that whiles the residents
have negative perception about the firms CSR practices, the staff sees a positive effect of CSR practices on its corporate social capital.

**Effects of CSR practices on Reputation capital**

Table 5: Descriptive Results of Effects of CSR on Reputational Capital

<table>
<thead>
<tr>
<th>Reputational capital constructs</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>Standard error of the mean</th>
<th>Variation</th>
<th>Coefficient of Variation</th>
<th>Confidence level @ 95% Lower</th>
<th>Upper</th>
</tr>
</thead>
<tbody>
<tr>
<td>Most of our employees says they chose our company because of our CSR activities</td>
<td>20</td>
<td>3.95</td>
<td>0.81</td>
<td>0.18</td>
<td>0.65</td>
<td>20.46%</td>
<td>3.60</td>
<td>4.30</td>
</tr>
<tr>
<td>Our CSR programme has been a good reputation tool for our company</td>
<td>20</td>
<td>4.20</td>
<td>1.05</td>
<td>0.23</td>
<td>1.10</td>
<td>24.99%</td>
<td>3.74</td>
<td>4.66</td>
</tr>
<tr>
<td>Our CSR practices have ensured strong goodwill between our company and local communities</td>
<td>20</td>
<td>3.95</td>
<td>0.89</td>
<td>0.20</td>
<td>0.79</td>
<td>22.49%</td>
<td>3.56</td>
<td>4.34</td>
</tr>
<tr>
<td>Our CSR activities has been an insurance policy against negative events of our firm</td>
<td>20</td>
<td>3.95</td>
<td>0.75</td>
<td>0.17</td>
<td>0.57</td>
<td>19.04%</td>
<td>3.62</td>
<td>4.28</td>
</tr>
<tr>
<td>Our CSR activities has built us legitimacy in the eyes of local residents</td>
<td>20</td>
<td>3.95</td>
<td>0.84</td>
<td>0.19</td>
<td>0.70</td>
<td>21.23%</td>
<td>3.58</td>
<td>4.32</td>
</tr>
<tr>
<td>AVERAGE</td>
<td>20</td>
<td>4.00</td>
<td>0.87</td>
<td>0.19</td>
<td>0.76</td>
<td>21.64%</td>
<td><strong>3.62</strong></td>
<td><strong>4.38</strong></td>
</tr>
</tbody>
</table>

Per the above table 5, there is a high positive effect of Newmont CSR practices on its corporate reputational capital. This is evidenced by the average 4.00 figure for the entire constructs recorded. With the exception of the second constructs which recorded a mean figure of 4.20, the rest of the construct recorded mean figure of 3.95 each showing moderate effects.

However, even though the staffs believe that their CSR practices have ensured goodwill between the firm and the local communities as per table 4.4, table 4.2 depicts the residents having a negative perception of the CSR practices of the mining firm. This shows some form of contradiction since good public reputation about a company should reflect in positive perception of the public about its activities. However, this is not the case as far as this empirical study is concerned.
SUMMARY OF KEY FINDINGS
Approaches to CSR practices of Newmont
Newmont Ghana Gold uses the community-based development, philanthropy, business strategy, shared value, and benchmark approaches to CSR practices. However, the community-based development approach and the benchmark approach are the most highly used.

Residents’ perception of Newmont CSR practices
Generally, residents have negative perception of Newmont CSR practices. That is, they are not satisfied with the CSR practices of the company. They asserted that they are not better off with the CSR practices of Newmont. They added that the social investments made by Newmont in the communities are far less the huge profit they make from mining in the localities. Also, Newmont plan, design, and execute CSR activities without the active involvement of local people, and that the CSR standing committee do not have local members forming the majority. The local communities do not determine the projects and programmes that should be part of the CSR activities.

Effects of CSR practices on Social Capital
Generally, the staff of the community relations department asserts that their CSR practices have had positive effect of their social capital. They indicated that the CSR activities have increased the level of social participation in the company. The CSR has created great social bond between Newmont and the locals. In addition, they asserted that the CSR activities have created economic prosperity and sustainable development in the local communities. The CSR activities have also created knowledge and innovation transfer between the company and the locals. Lastly, the CSR activities have given the company the peace (operational license) to operate its business.

Effect of CSR practices on Reputational Capital
Generally, per the staff, the CSR practices have boosted their public reputation. That is the CSR practices have had a positive effect on their reputational capital. Most of the employees chose the mining company because of their CSR activities. They added that their CSR programmes have been a good reputation tool for their company. They indicated that the CSR practices have ensured strong goodwill between the company and the locals. They accepted that their CSR activities have been an insurance policy against negative events of the firm. Lastly, the CSR activities have build the company legitimacy in the eyes of the local residents.
CONCLUSION

The objective of this study can be summed up as: determining the approaches to CSR practices of Newmont; residents’ perception of the CSR practices of the firm; and the effects of CSR practices on Social capital and reputational capital of Newmont Ghana Gold Ltd. This study has analysed previous researches, articles, papers, notes, and other documents relating to the themes of this study and CSR practices in generally. Some of these documents relate to the Ghanaian context and other parts of the world. Others also bother on theoretical views of CSR practices. In addition, empirical data have been collected and analysed from residents of Kenyasi and staff of the community relations department of Newmont relating to the CSR practices of Newmont in Ahafo Kenyasi of the Brong Ahafo region of Ghana. In view of this thorough work done, the researcher believes that the objectives of this research have been achieved and for that matter this study has contributed to the available knowledge on the subject matter. This study thus concludes that Newmont make use of the community-based development approach and benchmark approach more than the philanthropy, business strategy, and the shared value approaches even though they are also used. Moreover, the residents have negative perception on the CSR practices of Newmont and are not satisfied with their practices. However, in spite of this negative perception, the staff asserts a positive effect of CSR practices on the corporate social and reputational capital of Newmont Ghana Gold in Ahafo Kenyasi.

LIMITATIONS OF THE STUDY

This study is limited to Newmont Ghana ltd. Even here the study is limited to Kenyasi operations even though there are other Newmont operational areas such as Ntortroso, Gyedu, Yamfo, and Akyem Abuakwa. Since findings are limited to only Ahafo Kenyasi, this study is limited geographically. In addition this study also faced various constraints as follows: firstly, financial constraint was an issue. In view of this the researchers could not administer more questionnaires to a lot of respondents and also to cover wider area. Also a lot of convincing needed to be done before some respondents decided to participate in the survey.

RECOMMENDATIONS

Based on the findings of this study, the following key recommendations are made: Firstly, the government should come out with a legislation that makes it compulsory for mining companies to allocate a certain percentage (perhaps 10-30%) of the value of mineral resources mine to be set aside for the sole purpose of developing mining communities; Secondly, the government
should put in place measures to capitalise local people to undertake mining. This will help to ensure that mining funds stays in Ghana for development.

Also, Newmont should set up CSR funds where the fund will be accessed through the submission of projects and programmes by the local people.

Moreover, Newmont must engage in CSR activities that will have a long term improvement on the economic and social life of residents.

Lastly but not the least, Newmont must involve the local communities in all its CSR programmes and projects and must dominate all CSR committees.

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