

Evaluating Corporate Social Responsibility in Ghana; Evidence from the Mining Sector

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Abstract The focus of this paper is to evaluate corporate social responsibility activities by Ghana Mining Industry, seeking to evaluate how much of total revenue from the four major minerals mine in Ghana is allocated to such corporate social responsible activities. Descriptive research design was employed and secondary data was collected from the website of the Ghana chamber of mines and other scholarly publications as well as journals, focusing mainly on 2007 to 2016. The result of our findings established that the fraction of the total revenue of the four major minerals produce in Ghana used on corporate social responsibility activities by the mining industry is very insignificant and not up to the amount publish by the chamber of mines to be use by member companies. We also find out that some elements established as corporate social responsible activities by the Chamber of Mines contains cost elements not normally considered as corporate social responsible events and also those elements does not reflect the real situations in the communities. Based on the conclusion, the study recommended that mining companies increase the percentage of their total revenue use as investments on corporate social responsible activities and also establish a corporate social responsibility index to guide the companies on their corporate activities to reflect and solve real problems or situations.

Keywords: *corporate social responsibility, mining industry, major mineral revenue, Ghana*

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1. Introduction

The Ghana Chamber of Mines over the years has stated in most of their publications that all their member companies have set up good developmental funds purposely for Corporate Social Responsible Activities [1] with statements like 'publish what you pay' clearly stated. It has also been documented that all Gold producing member companies contribute one dollar per an ounce of gold produce and one percent of gross profit towards socio-economic development [2]. The mining industry is the main actor in the mining of minerals including Gold, Manganese, Bauxite, Aluminum, Diamond, Natural Gas, Petroleum, Cement (limestone and lime), Salts and Silver in Ghana. In addition to mining minerals for the nation, they are also a source of livelihood for many and also contribute to government revenue through the payment of taxes and export. They also contribute to the enhancement of the physical and socio-economic environment of the nation. In contemporary years the mining companies in Ghana are making tremendous effort to give back to the communities in which they operate with the conception that they can do better by being charitable and also to improve on the sustainability of the people in these mining communities through CSR [3]. The concept CSR in last

few years has turn away from being a voluntary activity to a more obligatory exercise due to the increase in tension and pressure from the mining communities as the communities continue to perceive that the harm course by the mining companies overshadows their corporate social responsible activities. Many writings have been done by various writers to examine and explain the linkage between corporate social responsibility and firms Performance. Some researches show unfaltering linkage between corporate social responsible firms and firm's performance whiles others show otherwise. Other works has also established that more humanly responsible firms have a better financial performance than the less humanly responsible firms [4] hence the mining companies involvement in such activities. Moreover, the market competition among mining firms and the entire industry keep rising with time but the industries and organizations still need to survive in the market in other to achieve their prime target of profit maximization. Nevertheless, realizing this target of profit maximization should not in any way course any negative side effects for other stakeholders and the entire society as stated by [5]. In other to achieve these objectives of closing the interval amidst the mining companies, the communities and other firms as well as, the companies have to encompass other recreational activities such as corporate social responsible activity into their business strategies so as to gain more

advantages over their competitors and to reduce the harm course by their mining activities. This is because the concept CSR is new and in layman's view mainly seen as the sole responsibility of the government. But as stated by first democratically elected South African president Nelson Mandela, "government cannot by itself meet socio-economic challenges. The private sector, non-governmental organizations and ordinary people have to make their contributions", (cited in [6]). According to Porter and Kramer [7], Corporate Social Responsibility is more than a cost, a constraint or a charitable deed and can actually be a main origin of prospects or innovation and even a competitive advantage as cited in Porter and Kramer [7]. Kramer (2006) also supports the presumption that corporate social responsibility goes beyond cost and can be used to boost the performance of a firm. In real times, many researches by different pundits have unveiled the main importance and impacts of corporate social responsibility on firms and organizations' performance and the conception has been seen as an important ingredient for business success [8]. The main purpose of this paper is to look at how much of total revenue from the four main minerals mined by the mining industries in Ghana is used on corporate social activities from 2007 to 2016 and also look at the major targeted areas the activities covers over the same years.

2. Research Problem

The problems caused by the Ghanaian Mining real times keep increasing over the years as many researches have opined. Aside the numerous benefits from mining exercises in a country, there are also some negative effects associated with mining activities on the communities and the nation as a whole and such negative effects include air pollution, water pollution with mercury and cyanide, destruction of farm land among others [9]. Also big mining companies in the mining sector sometimes ignore the hazardous conditions around the employer and these results in high level of incidence which includes physical impairment, poisoning, cardiovascular illnesses (respiratory diseases) and even death amongst workers [10]. Despite the numerous problems caused by these big mining companies and the small scale mining firms they are still welcome by many populations, customer and even the nation in totality and this is as a result of their involvement in Corporate Social Responsibility activities. Many fact-finding by distinctive pundits have presented the dominance of customers' perception of corporate social responsibility on their approach towards organizations and their commodity. Customers are one of the key stakeholders of organizations and are part of the marketing process of the organization; hence their conception about corporate social responsibility are very important since stakeholder's conception have more impact on companies' corporate social responsibility practices [11]. Due to the numerous negative effects corporations' activities have on the communities they operate the concept CSR in real times has turned away from being a voluntary activity to a more obligatory exercise to reduce the increase in tension and pressure from the communities they operate. But it is believed corporations cannot do that voluntarily and this fact

was established in the work of McBarnet, [10] who concluded that corporations cannot be responsible on their own especially towards CSR without the existence of external forces like Law hence CSR is no longer a voluntary activity. Nevertheless, the Ghanaian mining industry keeps contributing tremendously to the country's direct domestic revenues over the year [12]. Total fiscal receipt attributable by the Ghanaian mining and quarrying sector improved from GH ₵ 1.35 billion in 2015 to GH ₵ 1.65 billion in 2016 representing a growth of 22 per cent and continues to contribute to the total GDP of the nation [12]. As stated above, the mining department contributes towards CSR activities in Ghana but how much of the total revenue from the four main minerals mined in Ghana is spent on such CSR activities?, the reason for this write up. The main objective of the paper is to review the fraction of total revenue from the four critical minerals quarried in Ghana used towards corporate social activities within a period of ten years and to put forward measures to increase the percentage and also bring about transparency in the financial report about corporate social activities of the mining department.

3. Literature Review

The definition of Corporate Social Responsibility is highly contestable; in that there is no water-tight definition of what CSR should and should not be. CSR can be regarded as an activities of an organization towards social, economic, political or educational development in the societies where it is located, nevertheless, the organization are not compelled in any way to do so Ademosu [13]. Also in the paper of [14] it was stated and indicated that CSR embraces socially responsibilities which are economic, legal, ethical and philanthropic in nature. The work established that the economic aspect is responsible to profit making; the legal component deals with the society's expectation from companies to comply amid the laws and regulations of its locality; the ethical deals with society's expectation from companies to embrace value and norms of its locality; whiles the philanthropic responsibilities they stated entail companies being good corporate citizens. Some theories also see CSR as actions taken by corporations to improve on the communities they operate and defined CSR as a requirement to improve community well-being through discretionary business procedures and compensations of corporate resources [15]. The concept CSR within the Ghanaian context is viewed as capacity building towards sustainable livelihood, respecting difference in culture and uncovering business contingencies in developing the technique of workers, the community and government [16]. For the intention of this research a definition provided by European Union Commission, [17] cited in Crowther A., [18] will be put to use. According to the AU Commission, "*Corporate Social Responsibility is a concept whereby companies integrate social and environmental concept into their business operation and their interaction with their stakeholders on voluntary basis.*" Also a definition by the European Commission sees corporate social responsibility as '*actions of companies over and above their legal obligations towards their society and the environment*' [19].

The mining industry is the main actor in the quarrying of minerals including Gold, Manganese, Bauxite, Aluminum, Diamond, Natural Gas, Petroleum, Cement (limestone and lime), Salt and Silver in Ghana. These quarrying activities do not come without any harm to the host communities and the nation at large. According to Peck, P., & Sinding, K [20] the most socially and environmental disruptive activities undertaken by business occurs during exploration, extraction and processing of mineral resources. Similar facts were established in Warhurst, A. [21] where he Kinross, 2011 [23] stated that most of the environmental hazards and human right incidence that have contributed to the growing public concern about the actions of companies in the past 40 years have taken place in the extractive industries. Specifically, the process of mineral quarrying within Ghana accompanied by numerous environmental hazards including water pollution, air pollution, destruction of farmlands and abandoned mining pits which finally become death traps, [22].

Mineral export by the mineral industry continues to contribute significantly to the national income in addition to CSR activities of countries and Ghana is no exception. In 2011, Kinross spent \$1.3m on corporate social responsibility events in Ghana out of a total production of 643,288 gold ounces at production selling price of \$636 per an ounce (\$409,131,168), [23] The above analysis clearly indicates that what is actually spent on CSR by the quarrying industry is very small as compare to their revenue endings and this is the basics of this work which is to evaluate how much of the revenue from the four major mineral in Ghana is spent on CSR events by the quarrying industry.

4. Research Methodology

To make the paper more efficient, the work will adopt a Descriptive research method or design that will permit the investigator to make use of the audited general's report and the Ghana Chamber of mines report published on their sites to elicit data. In order to achieve the main intention of the study, information was gathered on total revenue on

four major minerals produce in Ghana from the year 2007 to 2016. Most of the Information was gathered using the website of the Ghana Chamber Mines and other important scholarly publications including journals.

5. Result and Discursion of Findings

This section of the putative explains the data collected for the studies. Table 1.0 beneath projects the real revenue from the four major minerals produce in Ghana from 2004 to 2016. The data is from 2004 but the analysis focus on the year 2007 to 2016.

As projected in Table 1, the real revenue from the four major minerals produce in Ghana by the associate companies of the chamber of mines, being Gold, Diamond, Bauxite and Manganese from 2007 to 2016 are \$1,794,398,684, \$2,303,930,874, \$2,925,833,045, \$3,724,849,398, \$4,778,504,172, \$5,447,308,435, \$4,786,716,518, \$3,979,688,193, \$3,438,706,611, \$5,298,763,212, respectively.

From Figure 1 beneath, total revenue from the four major minerals (Gold, Diamond, Bauxite and Manganese) keep increasing till it got to 2012 and then started decreasing from 2013 to 2015 and rose again in 2016. But this increase in total revenue of the four major minerals did not in any way change or increase the amount spent on CSR events by the companies and also did not change the policy of the one \$ per ounce produced and also the one \$ of gross profit for CSR activities by the associate companies of the Ghana Chamber of Mines. One will expect in economic sense that as total revenue increase so should expenditure increase and so should the percentage spent on CSR events but that was not the case with the increase in revenue for the four major mineral, rather in same years the paper discovered that even less than what was stated to be spent by the associate companies of the chamber of mines.

In the same periods, Table 2 show the total amounts spent on CSR events by the associate companies of the Ghana Chamber of mines with the major targeted areas of activities.

Table 1. Major Minerals' Revenues in Ghana (2004-2016)

Year	Gold (USD)	Diamond (USD)	Bauxite (USD)	Manganese (USD)	Total
2004	731,232,992.00	26,010,921.00	10,615,787.00	30,247,600.00	798,107,300.00
2005	903,899,619.00	34,729,560.00	18,022,283.00	39,028,514.00	995,679,976.00
2006	1,327,455,774.00	30,021,594.00	22,564,545.00	39,932,287.00	1,419,974,200.00
2007	1,711,511,381.00	26,366,914.00	19,686,731.00	36,831,651.00	1,794,396,677.00
2008	2,202,878,021.00	18,892,292.00	19,810,287.00	62,348,266.00	2,303,928,866.00
2009	2,842,821,528.00	6,991,088.00	11,157,480.00	64,860,940.00	2,925,831,036.00
2010	3,620,766,467.00	11,126,089.00	15,145,755.00	77,809,077.00	3,724,847,388.00
2011	4,630,255,619.00	14,850,558.00	13,406,433.00	119,989,551.00	4,778,502,161.00
2012	5,309,042,207.00	11,163,107.00	28,495,592.00	98,605,517.00	5,447,306,423.00
2013	4,610,284,057.00	8,030,808.00	32,923,689.00	135,475,951.00	4,786,714,505.00
2014	3,841,579,039.00	10,700,962.00	36,258,720.00	91,147,458.00	3,979,686,179.00
2015	3,320,635,208.00	6,424,888.81	41,063,160.00	70,581,339.00	3,438,704,595.81
2016	5,152,782,855.00	4,305,484.00	36,865,766.00	104,807,091.00	5,298,761,196.00

Source: 2004-2016, Chamber of Mines Annual Reports, 2014-2016 Bauxite data-Bank of Ghana.

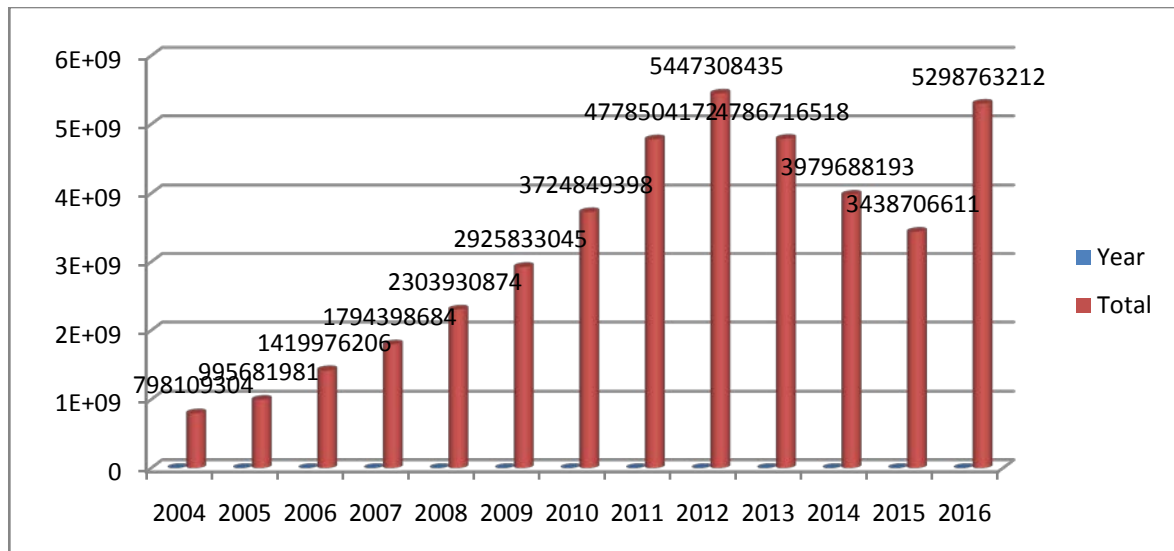


Figure 1. Total Revenue from the four major minerals. Source: 2004-2013, Chamber of Mines Annual Reports, 2014-2016 Bauxite data-Bank of Ghana

Table 2. Contributions of Mining Companies to CSR (The Ghana Chamber of Mines, Factoid 2016)

Socio-economic contributions	2007 (US\$)	2008 (US\$)	2009 (US\$)	2010 (US\$)	2011 (US\$)	2012 (US\$)	2013 (US\$)	2014 (US\$)	2015 (US\$)	2016 (US\$)
Education	1,010,246	1,406,203	1,259,262	2,826,680	1,767,790	2,627,407	1,615,766	1,958,895	4,881,435.26	1,295,078
Health	565,596	415,711	777,486	1,055,260	407,052	696,267	1,479,904	2,278,188	1,245,160.87	1,185,726
Electricity	458,797	333,611	285,319	526,218	1,917,227	675,837	405,801	601,149	368,239.52	396,225
Roads	609,146	333,611	1,375,626	1,459,049	1,368,497	1,619,277	2,029,584	1,464,607	1,166,873.44	3,295,488
Water	220,876	649,703	284,668	678,976	1,437,529	1,001,818	1,561,361	724,822	677,889.62	343,497
Housing	618,531	686,523	112,635	155,266	165,633	277,236	264,198	522,284	75,357.93	508,729
Agro-Industry	386,668	778,970	50,624	-	54,982	155,544	130,561	57,004	-	-
Agriculture	743,937	1,551,893	610,353	809,228	1,407,674	1,531,716	374,280	354,172	83,685.72	54,097
Sanitation	262,863	405,236	227,844	196,428	202,762	404,767	583,384	689,408	242,125.46	208,555
Resettlement Action Plan	4,503,381	567,820	800,188	1,190,371	29,345,274	7,583,140	68,624	3,025,322	4,814,535.77	3,380
Alternative Livelihood	2,897,767	992,973	798,658	2,214,584	175,935	1,853,298	1,236,646	4,295,824	960,471.14	489,250
Others	830,747	2,004,228	2,841,649	6,478,411	5,528,313	8,250,046	2,373,943	4,890,261	3,312,122.35	4,508,936
Total	13,108,554	12,405,861	9,424,309	17,590,469	43,732,833	26,676,35	12,124,052	20,861,936	17,827,897.09	12,288,960.86

As Table 2 depicts, the overall amount spent on CSR events in 2007 was \$13,108,554 which is only 0.73% of the total revenue from the four main minerals in Ghana. For 2008 and 2009, \$12,405,203 and \$9,424,309 was spent on CSR indicating 0.52% and 0.32% of total revenue from the four major minerals respectively. In 2012, \$26,676,354 representing 0.49% of the total revenue of the four main mineral was spent on CSR. This was the year that from Figure 1 above the total revenue from the four major minerals was higher than the other years and one will expect an increase in the amount spent on CSR events but rather 2012 had very little spent on CSR activities. Also in 2014, 2015 and 2016, \$20,861,936, \$17,827,897.09, \$12,288,960.86 was spent on CSR which indicates 0.52%, 0.52% and 0.23% respectively. Base on the above analysis it is clear that what is spent on CSR activities by the mining firms is actually lower than what was stated to be spent by the chamber of mines member companies (one dollar per ounce produce and one percent of gross profit). This is because the data for the analysis only covers the four major minerals produce in Ghana and yet the result made it clear that not up to one percent of that was use on CSR. What of proceeds from the other mining activities (oil, silver, salt, natural gas etc)?

Table 2 also shows the major socio-economic areas that received major attention. Areas like Education, Health, Road and the likes stated to have received attention in the quarrying communities are all arguable. This is mainly because those social amenities are far from being better than those in the other non mining and rural communities showing no actual gain from their suffering from the quarrying activities. This is a real indication that what is published by the Ghana chamber of mines has lapses and could be one of the reasons of the increase tension between the mining companies and their host communities as these host communities receive less than what is taken from them.

6. Conclusion and Recommendations

Notwithstanding the fact that the conception of CSR among the quarrying companies in Ghana is a new developing concept, much is required to be realized to make the practice more attractive. Mining communities like Obuosi, Tarkwa, Anhwiaso etc in Ghana may not be like those of Australia, Perth or South Africa's Johannesburg anytime soon, the human beings in and

around these quarrying communities in Ghana also deserve better life from the proceeds end from the natural resources they have as their counterparts in Johannesburg and the likes.

Although corporate social responsibility is a voluntary concept, more funds should be invested in it by the quarrying sector in the country to effect a mega change in the lives of the human beings in the quarrying communities and the entire Ghanaian population. Much is taken from these mining communities and much ought to be given in return in the form of CSR. The presumed one dollar per ounce produce and one percent of gross profit that is contributed in help of CSR activities by the associate companies of the chamber of mines is insufficient as compared to what is taken from these same mining communities.

In as much as the chamber of mines in Ghana would like to publish its contributions in CSR to the world, it must be done with due diligence. The chamber must make sure what is spent on CSR activities must be audited because the result established that what is actually spent on such activities is less than what is stated to have been really invested by the quarrying companies. Moreover, a CSR index must be introduced by the chamber to enhance competition among its member companies which should also be published yearly. The Chamber through collaboration with the Ghanaian government must ensure its CSR index should be in agreement with those major developmental plans of the state to bring general development in the lives of the people.

The paper faces challenges in obtaining data from the Chamber of mines in Ghana as many emails sent were not replied. In the near future works on CSR in Ghana, we recommend that data will cover the other minerals mine in the country.

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