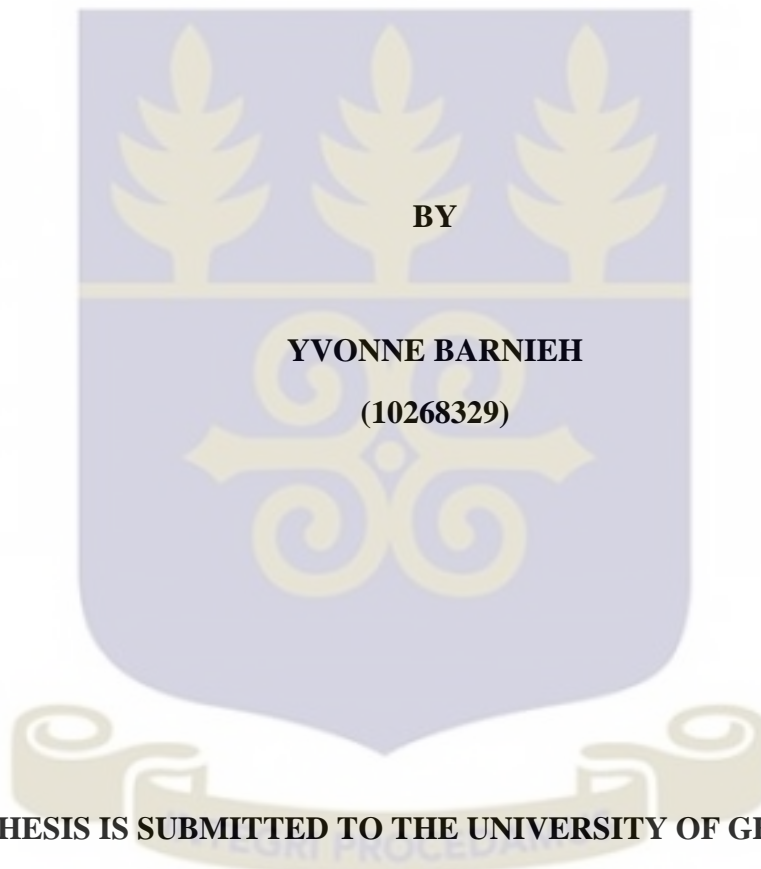


UNIVERSITY OF GHANA

**MINING SECTOR CSR STAKEHOLDER MANAGEMENT: A CASE STUDY
OF CHIRANO GOLD MINES LIMITED, GHANA**



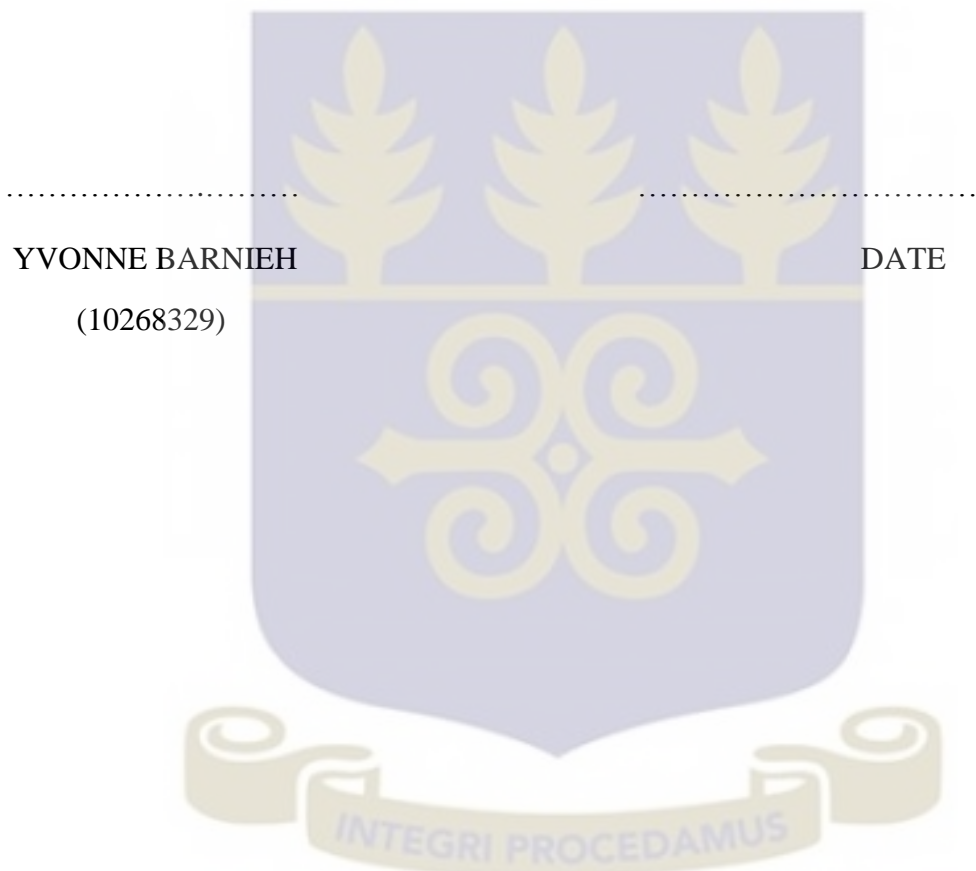
**THIS THESIS IS SUBMITTED TO THE UNIVERSITY OF GHANA, LEGON
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE
AWARD OF MPhil HUMAN RESOURCE MANAGEMENT DEGREE**

JUNE, 2015

DECLARATION

I hereby declare that this work is the result of my own research and has not been presented by anyone for any academic award in this or any other university. All references used in the work have duly been acknowledged.

I bear responsibility for any shortcomings in the work.

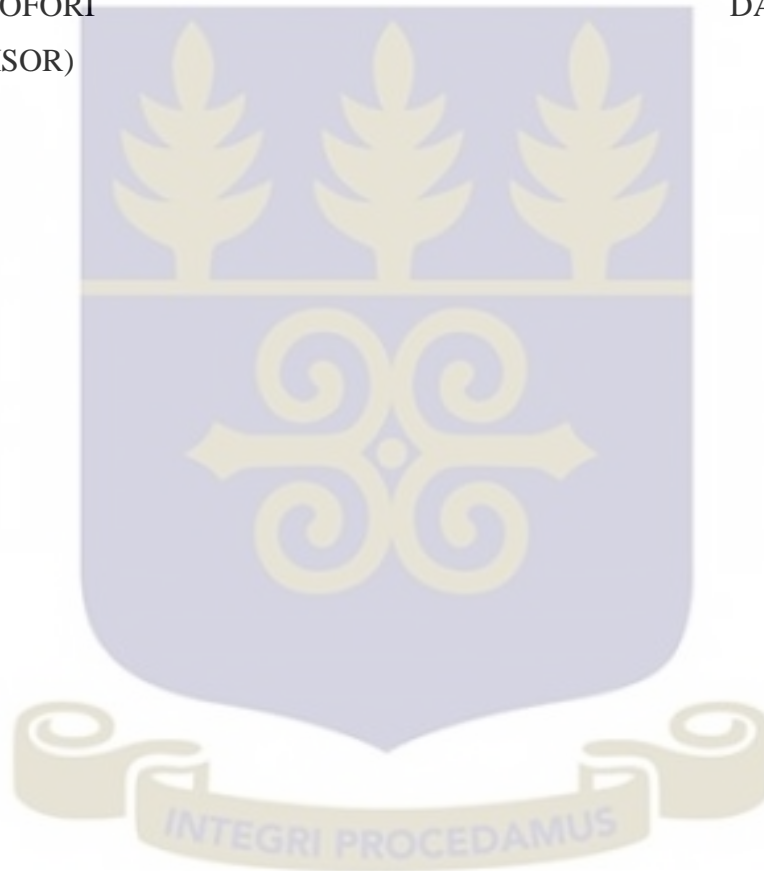


CERTIFICATION

I hereby certify that this thesis was supervised in accordance with the procedures laid down by the University.

.....
PROF. DAN OFORI
(SUPERVISOR)

.....
DATE



DEDICATION

This work is dedicated to the Almighty God, the giver of wisdom, to my husband Collins for his support and my children Nana, Kofi and Kwabena for their understanding.



ACKNOWLEDGEMENT

I would like to express my deepest gratitude and respect to my supervisor Prof. Dan Ofori for his constructive criticism and dedicated support. His matured experience and knowledge has broadened my understanding on the subject.

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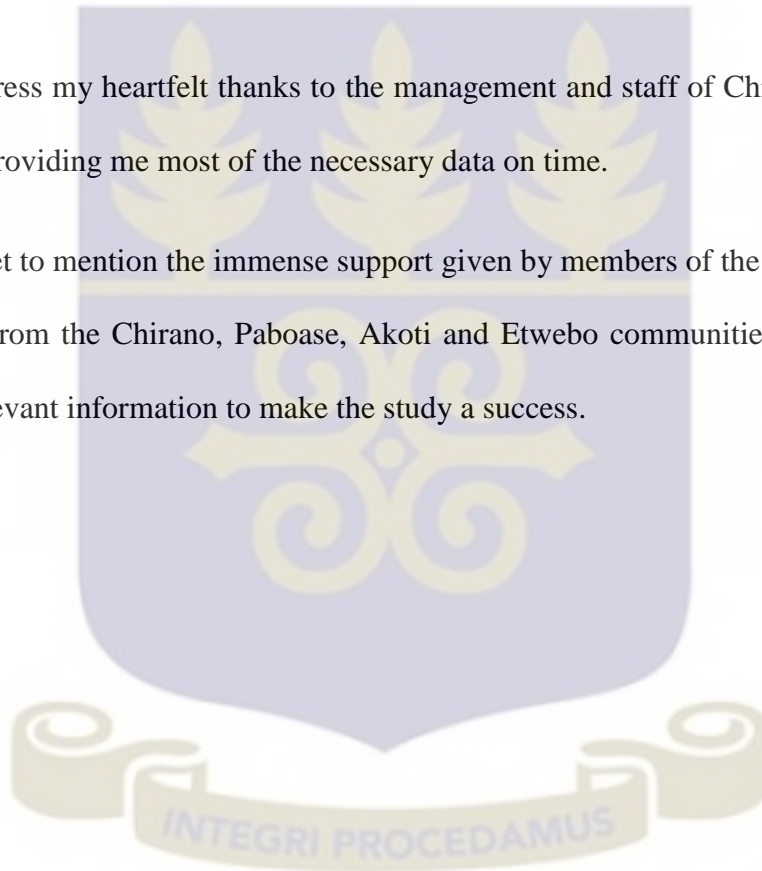


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LIST OF ABBREVIATIONS

CCC	Community Consultative Committee
CCPA	Centre for Corporate Public Affairs
CED	Committee for Economic Development
CGML	Chirano Gold Mining Limited
CIL	Carbon-in leach (CIL)
CRD	Community Relation and Development
CSR	Corporate Social Responsibility
EPA	Environmental Protection Agency
ERP	Economic Recovery Program
EU	European Union
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GMC	Ghana Minerals Commission
ICT	Information Communication Technology
IIED	International Institute for Environment and Development
ISSER	Institute of Statistical, Social and Economic Research
MNCs	Multi-National Corporations
NGO	Non-Governmental Organization
OASL	Office of the Administrators of Stool Lands
OECD	Organisation for Economic cooperation Development
PMMC	Precious Mineral Marketing Corporation
PNDC	Provisional National Defense Council
SAP	Structural Adjustment Program
SMC	State Mining Corporation

SMEs	Small and Medium Sized Enterprises
TDM	Three-Domain Model
WACAM	Wassa Association of Communities Affected by Mining
WBCSD	World Business Council for Sustainable Development
WCED	World Commission on Environmental Development



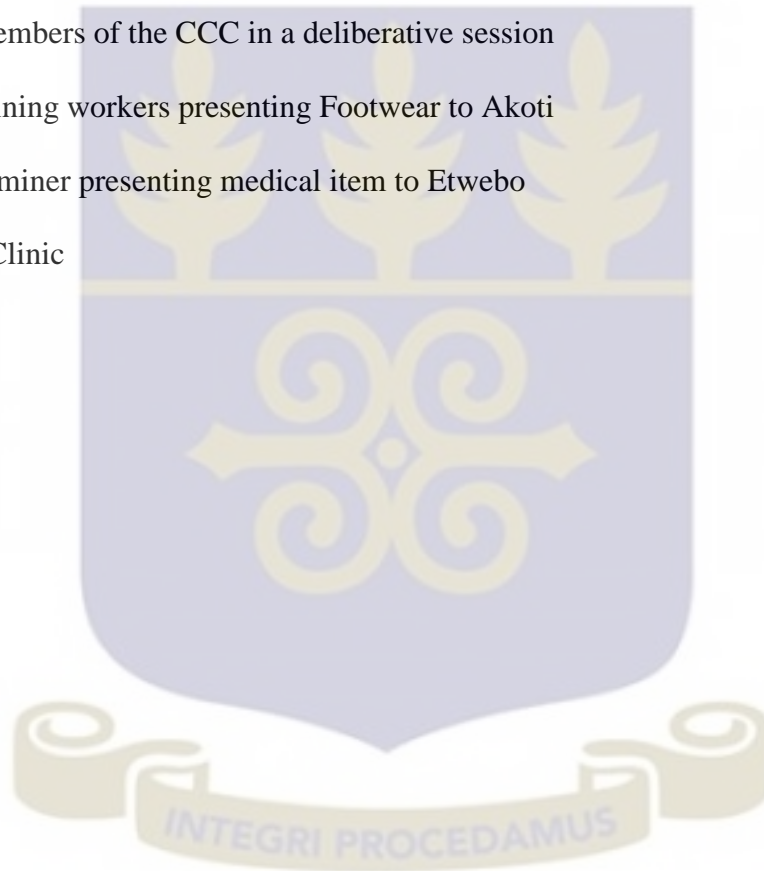
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ABSTRACT

The concept of Corporate Social Responsibility is increasingly becoming popular in the 21st Century in both business and academic circles. In response to heightened global awareness of environmental sustainability and stakeholder rights, social legitimacy has become the bedrock for business survival, profitability and growth. This study sought to examine the stakeholder management approach practiced by the Chirano Gold Mines Limited in the Western Region of Ghana. The qualitative case study approach was employed for the study. The study purposively selected forty-two (42) key informants including officials of CGML, selected chiefs, selected officials of two regulatory bodies, and community members. The main instrument for primary data collection involved face-to-face in-depth interviews. The study found out that though CSR practice is not mandatory, it is required and desirable. Chirano Gold Mines Limited has Institutional arrangement for stakeholder engagement in CSR through the establishment of a Community Consultative Committee headed by a chief and Trust Fund Board. The company adopts a stakeholder engagement approach, involving three key strategies, which has prevented any potential confrontation from community members. The active involvement of stakeholders in CSR projects has rendered the mining environment a very congenial atmosphere to operate unlike other mining areas associated with rampant confrontation. Again, through the collaborative processes, the company has resolved various outstanding issues amicably which makes the community members wish the operations of the company prolong its operations in the area. In spite of the successes chalked in engaging community members in CSR activities, the study observes few challenges especially, the unavailability of NGOs and media to serve as referee in the process engagement process. From the preliminary findings of the study, the study concludes that effective stakeholder engagement in carrying out Corporate Social Responsibility provides a working relationship between mining companies and communities which provides the necessary platform to operate without major hindrances. There is a need to educate community members on activities of the company and to advocate the establishment of local NGOs and Media to facilitate the stakeholder engagement processes.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

In response to heightened global awareness of environmental sustainability and stakeholder rights, “social legitimacy” has become the bedrock for business survival, profitability and growth (Obara & Jenkins, 2006). Undoubtedly such legitimacy is not gained at once but built over the years through consistent and effective implementation of corporate social responsibility (CSR) through effective stakeholder management. Unfortunately the link between CSR and stakeholder management has received little attention (O’Riordan 2012). This study therefore examines the management of stakeholders of CSR within the mining sector of Ghana. This chapter, being the introductory chapter provides the background, problem statement, objectives, research questions, and significance of the study, brief research methodology, and chapter arrangement of the entire study.

Corporate Social Responsibility (CSR) has been, and is still recognized as a powerful tool to managing organizational drive towards sustainability and profitability. Due to increasing awareness and the easy accessibility of information on corporate organizations, most corporate entities can no longer hide their devastation on their immediate environment and hence increasing the need for more social responsibility. Invariable, organizations no longer have economic, environmental and social responsibility towards only shareholders, but also a wider set of stakeholders included in companies' operating environment (Carroll 1979; Ofori & Hinson 2007). A very high level of interdependence between these stakeholders and corporations is therefore paramount for business to gain

legitimacy and create both social and economic value (Nyuur, Ofori & Debrah, 2014). Marrewijk (2003) provides an elaborate picture by indicating that CSR has become an all-encompassing framework underpinning companies' responsibility towards different needs at different places. The fact underpinning Marrewijk's (2003) assertion above is that CSR is a useful tool to meet economic, judicial, moral and ethical, environmental, social and cultural responsibilities (Korppi, 2013 & Yakovleva, 2008). It is therefore evidently clear that it is a useful tool that companies use to meet the needs of different responsibilities they have towards their stakeholders. The concept of CSR is predominantly defined to mean ethical liability of an organization towards its shareholders and stakeholders at large which have a legitimate interest.

The continuous growth of the relevance of CSR to companies and the constant call by societies for business to go beyond their basic commercial objective is not just accidental but legitimate and one of the many necessities for social cohesion and economic prosperity. For example Wood (1991) explains that the foundation of CSR is that business and society are interwoven rather than distinct entities. As communities expect some reliefs from business, the latter would certainly have an obligation to fulfill these expectations. The gravity of this expectation is different depending on the nature of stakeholders, the activities the firm engages in, the legal environment guiding the entity, the general socio economic characteristic, and culture and market pressures (Trebeck, 2008). Mineral explorations such as mining are dependent on ore deposits that are locally fixed activities. It cannot be offshored or shifted to other locations and also has major environmental and economic impact on its environs (Acheampong, 2004). To ensure continuous operation whilst maintaining good community relationship in the midst of all negative impacts, local stakeholder engagement must be very vibrant and all inclusive

(Luning, 2012; Thomson & Joyce 2000). Local stakeholders of mining firms are diverse. They range from local government institutions, families and individual land owners, local communities, chiefs and other property custodians, local pressure groups etc. In the literature “stakeholders” are considered as anyone or any organization affected by or able to affect a particular entity. They can also be referred to as groups and individuals who benefit from or are harmed by, and whose rights are violated or respected by, corporate actions (Freeman, 1998). Stakeholders change along the life of organizations. Stakeholder’s demands are varied due to contrasting world-views.

Just like in many businesses, within the mining sector, stakeholders are very vital. According to Ofori and Hinson (2007), stakeholder demands on business have intensified at such a dramatic rate that, given the enormity of these pressures, large and small firms find it increasingly difficult to shirk their corporate social responsibility. Amponsah-Tawiah and Dartey-Baah, (2011) agree with Ofori and Hinson (2007) and explained that a firm’s survival and success depends on the ability of its management to craft sufficient wealth and satisfaction for its primary stakeholders. When stakeholders withdraw their support to the firm, the firm’s operation is adversely affected (Clarkson, 1995).

The negative impacts of mining on local communities have been well documented (Acheampong, 2004) and these have made stakeholders aware of the extent of negative impact on their lives and hence have increased their demand for accountability. The argument has mostly centered on the widespread externalization of the economic, environmental and social costs of mining, host communities’ loss of resources, and the unjust distribution of its costs and benefits. Hilson and Nyame (2006); Mária and Taka, (2012); Peck and Sinding (2003) noted that the negative impacts of mining are

concentrated disproportionately on marginalized or disadvantaged sections of society, including indigenous peoples, women and economically disadvantaged rural communities.

1.2 Problem Statement

In the field of business there is an extant literature on Corporate Social Responsibility (CSR) and Stakeholder Management. It has been noted that there is a convergence between the two theories (Korppi, 2013). However a critical search of literature shows that research on CSR and Stakeholder Management has dealt mostly with their relationships with firm performance (Hillman & Keim, 2001; Waddock & Graves, 1997). Scanty of research has probed the relationships between Stakeholder Management and CSR (Agle, Mitchell & Sonnenfeld, 1999; Savage, Nix, Whitehead & Blair, 1991). Carroll (1991) explains that there is a natural fit between CSR and Stakeholders Management, however stakeholder approach is not viable as it implies the sacrifice of sound business objectives. This thinking might have led to fewer studies examining the relationship.

Similarly Achterkamp and Vos (2008); Kolltveit, Karlsen, and Gronhaug (2007); Aguilera & Jackson (2003) stated that despite the acknowledged importance of Stakeholder Management, CSR research still lacks both theoretical knowledge and empirical evidence of various CSR stakeholder related phenomena. Olander and Landin (2005) noted that existing scarce research has primarily focused on the conceptual development of Stakeholder Management tools and frameworks in order to better manage stakeholders.

Furthermore, a study by Spar and Mure (2003) postulate that corporate stakeholder such customer, government employee and NGO are important movers of CSR engagement and activities. But how such stakeholders can truly stimulate CSR engagement and activities

have not been well explored and hence leaving some questions unanswered: what are stakeholder approach to effective CSR within the mining sector, what roles do stakeholders play in promoting CSR activities, how an organisation can partner with stakeholders to achieve CSR goals and challenges of involving stakeholders in CSR activities within the mining sector.

Again to International Institute for Environment and Development (IIED, 2002) report cited in Amponsah-Tawiah and Dartey-Baah (2013) noted that the mining industry is currently distrusted by many of the people it deals with daily. Whiles these interruptions are occurring the industry does little to procure the social legitimacy they require. This study therefore attempts to fill the gaps in research identified above and provide answers to the various unanswered questions using CHIRANO GOLD MINES LIMITED Ghana as case study whiles examining why and how stakeholders could be managed within CSR to help maintain social license to operate.

1.3 Study objectives

The main objective of the study is to assess the Corporate Social Responsibility and Stakeholder Management approaches adopted by the Chirano Gold Mines Limited. In order to achieve this objective, the study is underpinned by the following specific objectives.

1. To assess Stakeholder Management approaches adopted by CGML towards its CSR
2. To determine the roles of key stakeholders in promoting CSR activities of CGML
3. To assess the extent to which CGML in partnership with Stakeholders achieve CSR goals
4. To ascertain the key challenges of involving stakeholders in CSR activities of CGML.

1.4 Research questions

To achieve the research objectives the study addresses the following research questions:

1. What are the various stakeholder management approaches adopted by CGML towards its CSR?
2. What roles do various stakeholders perform in promoting CSR activities of CGML?
3. To what extent does the CGML partner with stakeholders to achieve CSR goals?
4. What are the key challenges of involving stakeholders in CSR activities of CGML?

1.5 The History of CSR

According to Carroll (2008), in the nineteenth century, businesses raised concerns on the welfare of their employees and their impact on society in general. Social welfare was provided on a limited scale, which included the construction of hospitals, bath houses and provision of food coupons by business. Around that same period, individual business philanthropists like John D. Rockefeller and Cornelius Vanderbilt were active in the United States. According to Sharfman, (1996), although the legitimacy of philanthropy was yet to be established, aids offered by those philanthropists were acknowledged by local communities and various social groups. Essentially, principles underpinning these activities were mainly characterized by religious groups such as the Young Men's Christian Association (YMCA) (Carroll, 2008). Later in 1929, during The Great Depression, it further strengthened this trend which concurred with the introduction of public trusteeship management and traditional profit-maximizing management. (Sharfman 1996).

In 1950, CSR witnessed the emergence of a new age when Bowen introduced his seminal work entitled the 'Social Responsibilities of the Businessman'. In this book he defined CSR as the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society (Bowen, 1953). He recognized that firms' engagement in CSR was connected to self-interest best promoted by demonstrated concern for public demands. According to Frederick, (2006) corporate actions like support for education, conserving natural resources, philanthropy, good human relations at work and other similar activities were included as aspects of CSR and it was recognized that these actions had high returns for firms. Bowen claimed that firms' engagement in CSR should be accomplished voluntarily with minimal government intervention. Bowen later questioned his previous position by arguing that voluntary social responsibility cannot be relied upon a significant form of control over business. The power of business overrides voluntary social responsibility.

In the 1960s, according to Davis (1960), CSR should be analysed from a different approach. The new approach include a moral dimension which proposed that firms should engage into CSR activities because it is the right thing to do as opposed to the notion that CSR entails potential benefits for firms. In a similar vein, a declaration on CSR published by the Committee for Economic Development (CED) 1970s as cited by Frederick (2006), suggested that business corporations should be perceived as organizations operating within the whole society rather than just in the market place. This publication brought to light the fact that the society has changed its perceptions of businesses. The society does not just anticipate that businesses produce products and services and undertake philanthropic actions, but they are also required to operate in a way that satisfies societal needs and

expectations. The CED publication unequivocally refers to the concept of the social contract, attributing to CSR an obligatory rather than a voluntary notion. Businesses were expected to undertake actions in ten major fields: economic growth and efficiency, education, employment and training, civil rights and equal opportunity, urban renewal and development, pollution abatement, conservation and recreation, culture and the arts, medical care, and government relations (Frederick, 2006).

Then again, Ackerman and Bauer's (1976) on their theory of Corporate Social Responsiveness. They argued that internal management procedures could make business more flexible in responding to changes in the social environment as well as implementing their strategy in the sense of identifying the needed procedures for managing their response. Again in 1979, Carroll's three-dimensional conceptual model of corporate social performance came up. In this model, which built on Maslow's hierarchy of needs theory, he argued that the social responsibilities of business should have included four dimensions: economic, legal, ethical and discretionary or philanthropic. Carroll's model made CSR theory more applicable since he proposed a way for assisting firms in the implementation of CSR practices. He further suggested that firms should first define their social responsibilities, isolate the CSR aspects and then decide how to approach them. The model outlines strategy for firms to follow. Blowfield and Murray (2008) also offer that those issues proposed by Carroll make up the three key subjects that are still debated in the CSR literature: to whom are corporations responsible? What are they responsible for? And how can they be responsible?

The prevalence of neo-liberal economic views in the 1980s left no room for the ethic and philanthropic dimensions of CSR. The political and economic environment in the 1980s

was not propitious for any ideas connected with firms-government cooperation, this led to the attention of scholars and practitioners shifting towards economic rather than social matters and the autonomy of the market was greatly indorsed as a means of satisfying social goals. This trend occasioned in a dramatic change concerning the responsibilities of firms and those of the state: where those of the state shrank and the firms' expanded culminating in heavy criticism of command and regulating measures and to the introduction of market responsive tools like management standards and codes of ethics. The goal of these measures was to support corporations to respond to their increased responsibilities as these were resulted by the gradual privatization of many sectors of the economy which were previously run by the state. Scholars' immediate reaction to these changes was to come out with a managerial approach to the assessment of CSR (Carroll, 1977). In this context, the predominance of stakeholder theory by Freeman in the middle of the 1980s, came at the right time to remedy the situation. The stakeholder approach suggested that, with reference to CSR policies, firms needed to focus on constituencies other than shareholders. The assumptions underlying stakeholder approach are engrained in the concepts of social contract and legitimacy and indicating the inevitability of normative conformity with the social environment (Palazzo & Scherer, 2006). According to Sethi, (1975), because corporations operate within the frontiers of society of which they are an integral part, it is conceptualized that they depend upon society for their continuity and growth hence, the adoption of CSR practices is seen as something that satisfies both companies and society.

In the beginning of the 1990s researchers like Donaldson and Davis (1991), argued once again that business corporations should engage into CSR practices because it was the right thing to do and not because of any associations with firms' financial performance. In a

similar manner, Wood (1991), drawing on the theory of Corporate Social Responsiveness added that the need for concrete results on improving business and community relations, and suggested that business responsibilities apart from the financial and legal ones should be part of ethical and philanthropic dimension. Wood attributed great importance to societal performance and argued that corporate behaviour should change in order to produce less harm and more beneficial outcomes for society and their people' (Wood,1991, p. 68). This research gave rise to the concept of Corporate Citizenship that later was to become a separate stream in the field. This new term was widely used by businesses which had faced public criticism about their operations, although in reality, according to Matten and Crane (2005), was nothing but a relabeling of CSR, it created a current of thought that focuses on the political nature of CSR and helped to provide valuable insights into the analysis of the CSR phenomenon, representing one of the most dynamic discussions in the relevant literature (Crane, Matten & Spence, 2008).

Again, during the 1990s scholars concentrated on the topics of environmental responsibility and stakeholder theory. Environmental responsibility was mostly analysed as a resource that could lead to a sustainable competitive advantage. In line with this, Hart (1995) and Russo and Fouts (1997) used adaptation of the Resource Based View of the firm theory and embarked on proving a linkage between CSR and financial profitability. Regarding stakeholder theory, researchers extended it by including in it the moral factor and trying to deal with the problem of defining stakeholders (Donaldson & Preston, 1995; Jones, 1995; Mitchell, et al., 1997). More precisely, Jones (1995) and Donaldson and Preston (1995) emphasized the moral and ethical dimensions of CSR and recommended that firms should have behaved ethically towards their stakeholders because the returns from such behaviours were high. Mitchell et al. (1997), on the other hand, focused on how

firms should have prioritized their constituencies. They suggested that they should have done it on a basis of assessing three aspects: stakeholder legitimacy, power and urgency of their claims.

Then again, CSR in the Twenty First Century took a different turn. Researchers in the new millennium started analyzing the strategic aspects of corporate responsibility focusing on how firms fused CSR into their business strategy and how it benefited them. Baron (2001) termed this kind of corporate responsibility as ‘strategic corporate responsibility’ and distinguished two forms of CSR: altruistic and strategic. Altruistic CSR discusses actions undertaken by business in order to satisfy societal needs, whereas strategic refers to cases where firms use CSR to capture value. Apart from the strategic corporate responsibility standpoint, the last decade has seen the beginning of an increasing stream of literature focusing on CSR and Small and Medium Sized Enterprises (SMEs) (Perrini, 2006; Sarbutts, 2003; Spence, 2007).

Scholars working on this topic maintain that CSR practices in SMEs may be different from those adopted by larger firms due to SMEs distinctiveness. SMEs tend to be independent and owner managed, stretched by multitasking and limited cash flows, built on personal relationships, mistrustful of bureaucracy and controlled by informal mechanisms (Spence, 1999). Furthermore, some SMEs might already be involved in the CSR topic, managing a large number of environmental, social and economic impacts without using the CSR language explicitly (Roberts, Lawson, & Nicholls, 2006). Thus, SMEs might be engaged in practicing CSR without being fully aware of it. According to Wood, (2010) currently research is directed towards focusing on the practical aspects of CSR and there seemed a recognized necessity to improve existing approaches and

embrace new one. Dominant theoretical approach, methods and assumptions are still lacking but may not necessarily be an issue since it results in various approaches and theoretical perspectives (Crane et al 2008). The vagueness surrounding CSR research has created two conflicting perspectives on its potential to influence the way businesses operate. The first one treats CSR as a development, which can enhance firms' social and financial performance (Lydenberg cited in Carroll, 2008). Proponents of this view, point to increasing levels of reporting but tend to blur reporting with performance (Steger, 2008). The other view holds a more skeptical position on the potential of CSR to influence business practice. According to it, CSR has taken a false trajectory since it is mostly used as a resource that has the potential of increasing firms' profits (Vogel, 2005).

1.6 Argument for/against CSR

1.6.1 Arguments for CSR

- **Performance of valuable services to the society**

This first argument for CSR is that institutions of businesses exist only because it performs valuable services to society. For Sethi (1979), corporations like all other social institutions, are an integral part of a society and must depend on it for their existence, continuity and growth. Society has granted remarkable power and freedom to business corporations with the expectation that they will use that power to effectively serve society's needs. According to Davis, (1967), if business is to maintain its position of power it must in the long run, accept its responsibility to society.

Curran (2005) refers to this as "social permission theory", which holds that corporations exist and act by permission of society at large, corporations are therefore required to consider all potential stakeholders since they make up society at large and the very ones

who gave corporations permission to do business in the first place. Post, Lawrence and Weber (2002) referred to it as a license to operate and assert that if corporations use that power in ways that are not consistent with society's expectations, they will eventually face increasing externally imposed controls over their behaviours, thus society will circumscribe that power. This is in line with legitimacy theory which is based upon the notion that business operates in society via a social contract where it agrees to perform various socially desired action in return for approval of its objectives, other rewards and its ultimate survival (Haron, Ismail & Yahya, 2007).

- **Avoidance of Government Regulations**

One of the most practical reasons for businesses to be socially responsible is to prevent future government intervention and regulation, which is costly to business and restricts its flexibility of decision making. Tyrrell, (2006) argues that if business freely exceed their regulatory obligations then the need for government interferences in business affairs is relatively reduced. Research by Moon and Vogel, (2008) also indicate that companies that engage in socially responsible behaviours are well positioned to balance government's regulation. From business perspective, a new regulation is costly and limits its flexibility in decision-making. Business corporations prefer to find solution to community problem by initiating their own policies, so that they can avoid government interference and legislation.

- **Business Resources**

Researchers like Hillman and Keim, (2001), Jenkins, (2006) have argued that businesses have valuable resources. These resources are in the form of substantial pool of

management talent, functional expertise and capital resources. The expectation of the society is business corporation should use these resources to solve societal problems.

- **Long Run Self-Interest**

For Jenkins, (2006) CSR has been embraced along the grounds that it is in the long run interest of firms involved. Zairi and Peters (2002) also believe CSR is no longer a “fashion” as viewed by some corporate bodies but rather a critical driver of corporate performance. Of the arguments favoring CSR, one of the most prevalent is that it enhances the long-run self-interest of business as acknowledge by Henderson, (2001) that to embrace CSR represents enlightened self-interest on the part of business. In a study conducted by Ostlund (1977), it was found that both top management and operations managers rated the argument thus it is in the long-run self-interest of the business to get directly involved in social issues” as the most important argument in favour of CSR. This can be explained by the arguments that CSR acts as a tool to attract ((Barnett & Vaicys, 2000) motivate and retain (Ramus and Steger 2000) a talented workforce; attract customers (Mackiewicz 1993); enhance the firm’s reputation (Acuff 2005); or reduce costs through the efficient use of environmental initiatives (Roberts & Dowling, 2002).

1.6.2 Arguments against CSR

- **Dilution of Primary Purpose**

Milton Friedman, an exceptional opponent of CSR, whose renowned opinion is that “the business of business is business”. For him, 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, 1970:6).According to Friedman

(1970), the use of corporate resources to promote socially responsible activities could mean stealing from owner's dividends, from customer's wealth or from employees' wages. He argues that social issues are of no concern of business people and these problems should be resolved by the unrestrained workings of the free market system. Furthermore, if the free market cannot solve the Social problem, then the responsibility falls upon government through legislation (Carroll & Buchholtz, 2000). Fundamentally, this core argument against CSR criticizes that CSR involves spending limited resources on social issues essentially decreases the competitive position of a firm by unnecessarily increasing its costs. For Barnett (2007), dedicating corporate resources to social welfare is tantamount to an involuntary redistribution of wealth, from shareholders, as rightful owners of the corporation, to others in society who have no rightful claim.

- **Competence**

According to Smith (1990), corporations do not have the technical skills to deal with social issues and cannot decide what is best for society. Carroll and Buchholtz, (2000), add that managers are oriented toward finance and operations and do not have the necessary expertise to make social decisions. Davis, (1973) describe managers as being philosophically and emotionally unfit for the job. Mintzberg (1983) argues that the orientation towards efficiency and control renders managers inept at handling complex social problems, which require flexibility and political discretion. Again according to Smith (1990), incompetent attempts to resolve social issues waste shareholders money.

- **Business Power**

Business already yields considerable power in society (for example, economic, environmental and technological), to willingly grant business social power would be

preposterous (Tyrrell, 2006). According to this line of thinking, business is one of the most powerful institutions in society, by giving decision-making opportunities in the social domain to business; the balance-of-power problem that already exists in our society could be heightened (Carroll & Buchholtz, 2000).

- **Promotes Incompetence**

On the extreme end of shareholder theory are some scholars who believe that CSR should be abandoned altogether. Although they concede that CSR has increased global awareness of business ethics, the concept is now impractical. For Freeman and Liedtka, professors at the University of Virginia's Darden School of Business, CSR has failed and should be forsaken. They claimed that CSR has not delivered on its promise to create the good society. Furthermore, they asserted that the concept of CSR promotes incompetence by pushing business managers to improve society's shortcomings. According to Freeman and Liedtka, businessmen lack sufficient expertise regarding individuals and communities to ease social problems (Freeman & Liedtka, 1991).

1.7 CSR in Ghana

The socialist orientation of the first president of Ghana, Dr. Kwame Nkrumah gave the negative impression that State Owned Enterprises (SOEs) were able to solve societal problems in Ghana. This impression limited corporate organisation's social obligations to the payment of taxes, Amposah Tawiah & Darty Baah (2012). However, in recent times there has been as they put it a "*clarion call on organisations to undertake social programs, as government alone cannot handle societal problems*". CSR activities in Ghana are spearheaded by large scale multi-national companies. Ghana is saddled with economic challenges which includes low per capita income, weak currency, capital flight, low productivity, low savings etc. making it almost impossible for indigenous companies

to undertake social actions. This is evident from what Ofori (2006) referred to as “the engagement of haphazard indulgence of corporate good works” in Ghana. For Abugre (2014), managerial role in the practice of CSR is limited and ineffective in Ghana. He discovered that difficulties of effective CSR implementation can be attributed to leadership weak spots in the form of mismanagement and corruption, lack of leadership commitment and unwillingness to allocate monies due for CSR activities. He claims that organisations in Ghana can do better in the practice of CSR if management’s attitude to CSR, corruption, and work behaviours are positive. According Ofori (2010), Ghana has no legal framework for CSR and as such companies are involved in various CSR activities like support for education, sponsorship of events and cash donations. Managers and executives believe that it is important for their firms to be socially responsible and to be seen to be behaving ethically, since ethical values of both individual managers and their firms are the major factors determining manager’s attitudes toward CSR.

Again, in line with Ofori (2010), a GTZ report (2009) shows that in Ghana, the government’s involvement in CSR depends on legal dimension, which instructs businesses to obey the law. However, there is no complete set of CSR policy or law in Ghana. There are a number of policies, laws, practices and initiatives that guide CSR activities in Ghana and the government seeks to promote CSR by putting in place legislation that defines minimum standards for business performance such as constitutional provisions, local government laws and requirements for environmental impact assessments contained in an act of parliament

Commenting on how CSR activities in Ghana can be properly regulated, Anku-Tsedde and Deffor (2014) recommend that even though CSR is to a large extent influenced by various

regulatory regimes in Ghana, its efficiency is often adversely affected by deficiencies in the enforcement of the relevant laws and thus suggested that enforcement agencies should be empowered to ensure compliance with the laws to enable an effective delivery of CSR in Ghana. Currently in Ghana Large scale manufacturing, telecommunication and mining companies such as MTN, Valco, and Chirano Gold Mines Ltd are actively involved in CSR activities which have been instrumental in the social development of the country.

1.8 Mining in Ghana

According to Ofori and Ofori, (2014), Mining in Ghana accounts for 5% of the country's GDP, with gold accounting for 90% of total mineral export. Institutions regulating the mining activities in Ghana are the Ministry of Mines and Energy, Minerals Commission, Geological Survey department, Mines department, Lands Commission, Chamber of Mines and the Environmental Protection Agency. The government of Ghana since the mid-1980s has privatized its large-scale mining sector, attracting foreign investment for the development and expansion of large-scale gold mining and explorations activities (Hilson & Potter, 2003). Aryee, (2001) has observed that the reform of the mining sector, has produced a dramatic boom in investment flows and the national economy has been quite dependent on the sector. However, Ghana is not solely dependent on the mining sector and the contribution of other export commodities, such as cocoa and timber, is also significant. The benefits accrued to mining companies as a result of the dynamic evolution of mineral laws and policies have led to a rapid growth of Ghana's mining economy. Between 1983 and 1998, the mining industry brought approximately US\$ 4 billion in FDI to Ghana, representing more than 60% of all such investment in the country (Ghana Minerals Commission, 2000). The mining sector is credited with bringing in a significant amount of foreign exchange earnings, employment opportunities, mineral royalties, employee

income, taxes payments etc. It is remarkable that mining's contribution to GDP improved from 1.3% in 1991 to an average of about 5.2% between the years 2001-2004 (Ghana Minerals Commission, 2006). The sector's contribution to the nation's gross foreign exchange earnings has also increased gradually from 15.60% in 1986 to 46% in 1998. In clear terms, the sector created US\$ 124.4 million in 1986, and US\$793 million in 1998 (Ghana Minerals Commission, 2000). The sector continues to be one of the highest contributors to the Internal Revenue Service through the payment of mineral royalties, employee income taxes, corporate taxes and ancillary levies.

According to the Ghana Minerals Commission (2000), the sector however, has a relatively limited capacity to generate employment. This is because most of the mining companies in the country have surface mining operations which are capital-intensive with relatively low labour requirements. Employments in the minerals sector though not the best as compared to other sectors of the economy surged, at least up to the close of 1995. The total labour force of the sector rose from 15,069 in 1987 to 22,500 in 1995. Direct employment into the mining sector as at December 2004 according to figures from the Chamber stood at 10,624. Of this, expatriate staffs constituted only 1.4% and the rest were all Ghanaians. This level of employment excludes employees in exploration, contractors, mining support service companies as well as suppliers to the large-scale mining companies, not to talk about those companies not registered with the Chamber of Mines. Although the direct employment generated by the mining industry is a relatively small part of the Ghanaian labour market, it is a very important source of both direct and secondary employment in the regional areas of the main mining regions of Western, Ashanti, Eastern and Brong-Ahafo. The sector has attracted a significant number of sector support companies such as

security services, transport companies, explosive manufacturers, and mineral assay laboratories among others in these regions (Ghana Chamber of Mines, 2005).

Mineral production in the country has been on the ascendency after the reforms and this is reflective in the export earnings accrued to the state. Ghana recorded a significant growth in all mineral productions in 2005 with gold taking over from cocoa as the leading foreign exchange earner for the country (Ghana Chamber of Mines, 2005). Mineral revenue rose from 798 million dollars in 2004 to 995.2 million dollars in 2005 representing about 13% of the total collection of the Internal Revenue Service. Gold production recorded an increase of 63% with its export revenue increasing from 731.2 million dollars to 903.9 million dollars. Bauxite revenue increased from 11.9 million dollars in 2004 to 18.1 million dollars in 2005, while that of diamond rose from 26 million dollars to 34.7 million dollars. Manganese exports realised 39.1 million dollars in 2005, up from 30.2 million dollars in the previous year (Ghana Chamber of Mines, 2005).

1.9 Mining and CSR

For mining companies, CSR is the expression of a move towards greater sustainability in the industry which is the practical implementation of the goals of sustainability. CSR is a means by which companies can frame their attitudes and strategies towards its stakeholders. (Obara & Jenkins, 2006). According to Garvin, McGee, Tomic and Aubynn (2007), Mining industry has embrace CSR as the fundamental approach by which the challenges facing the industry, particularly in the areas affected by mining activities are being addressed. For Yakoveva (2005), in the mining industry, CSR transcends impact mitigation to include improvement of economic and social benefits of operation. According to an International Institute for Environment and Development (IIED) report,

cited by Amposah Tawiah and Darty Baah (2012) the mining and minerals industry is currently distrusted by many of the people it deals with on a day to day basis and has failed to convince some of its constituents and stakeholders that it has the “social license to operate” in many parts of the world.

For Ofori and Ofori (2014), financial accountability, charitable giving, community development through philanthropy and tri-sector partnerships, worker rights enhancement and environmental management are the forefront of the mining sector CSR. This relates with the observation made by Amposah - Tawiah and Darty Baah (2012) that mining firms have begun to show their responsibility to the environment and the society by adopting polices and initiative for improving their performance and also contribute to the sustainable development in the community affected by their operations. 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, and enhancing community development through the provision of education, employment and other livelihood programs.

1.10 Stakeholder Management

Organisations have embraced the need to manage relations with key stakeholders such as shareholders, customers, employees, the local community, government, the media and the general public (Lee 2007). To Freeman (1984), the phenomenon of stakeholder management involves the distribution of organizational resources in such a way as to consider the impact of such distribution on various groups within and outside the firm. For Post, Preston, & Sachs, (2002), stakeholder management embodies the development and implementation of organizational policies and practices that considers the objectives and interests of all relevant parties, all of whom are entitled considerations in managerial

decision making. To Donaldson and Preston (1995) stakeholder management recognizes the importance of active management of stakeholder interests and the utilization of various approaches including corporate social responsiveness and CSR activities. Literature reveals that, stakeholder has come to be associated with various definitions, with a comprehensive definition given by Freeman (1984) as any group or individual who can influence or is influenced during the process of accomplishing the organization's objectives'.

Preston (1990) identified four major stakeholder groups who are shareholders, employees, customer and the general public. Clarkson (1995) categorized stakeholders into primary and secondary groups within and outside the firm. Primary stakeholders (e.g. shareholders, creditors, employees, customers and suppliers) include those groups with direct and sound legal claims on organizational resources. Secondary stakeholders (e.g. dismissed workers, the natural environment, media, a wide range of special interest groups and general public) refers to those parties whose claims on organizational resources are less soundly established in law thus are entitled less protection They affect, or are affected by an organisation's actions but are not involved in direct relations with the organisation and therefore not essential for its continuance. (Lee, 2007).

1.11 Significance of the Study

According to Aaltonen (2010), more research is needed on the relationship between companies and its stakeholders. His call is on the claim that stakeholders often have the same goals; however, because of the ambiguity in CSR and the shortcomings in the relationships between these two, they often oppose each other. Therefore to increase the effectiveness of the CSR activities a higher understanding between companies and

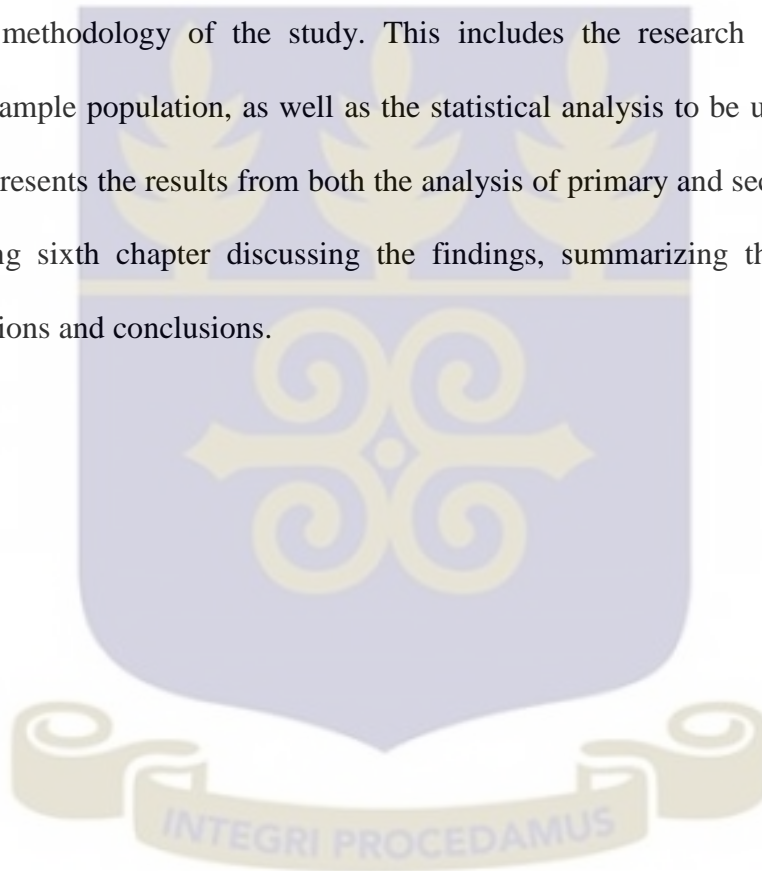
stakeholders is needed. This study will provide information to enhance understanding on how to effectively engage stakeholders in CSR activities. Also the outcome of the study will be useful to both practitioners and students. Specifically, this study will help Chirano Gold Mines LTD Ghana to know how to effectively engage and manage their stakeholders in CSR activities.

1.12 Methodology

The study adopted the qualitative research approach. The descriptive case study focused on key stakeholders of Chirano Gold Mines Ltd as the target population for the study. It included the management of CGML, leaders of the communities within which the firm operates, government and non-governmental institutions operating in these communities, etc. The non-probability methods of convenience and purposive sampling techniques were used in recruiting a total of 44 respondents for the interviews. The structured in-depth interview was adopted which captured a range of key topics that looked at the approach, the roles and perspectives of key stakeholder of CGML, opinion leaders of the various communities, local government institutions and individuals within the environs of the mining firm. The procedure involved an exploratory activity for reconnaissance visit to CGML and the mining communities. The month-long actual field study and data collection involved the appointments with various respondents with ethical consideration of confidentiality upheld. Data drawn was analyzed through careful transcription of the data and read systematically to identify emerging themes for discussion. This was done vis-à-vis the study literature.

1.13 Organization of the Study

The study was organized into six chapters consisting of the following: Chapter one deals with the general introduction of the study. It consists of background to the study, the problem statement, and objectives of the study, research questions, the significance, scope and brief methodology as well as the organization of the study. Chapter two of the study reviews relevant literature on CSR and stakeholder management in the extractive industry. Chapter three contains the information on the Ghanaian extractive industry Chapter four presents the methodology of the study. This includes the research design, sampling method and sample population, as well as the statistical analysis to be used. Chapter five of the study presents the results from both the analysis of primary and secondary data with the concluding sixth chapter discussing the findings, summarizing the results, policy recommendations and conclusions.



CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviews literature in two components. The first section reviews theoretical frameworks on which the work is grounded whilst the other section presents empirical and related works in the topic domain. The chapter also highlights definition of some key terms.

2.1 Theoretical Framework

This section reviews some relevant and dominant theories in the context of stakeholder management and its practices with CSR. It includes the Carroll CSR Pyramid, the stakeholder theory, the legitimacy and the social contract theories.

2.1.1 Carroll's CSR Pyramid (Carroll, 1979)

Carroll (1979) argued that for CSR to entirely address and fulfill the full range of obligations business has towards society, it must go beyond the commandments of the law. It must further embody the economic, legal, ethical and discretionary dimensions of business practices. Carroll (1991) later posits that these categories could be represented as a pyramid. In this milieu, he underscored that, a firm or a business entity is regarded as socially responsible if it is not only profitable, obeys the law, but essentially engages in ethical behavior and gives back to society through philanthropic activities (Carroll, 1998). In essence, Hemphill (2004) summarizes these four components of CSR as endeavoring to make economic gains, obeying the law, being ethical and determining to be a good corporate citizen in its relationship with diverse constituents of stakeholders. According to

Weber (2008), whereas economic and legal responsibilities are socially required, ethical responsibilities are socially expected whilst philanthropic responsibilities are socially desired.

According to Burton and Goldsby (2008), this framework of Carroll remains very popular within the CSR literature and has been applied by a number of researchers including Wartick and Cochran, (1985); Wood, (1991); Aupperle, Carroll and Hatfield (1985) and Clarkson, 1995). According to Carroll (2004), economic responsibility of the firm is the bedrock for businesses, which Schiebel and Pochtrager (2003) admit represents its fundamental responsibility; hence the dimension is placed at the bottom of the pyramid. However, Hutton, D'Antonio and Johnsen (1998) as well as Windsor (2001) emphasized that in the absence economic performance, other responsibilities cannot be achieved. To these scholars, the laws of society mainly spell the most objective and readily accessible mechanism that differentiates acceptable from unacceptable behaviours, hence legal responsibilities for instance require that a firm must be able to abide by the laws of society. Wokutch and Spencer (1987) opined that this is done by clarifying such activities which are seen as inappropriate and infringe upon societal morally acceptable values, norms and standards of behavior.

According to Carroll (1991), ethical obligations embrace such activities and practices expected or frowned upon by society even though they are not codified into law. Such duties demand businesses to adhere to moral standards which define appropriate and desirable behaviors in society. They may include such practices of acting in a morally acceptable manner; conducts that are right, just and fair; respecting the moral rights of people; evading harm and other social injuries as well as averting harm caused by other

third parties. A firm's discretionary responsibilities on the other hand entail voluntary social investments, including activities such as philanthropic and humanitarian contributions. To Maignan and Ferrell (2000), these activities are voluntary, directed by the desire of the business to engage in non-mandatory social activities, which are not essentially required by law and are largely expected of business. They entail such deeds as provision of day care centers for working mothers, and other charitable donations, establishment of ICT centers, schools and health centers, etc.

Notwithstanding the above, Schwartz and Carroll (2003) argue that although there is considerable value in Carroll's model, there are some limitations. According to these researchers, the pyramid suggests a hierarchy hence could be misunderstood. For instance, the philanthropic dimension at the apex of the pyramid could be seen as the most important and highly valued category that organisations should aim at. According to Thorne, Ferrell and Ferrell (1993), as in the case of Maslow's hierarchy of needs, many scholars assumed a natural progression from economic to philanthropic responsibilities, when the pyramid was first introduced. Carroll (1991) however stated that the four categories are neither mutually exclusive, nor are they projected to portray a continuum with economic concerns at one end and social concerns on the other. Schwartz and Carroll (2003) later embodied the categories of CSR with the use of a Venn diagram to clearly illustrate these dimensions. This, they called 'The Three-Domain Model (TDM) of Corporate Social Responsibility'. The TDM does not contain a philanthropic and discretionary category of CSR. In the light of Schwartz and Carroll (2003), this category is confusing and perhaps unnecessary. Carroll (1979) acknowledges that such activities are fundamentally steered by business discretion hence may be erroneous and misleading (Carroll & Buchholtz, 2000) to call such activities *responsibilities*. This although, has been

described as the least graded of all social responsibilities (Aupperle et al, 1985), Godfrey (2005) emphasized that they exemplify a discretionary expression of CSR that varies in kind from the mandatory conformance with economic, legal and ethical components of CSR.

Extending the argument and believing that philanthropy is not a legitimate concern for business Lantos, (2001&2002) later appraised the morality of altruistic CSR along the major ethical perspectives of utilitarianism, rights, justice and care. He concludes that such an activity is depraved and immoral for publicly held businesses (Lantos, 2002). In the same vein, Drucker (1989) earlier argued that entities act irresponsibly if they extend that which is required to do their job, whether involving the production of goods, advancing learning or taking care of the sick and destitute. According to Friedman (1970), such corporate expenditure is illegal, irresponsible and tantamount to stealing shareholder funds. According to Galbreath (2006), while Carroll's (1979) framework described what the responsibilities of a firm could be, Freeman's (1984) helped more precisely define whom the firm is mainly responsible. To this end, this study seeks to understand not only how Chirano Gold Mines Ltd manages its stakeholder obligations but how essentially the firm prioritizes its stakeholder dimensions. From this theme, the stakeholder theory gained prominence in the 1990s and continues as a dominant area of study in Corporate Social Responsibility (Wang, 2008; Vaaland, Heide & Gronhaug, 2008).

2.1.2 The stakeholder theory

Generally credited with popularizing the stakeholder concept in the mid-1980s, Freeman (1984), building on the process work of other researchers including Ian Mitroff, Richard Mason and James Emshoff, examined the view of the stakeholder concept from the

perspective of the company. The overall conception of the stakeholder concept is the understanding of the organization as a system of different components with varied interests regarding what the organization should be and how it should function. Friedman and Miles (2006) state that the organization should be conceived as an assemblage of stakeholders and the aim of the organization and management should be directed towards managing their needs, desires and viewpoints. Again, Friedman noted that management of the firm should not only promote the benefit of its stakeholders in ensuring that their rights and participation in decision making but also act as the stockholders' agent to ensure and safeguard the survival and long term stakes of the firm and each group.

Growing out of management practice, it is generally important to note that the stakeholder approach has become so popular during the past few years. The pre- and post-Freeman (1984) emphasize the idea of stakeholder, or stakeholder management or stakeholder approach to strategic management, suggesting that managers ought to articulate and implement processes and activities that satisfy all and only those groups who have a stake in the business (Freeman, 1984). The core of this process is to manage and integrate the relationships and interests of shareholders, employees, customers, suppliers, communities and other relevant groups in a manner that ensures and guarantees the long-term success of the firm. The stakeholder approach is very much concerned about active management of the business environment, the relationships and the promotion of shared and mutual interests in developing successful business strategies.

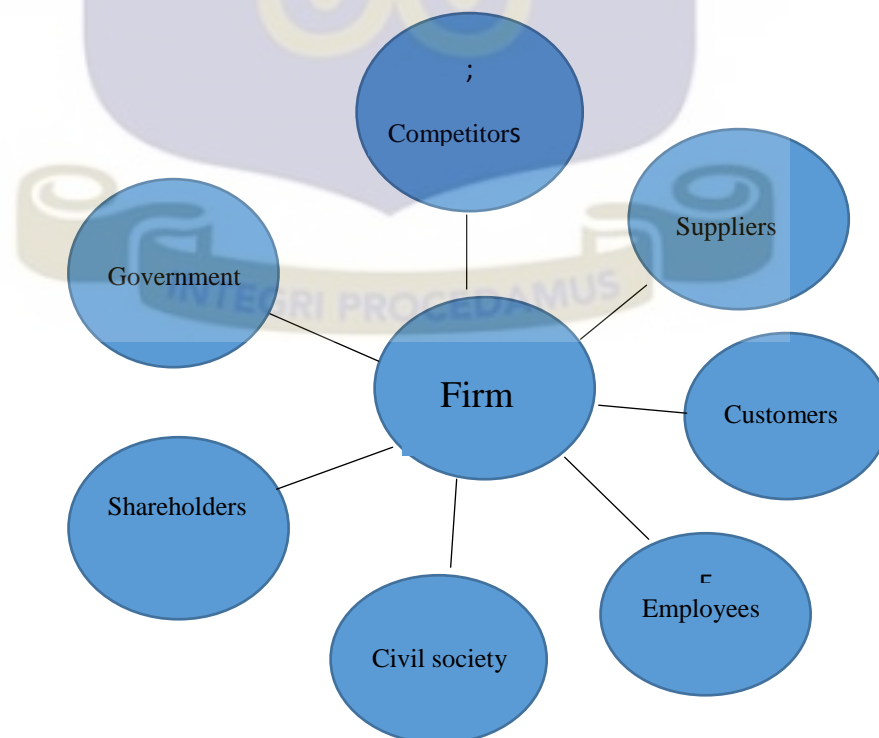
The normative stakeholder theory explains all the thoughts and principles of the stakeholder concept. The normative stakeholder theory contains theories of how firm management or stakeholders should act and conceptualized the organization, based on

some ethical standards (Friedman & Miles, 2006). The descriptive stakeholder theory is another approach to the stakeholder concept. This theory is concerned with how both stakeholders and managers essentially behave and the outlook with which they examine their roles and responsibilities. The instrumental stakeholder theory on the other hand deals with how directors and managers should act if they wish to pursue and promote their own interests. According to Fontaine, et al (2006), some aspect of the literature conceived the own interest as the desires of the organization, which is mainly to maximize profit or to improve shareholder value. This means if stakeholders are treated in line with the stakeholder concept, the organization stands to be more successful in the long run.

In this vein, it is suggested that the interests of one player should not dominate others, but Gioia (1999) emphasized that pragmatism is required in the corporate world hence the need for corporate management of responding to leading firm owners is predominantly common. Rowley and Moldoveanu (2003) note that within any general spectrum of firm owners, individual stakeholders can collaborate or join forces to form powerful groups including environmental activists groups, employee unions, etc. Whilst believing the formation of these groups is premised on having a common interest and identity, there is the possibility of these worthy groups initiating moves to influence firm's function as a result of dissatisfaction. In addition, Rowley and his colleague (2003) also highlight a network view suggesting mutual and shared interest in contrast to the view of the firm and the stakeholder being divergent entities. Greenley, Hooley, Broderick, and Rudd (2004) established that the ostensible distinction in the relative importance to the business of every stakeholder is linked to differing corporate strategic planning emphasis, and that understanding of considering several stakeholders results in the preference and allotment of resources in serving the needs of these various primary stakeholders.

Stakeholder management has developed to become one of the largest domains within CSR in the last couple of decades. Gjerdrum, (2011) underscored that even though the stakeholder approach is only one of the many different perspectives on CSR and albeit the fact that basic stakeholder research has had little to do with CSR, this dimension has developed to become one of the most essential and famous perspectives on CSR. Just as Gjerdrum explains the stakeholder approach to CSR through three facets, it is noteworthy to firstly recognize that the Chirano Gold Mines Ltd has manifold relations with diverse stakeholders hence the firm is a component of the system of a wider stakeholders. Secondly, Chirano Gold Mines Ltd also has societal obligations toward all these many other stakeholders as explained in any stakeholder models. Finally Gjerdrum (2011) argues that a stakeholder approach to CSR includes a high level of relationship not only among the stakeholders but between Chirano Gold and the many stakeholder players.

Figure 2.1: The Stakeholder Model



Adapted from (Helmer and Stahl, 2009)

Criticism Against the stakeholder theory

The stakeholder theory has attracted varied criticism from a number of researchers. For example, according to (Jenson 2000; Marcoux 2000 and Sternberg 2000) the theory provides no specific objective function for businesses and managers. Jenson (2000) observes that the theory cannot satisfactorily provide corporation with precise objective function since the balancing of stakeholder interests abandons an objective basis for evaluating business actions. However, according to Mele (2008), this is not a strong objection because stakeholder theory is not against shareholders. Also, Sternberg (2000) observed that stakeholder theory effectively erodes business accountability and also create an excuse for managerial opportunism. This is because according to him, any corporation that attempts to meet the needs of all stakeholders cannot be accountable to anyone. He further claimed that this theory gives corporate management ability to justify egotistic behaviours by appealing to the interests of those stakeholders who benefit. Sternberg's position on managerial opportunism was challenged by Freeman (1998) who claim that managerial opportunism is problematic, but it is not a problem for stakeholder theory than the alternatives.

Then again, Marcoux (2000) added that stakeholder theory seems more likely to focus on the distribution of final outputs. Yet, this argument has been rebutted by Freeman (1998). They replied that “stakeholder theory is concerned with who has input in decision-making as well as with who benefits from the outcomes of such decision. Procedure is as important to stakeholder theory as the final distribution” (Freeman (1998)). Furthermore, a number of researchers have argued that the stakeholder's theory makes room for vagueness and ambiguity. For example Fassin, (2009) observed that, there are some fundamental inconsistencies between some definitions and the graphical representation of

the stakeholder model. Hall and Vredenburg (2005) agree with Fassin, (2009) and allude that stakeholder ambiguity is difficult to manage because it is idiosyncratic and context-specific. Again, Key (1999) also subscribes to the vagueness and ambiguity in the Stakeholder theory and adds that it has no solid basis in either the economic theory of the corporation or traditional ethical theories. Furthermore, Waxenberger and Spence (2003) argue that the theory offers no clear definitions of various stakeholders. This, they claim is evidenced by lack of clarity and consistency in the definition of a stakeholder, and indeed of a stake. Fassin (2009) points out the inherent flexibility of stakeholder theory. Mitchell et al., (1997) questioned how managers can or should recognize and respond effectively to people, groups, institutions, organizations, societies and even the natural environment in a way that does justice to their abilities.

Notwithstanding these weaknesses, the stakeholder theory has proved useful to businesses and managers. According to Mele (2008), the stakeholder's theory maximises shareholder value by taking into consideration stakeholder rights and their legitimate interests. He adds that the theory is not a mere ethical theory disconnected from business management, but a managerial theory related to business success and the fact the theory shows how business works at its best, and how it could work. Fassin (2009) indicates that the theory is descriptive, prescriptive, and instrumental at the same time. Stakeholder theory superseded the conceptual vagueness of CSR by addressing concrete interests and practices and visualizing specific responsibilities to specific groups of people affected by business activity (Clarkson, 1995). Irrespective of these diverse discussion on stakeholder theory, it offers a theoretically and practically useful framework for studying and evaluating CSR and stakeholder management which correlates with the needs of this study.

2.1.3 Social Contract Theory

According to Gray, Owen and Adams (1996), the society is described as having a series of social contracts between members of society and the society itself. In the setting of CSR, it is about how the society indirectly expect businesses to operate not because of its commercial interest, but because that is how the society deems appropriate.

Donaldson and Dunfee (1999) developed Integrated Social Contracts Theory as a way for managers to take decisions in an ethical context. They differentiate between macrosocial contracts and microsocial contracts. According to them, a macrosocial contract in the context of communities, for example, would be an expectation that business provide some support to its local community and the specific form of involvement however is the microsocial contract. Hence companies who adopt a view of social contracts would describe their involvement as part of 'societal expectation' – however, whilst this could explain the initial motivation, it might not explain the totality of their involvement. One of the commercial benefits that was identified in the Australian study (CCPA, 2000) was described as 'licence to operate' – particularly for natural resource firms. This might be regarded as part of the commercial benefit of enhanced reputation, but also links to gaining and maintaining legitimacy (Suchman, 1995). In the context of this case study, how the society implicitly expects Chirano Gold Mines Ltd to operate is its social contract. The society's expectation in the form of construction of school for example, for the community is a macro social contract but involving members of the community in the form of labour in the construction is its micro social contract.

2.1.4 Legitimacy Theory

Legitimacy theory is derived from the concept of organisational legitimacy which is defined as a condition or status which exists when an entity's value system is congruent with the value system of the larger social system of which the entity is a part. When a disparity, actual or potential, exists between the two value systems, there is a threat to the entity's legitimacy (Dowling & Pfeffer, 1975). It recognises the fact that an organisation has many alternative uses for its resources. According to Deegan (2000) Legitimacy theory postulates that organisations are continually seeking to ensure that they operate within the bounds and norms of their respective societies. Suchman (1995) argued that legitimacy management hinges strongly on communication and as such, any business corporation desiring to engage in legitimacy theory must take in consideration some form of corporate communication.

According to Haron, Ismail and Yahya, (2007) society plays a huge role in evaluating the usefulness and legitimacy of a corporation's activities. This is because, according to them Legitimacy theory is based upon the notion that business corporation operates in society through a social contract where it agrees to perform various socially desired actions in return for approval of its objectives and its ultimate survival. Freeman (1998) claimed financial performance was previously perceived to be the best measurement of an organisation's legitimacy, community now expects business corporations to make provision from their profits to spend on the environmental issues, employees' welfare, and consumers' safety and to the community where businesses are operating. The notion of this theory implies that if the business corporation does not appear to operate within the bound of consideration to the public which is considered appropriate by society, then society may act to remove the corporation's rights to continue operations (Haron, Ismail &

Yahya, 2007). Another purpose of CSR under legitimacy theory is to co-opt, neutralise or win over problematic actors in the political environment and to preserve corporate autonomy by establishing private initiatives as an alternative to the interference of government. Therefore, corporations may practice philanthropy to gain power and legitimacy.

According to Lindblom (1993), an organisations may adopt any of these strategies when faced with a threat to their legitimacy or a perceived legitimacy gap. A legitimacy gap occurs when corporate performance does not match the expectations of relevant publics or stakeholders. These strategies includes seeking to educate its stakeholders about the organisation's intentions to improve that performance, seeking to change the organisation's perceptions of the event (but without changing the organisation's actual performance), divert attention away from the issue of concern and seeking to change external expectations about its performance. Chirano's Legitimacy is continually seeking to ensure that it operate within the bounds and norms of its society. Chirano has to ensure that its value system is in congruent with the value system of the larger social system of which Chirano is a part. When a disparity exists between the two value systems, there is a threat to Chirano's legitimacy.

2.2 Definition of concepts

2.2.1 Corporate Social Responsibility

The concept of CSR has being explored but it appears that there is no consensus on its definition. The challenge for an acceptable conceptualization is the generic nature and scope of the concept (Idemudia, 2008 & Gulyas, 2009). As a result researchers are yet to find a universally accepted definition of CSR (Weber, 2008 & Turker, 2009). The

situation generally suggests that CSR currently is defined differently to fit specific environments and periods (Griffin, 2000). This study therefore explores three different generations of definitions for CSR: earlier definitions- before 1991, mid definitions between 1991 and 2010 and most recent definitions from 2011 onwards.

Researchers before 1991 conceptualized the concept of CSR as a social phenomenon of businesses. Here, their orientation of CSR revolved around societal expectations of businesses. Davis (1973) for example defined the orientation of CSR as the responsibility of decision-makers, to take actions that will not only meet their own needs and interests, but to also safeguard the protection and enhancement of public wealth. In line with this definition, Carrol (1979) argued that social responsibility encompasses the economic, legal, ethical and discretionary expectations that a society has of organizations at a given point in time. In 1983, Carrol took a broader outlook of the concept by defining CSR as “the conduct of a business so that it is economically profitable, law abiding, ethical and socially supportive” (p. 608). In support with all the researchers above, Frederick (1986) postulated that the fundamental idea of corporate social responsibility is that a business organization has an obligation to contribute to social betterment.

After more than a decade, the focus of researchers on CSR tended to center predominately on the society’s expectation of businesses broaden to include other elements CSR. For example, Wood (1991) expanded the ideas of CSR by encapsulating them into three driving principles of social responsibilities. He identified these principles as: business being a social institution, business being responsible for the outcomes relating to their areas of involvement with society, and individual managers being moral agents who are obliged to exercise discretion in decision making. The basis of Wood’s assertion was

based on the fact that business and society are interwoven rather than distinct entities. Again, the World Business Council for Sustainable Development in support of this proposes a definition for CSR as 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 the local community (WBCSD, 1999).

Steiner and Steiner (2000) observed that social responsibility is the duty a corporation has to create wealth by using means that avoid harm, to protect, or enhance societal assets. McWilliams and Siegel (2001) also join the debate and describes CSR as actions that appear to further some social good beyond the interest of the firm and which are required by law. Pearce and Doh (2005) describe CSR as the actions of a company to benefit society beyond the requirements of the law and the direct interests of shareholders. The European commission (2001) remarked that CSR is a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment. The central theme of these definitions is the focus on the environment, creating shareholders value and contributing to economic development. The rationale behind this shift in attention could be attributed to new level appreciation of the concept of CSR as well as the realization that perhaps the concept transcends societal expectations.

From 2011, the definition of CSR tends to include the concept of stakeholders and the crucial roles they play in the process of CSR. For example According to Hopkins (2011), Corporate Social Responsibility is concerned with treating the stakeholders of a company or institution ethically or in a responsible manner. The European Commission (2012) also subscribes to the current trend of CSR definitions and defines CSR as a concept and a practice where companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. According

to Amponsah-Tawiah and Dartey-Baah (2013), CSR is the strategic decision of an organisation to voluntarily and deliberately act upon the social factors that have the potential of militating against the fulfillment of corporate goals. Moreover, Ofori, Nyuur and S-Darko (2014) agree to the stakeholder dimension of CSR and observe that the concept is now being perceived as satisfying the needs of both firms and the stakeholder, and thus maximizing profits while still meeting wider stakeholder demands. This study therefore considers CSR as a process concerned with integrating all relevant stakeholders in acting upon the social, legal, ethical and economic objectives of a business.

2.2.2 Who is a stakeholder?

The term stakeholder has been widely examined in the corporate and academic literature. Researchers before the dawn of the 1990s, Stanford (1963) for example defined stakeholders as those groups without whose support the organization would cease to exist (cited in Freeman 1984). According to most cited definition of Freeman (1984) however, a stakeholder is defined as any group or individual who can affect or is affected by the achievement of the organization's objectives. Here, both Stanford and Freeman definitions focused on the power of a stakeholder, the fact that a stakeholder wields some form of power over an organisation. Then again, according to Cornell and Shapiro (1987), stakeholders are Claimants who have contracts, Alkhafaji (1989) also defines stakeholders as groups to whom the corporation is responsible. Here again, Cornell and Shapiro and Alkhafaji emphasized on the legitimacy of a stakeholder's relationship with an organisation. Between 1991 and 2000, diverse definitions of CSR arose. Here their emphasis was the fact there exist a relationship between a stakeholder and a business, a stakeholder having a stake in an organisation, a stakeholders being claimant or influencer and others having legitimacy. For example Smith (1990) define stakeholders as groups in

relationship with an organization while, Donaldson and Preston (1995) posit that stakeholders are those who identify through the actual or potential harms and benefits that they experience or anticipate experiencing as a result of the firm's actions or inactions. Brenner, (1995) define a stakeholder as one who could impact or be impacted by the firm/organization. Again, Carroll and Bushholtz (2000) explained that a stakeholder is an individual or a group that has one or more of the various kinds of stakes in a business.

Researchers after 2000 seem to center their definitions on the fact that organizations affect the stakeholders and vice versa or have mutual relationships where the actions of each group affects the other. For example, According to Post, Lawrence, and Weber (2002) stakeholders are individuals and groups that are affected by an organization's policies, procedures, and actions. Freeman, Wicks, and Parmar, (2004) define a stakeholder as those groups who are vital to the survival and success of the organization. O'Riordan and Fairbrass (2008) also define a stakeholder as individuals or groups whose actions affect and be affected by the activities of a firm. Stakeholders are diverse and could range from the public, shareholders, employees, customers, suppliers, creditors, investors, competitors, other business partners, the media, government and local community. The WBCSD (2002) provided a list of entities that supposedly qualify as stakeholders. They include employees, customers, suppliers, governments and their agencies, the public, NGOs, investors and lenders. Also, Mitchell, Agle and Wood (1997) two decades ago argue that apart from customers, suppliers, competitors, government agencies/administrators, local communities/governments, activist groups and unions, persons, groups, neighborhoods, organizations, institutions, societies, and even the natural environment are generally thought to qualify as actual or potential stakeholders. For the purpose of this research, a stakeholder is any individual or group that has a mutual

relationship with Chirano Gold Mines Ltd, with the right to influence and be influenced by the company and whose actions or inactions can be threatening to the survival of the company.

According to Clarkson (1995), stakeholders can be categorized into primary and secondary groups within and off the components of the firm. Primary stakeholders (e.g. shareholders, creditors, employees, customers and suppliers) include those groups with direct and sound legal rights on organizational resources. Clarkson admits that if any of the primary stakeholders becomes dissatisfied with and withdraws from the corporate system, the corporation cannot thrive. Secondary stakeholders (e.g. dismissed workers, the natural environment, media, a wide range of special interest groups and general public) refers to those parties whose claims on organizational resources are less soundly established in law, thus are entitled less protection, or are based on non-binding criteria such as an ethical obligation or community loyalty (Garriga & Mele, 2004). Lee (2007) asserts that secondary stakeholders affect, or are affected by the corporation's actions but are not engaged in direct transactions with the corporation and is not essential for its continuance. To Garriga and Mele (2004), the corporate stakeholder examination encompasses the corporate planning model to include external influences on the firm. The management's role includes public corporate planning and business policy making through the political negotiation processes among major stakeholders. This concept contrasts with decision making in strict accordance with economic rationality directed at maximizing profit for only primary stakeholders. In recent times, the groups of relevant stakeholders have come to include NGOs, activists, communities, governments, media and other institutional forces who increasingly voice the demand of what they consider to be responsible corporate practices from corporations (Garriga & Mele, 2004).

2.3 Stakeholders of the mining industry

All companies and corporations in manufacturing, production, mining, service, etc., have multitude of stakeholders. Carroll and Buchholtz (2003) noted that these constituents are with interest or share in the organization and its operations. Just as other authors, Post et al (2002) distinguished between the primary and the secondary stakeholders. In general, the primary stakeholders are those with direct interest in the organization. They include the owners and shareholders of the firm, the employees, the customers, the business partners, the communities, the natural environment as well as the future generations.

In contrast, secondary stakeholders are public or distinct concerned groups that may not have a direct stake in the organization but are invariably affected by its operations. It consists of the government and its agencies, the regulatory bodies, trade and industry groups, the media and other specialized interest and pressure groups as well as competitors. According to Post et al (2002), whereas some stakeholders may not have specified legal rights, yet could be endowed with moral obligations related to the operations of the firm, others notably employees and shareholders normally have rights and expectations with regard to the activities of the organization. An environmental group (EPA) and the media for instance may not have a legitimate right in the exploitation and mining of gold resources, they are obliged to interrogate the firm's environmental policies and call for the development of environmentally healthy and friendly policies. In a free-market economies for example, governmental agencies and regulatory bodies do play essential role in ensuring that organizations meet their responsibilities to their primary stakeholder groups. Finally, an organization's competing firms consider secondary stakeholders are visibly affected by organizational actions hence it is argued that organizations including firms in the mining industry have a social responsibility to

compete in the marketplace in a manner consistent with the regulations as well as the best practices of their industry, so that all competitors will have a fair ground to compete.

According to Zakhem (2008), the overall stakeholder groups of transnational corporations comprise tens of groups such as employees, consumers, shareholders, board members, suppliers, buyers, industry chambers, business clubs, trade unions, distributors, government officials, consultants, insurance companies, media, local communities, opinion-makers, the church, vulnerable groups, NGOs and civil society. For the purpose of this study, our stakeholders will be the primary and secondary stakeholders of Chirano Gold Mines Ltd.

2.4 CSR and Stakeholder Management

For an organization to get the best out of Corporate Social Responsibility, the role of the stakeholder must not be undermined. According to Drienikova and Sakal (2012), stakeholder management involves the administration of the relationship between business and its stakeholders. They observed that mutual relations between the company and its stakeholders may occur in either a positive or negative way. Organizations owe a duty to themselves and their diverse constituents to manage relationships with their stakeholders so as to minimize their negative influences and to be ensured that they won't be the brakes in achieving the objectives of individuals and company. Stakeholder management, according to Drienikova and Sakal (2012) essentially dictate that the company should be in constant contact and interaction with a multiplicity of significant groups and encourage and uphold support of these groups, noting and harmonizing their respective relevant interests.

Like the very concept of CSR, stakeholder management is based on voluntary basis. In their view, Drienikova and Sakal (2012) noted that experience has confirmed that stakeholder management aids as a voluntary fundamental tool in attaining economic success of business efficiency and sustainable development over the long-time interval. Within the framework of corporate social responsibility issue, Drienikova and his colleague assert that the stakeholder management can be viewed from two basic perspectives: the stakeholders' identification and analysis of the impact of their interests and the process of engaging stakeholders (stakeholder engagement). A central part of stakeholder management in CSR activities is also the dialogue and negotiation with stakeholders. Stakeholder dialogue enhances mutual understanding between business and individual stakeholders.

Lee (2007) agrees with the stance of Drienikova and Sakal on stakeholder management and asserts that practitioners now understand the implications of managing relations with key stakeholders such as shareholders, customers, employees, the local community, government, the media and the general public globally within the corporate world. According to Freeman (1984), stakeholder management encompasses the distribution of organizational resources in such a way as to consider the impact of such supply on various groups both within and outside the firm. Post et al (2002) subscribe to Freeman's claim on stakeholder management and confirms that stakeholder management means the development and implementation of organizational policies and practices that consider the objectives and interests of all relevant parties, all of whom are entitled to consideration in strategic managerial decision making.

The doctrine of stakeholder management pushes management to aim at outcomes that optimize the performance for and balance the conflicting demands of all involved stakeholders rather than maximize the results for one stakeholder group. One of the primary objectives of the firm is to maintain the capability to balance the interests of different stakeholders in the firm. According to Wood (1991), social responsiveness of an organization is based, in part, on the ability to meet the needs of the stakeholders. Wood's assertion is in congruence with that of Donaldson and Preston (1995), who believe that stakeholder management essentially places importance on the active management of stakeholder interests and utilizes various approaches including corporate social responsiveness and CSR activities.

2.5 Stakeholder attributes and salience

In their frequently cited article, Mitchell et al. (1997) went beyond just identifying the stakeholders. They tried to compose a model which could explain how companies prioritize among different stakeholders, which consist of several different classes, whom could be divided by determining three attributes which the stakeholders possess. These three attributes are power, legitimacy and urgency. With the help of these attributes a firm could identify to which stakeholders the firm should pay its attention to. In summary, Mitchell et al. (1997) claimed that stakeholders can be identified by their possession or attributed possession of one, two, or all three of the following attributes:

- 1) The stakeholder's *power* to influence the firm- Power is the ability of stakeholders to influence the firm (Parent & Deephouse, 2007).
- 2) The *legitimacy* of the stakeholder's relationship with the firm- A legitimate stakeholder is one whose actions and claims are seen as appropriate, proper, and desirable in the context of the social system (Suchman, 1995; Parent & Deephouse, 2007), and
- (3) The *urgency* of the stakeholder's claim on the

firm- urgency is the degree to which a stakeholder claims for immediate action Mitchell et al. (1997).

Managers perception of these key attributes affect their salience. Stakeholders' salience is the degree to which managers give priority to competing claims (Mitchell, Agle & Wood, 1997). Indeed, Agle, Mitchell, and Sonnenfeld (1999) and Griesse (2006) subscribe to the assertion of Mitchell and his colleagues but added that it may be unrealistic for firms to appease all categories of stakeholder groups hence managers need to identify and prioritize according to the power, legitimacy and urgency of a given stakeholder's claim to determine their salience.

2.6 Relevance of involving stakeholders in CSR projects

A number of researchers have examined the relevance of engaging stakeholder in CSR projects. Donaldson and Preston (1995) maintained that involving stakeholder in CSR projects creates value for every connection between the company and its stakeholders. Gallagher (2005) and Rodriguez-Melo and Mansouri (2011) argue that by recognizing the importance of stakeholders and subsequently engaging them in CSR projects would have an advantage since the company would invest in shock absorbers better built to contain the possible external pressures and future changes in legislation obtained from the society. However, Suchman, (1995) also argues that a stakeholder approach to CSR includes a high level of interaction between the firm and the different stakeholders, where all players participate and gain advantages out of a good relationship. Fassin (2009) agrees with Suchman, (1995) and adds that by identifying and engaging stakeholders in addition to all those parties that have a direct stake in the business such as employees and customers, pressure and environmental groups, regulators and the like, can strengthen the relationship

between the firm and its diverse constituents because these categories are deemed to better reflect the different activities of each group and allow for more effective stakeholder management. Stakeholder management serves as a voluntary key in achieving economic success of business efficiency and sustainable development over the long-time interval (Drienikova & Sakal, 2012).

According to Delmas and Toffel (2004), firms whose outputs have an environmental impact operate in a hostile environment and engaging a range of stakeholders in CSR and strategic development will help leverage both coercive and normative pressures from a range of institutions including government, customers, community and environmental groups as well as the industry. Kemp (2010) highlights the need for mining companies to adopt a strategic approach to community relations which extends beyond a public relations focus, primarily concerned with managing corporate reputation, to a more inclusive approach that recognizes even the less empowered groups in the community and involves ongoing engagement. A key aspect in implementing CSR is identifying key stakeholders. Stakeholder engagement is necessary to achieve corporate social responsibility objectives and a key task for business is to identify to whom they are responsible and how far that responsibility extends (O'Riordan & Fairbrass, 2008).

Sangle (2010) observed that involving stakeholders in CSR projects leads to effective stakeholder management which has been found to be a key success factor in implementing CSR activities. In addition, it is important to point out that involving stakeholders in CSR projects helps gain support from one's stakeholders such as customers and investors (Bansal & Roth 2000; Smith, 2009). Humphreys (2000) earlier concedes that engaging stakeholders in CSR projects provides companies with mechanisms through which to

manage their relationships with key stakeholder groups and to protect their business interests. Humphrey further argued that involving stakeholders in the mining companies CSR integrates the community relation and development (CRD) function into core business and shows direct representation of their commitment to sustainable development.

Table 2.1: Summary of researchers' views on relevance involving stakeholder in CSR activities.

RESEARCHERS	RELEVANCE OF INVOLVING STAKEHOLDERS IN CSR
Rodriguez-Melo & Mansouri (2011)	Enhances competitive advantage.
Kemp (2010)	Helps manage corporate reputation.
O'Riordan & Fairbrass (2008)	Helps to achieve CSR objectives.
O'Riordan & Fairbrass (2008)	Helps business identify whom they responsible and how far the Responsibility extends
Sangle (2010)	Found to be a key success factor in implementing CSR.
Bansal & Roth 2000, Smith (2009)	Helps gain support from stakeholders such as customers and investors.
Gallagher (2005)	Helps invest in shock absorbers better built to contain the possible external pressures.
Humphreys (2000)	Helps to manage business relationship with key stakeholder groups and protect their business interests.
Donaldson & Preston (1995)	Create value and connection between the company and its stakeholders.
Drienikova & Sakal (2012)	Tool for managing business efficiency and sustainable development over the long-time interval
Delmas & Toffel (2004)	Helps leverage both coercive and normative pressures from a range of institutions.

Source: Author's Compilation

2.7 Motivations for CSR

According to Curran (2005), in recent years more and more companies have been proclaiming themselves socially responsible, opting into CSR schemes, labelling

themselves with the term CSR and publishing CSR reports. There could be a variety of motivations for corporations to voluntarily undertake CSR programmes. A review on literature has identified several motivations behind CSR practices among business corporations. Culture has been found to be an influential motivation for corporation to engage in Social activities (Davis 1973). He claimed that businesses are operating under a set of cultural constraints in the same way that any other person in society does and such, any changes in society's culture and norms will change business behavior. Also in a study, Mackiewicz (1993) found that nine out of ten consumers used CSR reputation of an organisation in order to decide which product and services they will patronize. In some cases, customers are willing to keenly support socially responsible organisations and disseminate positive information about these companies to others. Research by Moon and Vogel, (2008) also indicated that companies that engage in socially responsible behaviours are well positioned to balance government's regulation. From business perspective, new regulation is costly and limits its flexibility in decision-making. Business corporations prefer to find solution to community problem by initiating their own policies, so that they can avoid government interference and legislation.

A number of studies indicate that CSR initiatives in various forms are positively related to customer loyalty and brand name (Kroll, 1996; Miller 2002). According to Doukakis, Kapardis and Katsioloude (2005), business corporations with social responsibilities activities, can experience a greater competitive advantage as opposed to its competitors who do not engage in any of such socially responsible activities. Furthermore, Acuff (2005) has observed that social responsibility effort can produce enrichment marketing, where well-being of consumers is enriched, leading to favourable goodwill towards the company. Another motivation is that socially responsible organisations are capable to

retain high quality employees and attract superior job applicants (Barnett and Vaicys, 2000). Moreover, Aguilera, Rupp, Williams and Ganapathi (2007) claimed that employees' perception of firms' social policies will impact their preparedness to participate in, contribute to and initiate social change initiatives. The study conducted by Ramus and Steger (2000) revealed that when employees perceive their organisation is committed to pursue environmental protection, they are more likely to produce ideas to improve company's environmental policies.

Table 2.2: Summary of motivation for engaging in CSR from different researchers.

RESEARCHERS	MOTIVATION FOR CSR
Davis (1973)	To align with the society's cultural norms.
Mackiewicz (1993)	To create and sustain customer loyalty.
Krol, (1996)	To gain brand name reputation
Barnett & Vaicys, (2000)	Helps retain high quality employees and attract superior job applicants
Miller (2002)	To gain brand name reputation
Doukakis et al.(2005)	To gain competitive advantage
Acuff (2005)	To create positive corporate image
Moon & Vogel, (2008)	To balance government's regulation

Adapted from (Muwazir, 2011)

2.8 Empirical Evidence from Related Studies

2.8.1 Stakeholder approach to CSR

Exploring the mining sector CSR behavior, Ofori and Ofori (2014) analyzed the roles and views of some key stakeholders about community focused CSR in the mining industry. The criterion-based qualitative study examined the firm's community-based CSR initiatives and the extent of stakeholder participation through the process. All the firms were observed to have launched community development projects implemented through

tri-sector partnerships. Among others, the study concludes that the effective implementation of international voluntary initiatives, government initiatives and regulations, collaboration and partnership of programmes amongst companies as well as the consolidation of partnerships will enhance CSR focused on improving the livelihood of communities.

In a study to explore the responsiveness of miner's corporate social responsibility to stakeholders, Trebeck (2008) revealed that the more communities influence corporate operating parameters, the more persuasive their demands in the eyes of management. The mixed method approach fashioned that in corporate response to social expectations, there are three relevant factors including expectations of corporate behavior, a shift in how communities articulate their expectations and increased stakeholder capacity to affect corporate operations. Trebeck further recorded that company response is in turn determined by many circumstances including culture and market pressures, hence the link to financial bottom line. The study discussed the primacy of commercial interest in CSR and highlights that unless a business benefits from its established responsiveness, organizations may deploy efforts and resources elsewhere.

Using a case study of two multinational mining companies operating in the Western Region of Ghana, West Africa, Obara and Jenkins (2008) examined the community development approaches of large scale mining companies, with particular reference to how they may engender community dependency. The study revealed that mining companies must prove that resources are being used effectively and that community initiatives positively contribute to sustainable development. The study further discovered that highly mechanized nature of the mining industry means that companies cannot

guarantee employment for local communities and for this reason mining companies need to find other means to ‘add value’ to communities and put in place a long-term multiplier effect, through their CSR initiatives. This study further reiterates that CSR does not of itself solve the negative impacts of the mining industry on the environment, society, economy and local and national governance. Companies should not be put in the position where they take on a developmental role that should be provided by the government. Rather, they should work in partnership with the government and local agencies.

2.8.2 Stakeholder Engagement and CSR project outcomes

Yakoveleva and Vazquez-Brust (2011) also examined stakeholder perspectives (government, civil society, international financial organization and the mining industry) on CSR. The findings suggest that companies negotiate their activities in response to expectations of selected local stakeholders and be more attentive in gathering and interpreting local stakeholder expectations when defining their CSR orientations. The result specifically emphasized the outlook in the areas of economic, legal and philanthropic responsibilities and upholds high global standards on ethical and environmental responsibilities. It also indicated that promotion of voluntary corporate efforts to alleviate environmental impacts should continue to be at the heart of policy developments in the region and that geographical context and local stakeholder perceptions are highly important to constructing CSR in MNCs operating in developing countries.

Furthermore, Nyuur, Ofori and Debrah (2014) also examined the concept of CSR from a broader perspective. The researchers particularly looked at factors that hinder and promote CSR activities and fundamentally the internal and external CSR environments of the

companies in the participating countries. The study revealed leadership and governance, policy framework, project management, monitoring, evaluation and reporting, stakeholder engagement, staff engagement, government, funding and beneficitation as nine key promoting and hindering factors of CSR for businesses in Sub-Saharan Africa.

Drawing attention to the political dimensions in the relationships between mining companies and their aboriginal stakeholders, Coronado and Fallon (2012) report on a critical web-based study that through their rhetorical manipulation of the CSR discourse, mining companies construct a homogeneous representation of aboriginal peoples for strategic purposes. Companies maintain a public image as good corporate citizens, while using the rhetoric to divert their CSR activities to less problematic indigenous groups, thus ignoring the claims of stakeholders who are more directly affected by mining.

2.8.3 Stakeholder roles in promoting CSR activities

Ditlev-Simonsen and Wenstop (2011) in an attempt to investigate perceptions of the comparative importance of diverse stakeholders as agents motivating managers to engage in corporate social responsibility (CSR), the study outcome discovered that stakeholder groups roughly agree that owners are the main motivators for managers to pursue CSR. The study identified customers, governments, employees and NGOs in order of importance as key strategic stakeholder motivators. With regard to opinion from respondents about how things ought to be, asking who should be the main motivator, customers moved up, followed by employees, owners, government and NGOs. In addition, unlike gender, the older the respondents, the smaller the discrepancy between perceptions of what is and opinions about what ought to be.

2.8.4 Challenges of Stakeholder Engagement in CSR

According to Maria, and Devuyt (2011), a study on CSR and development on a mining company in Africa which sought to present the CSR activity of a mining company in the Democratic Republic of Congo, and the conflict between the company and its local stakeholders. Findings indicate that the company needs to design individual and industry-wide strategies to tackle the problems with the Central Government; develop dialogues with key leaders of local communities in order to promote with them an enlightened culture of CSR and of development; and change the processes to diffuse and eventually modify the company values affecting local employees.



CHAPTER THREE

THE MINING INDUSTRY, CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT IN GHANA

3.0 Introduction

This chapter explores the mining industry in Ghana and how their activities through Corporate Social Responsibility contribute to sustainable development. All minerals in Ghana in their natural forms are properties belonging to the state and ought to be supervised by the state to the benefits of Ghanaians. This point is well argued by Article 257 sections (6) of the 1992 constitution of the Republic of Ghana as well as Section 1 of the Mining and Minerals Act 703 (2006) which states that: *“Every mineral in its natural state, under or upon land in Ghana, rivers, streams, water-courses throughout the country, the exclusive economic zone and an area covered by the territorial sea or continental shelf is the property of the Republic and is vested in the President in trust for the people of Ghana”*. The chapter mainly argues that mining industry is both a good and bad master. In that, the activities of mining companies mainly affect the environment, health, social and economic lives of mining communities and even beyond. However, through their Corporate Social responsibility, they are able to provide some mitigation or alternative livelihood support activities to remedy the situation. The chapter mainly gives an overview of mining in Ghana, the legal framework that structures their activities in Ghana’s mining and sustainable development.

3.1 Mining sector in Ghana and Revenue Generation

The sector presents strong potential to generate substantial revenue and employment enough to provide more visible economic benefits to the country and improved livelihood for the population. However, there is strong skepticism as to whether the mining sector’s

fiscal regime presents opportunities for increased government revenue from the mining sector for Ghana. That, despite surgical mineral commodity prices, the contribution of the mining sector to the national economic is clearly not visible. Many have argued that the current state of the Ghanaian economy does not suggest that there has been a significant positive impact as compare to negative impacts of mining. Ghana's Minerals and Mining Law, Act 703, states that mining companies are expected to pay royalties ranging from 3% to 6% on the revenue realised from the ounces of gold ore mined in the country. Every single mining company in the country paid only the minimum rate of 3% by taking advantage of loopholes that allowed for significant deduction of expenses. This is paid to the Large Tax Unit of the Internal Revenue service who then pays into the consolidated fund. 80% of the mineral royalties paid by mining companies to internal revenue service is retained by government in the consolidated fund. 10% is paid from the consolidated fund to the Minerals development fund 10% is paid to the Office of the Administrator of Stool Lands (OASL)

3.2 Overview of mining in Ghana

Ghana is popular internationally for its mineral deposits and its potential endowment has well been put on paper (Keatley, 1992; Strongman, 1994). However, these mineral deposits had not been tampered substantially due to poor investment. Scholars such as Jonah (1987) and Addy (1999) write that there was poor investment in the sector as a result of the economic, financial, institutional and legal framework within which the sector operated. With the onset of the Structural Adjustment Program (SAP) and Economic Recovery Program (ERP), by the PNDC regime in 1983, there has been significant improvement and development in the mining sector (Aryee & Aboagye, 1997). With the ERP the government's aspiration was to attract private investments into the mining

industry. This suggests the early 1980 saw massive growth in the mining sector of Ghana characterized by massive inflows of private capital and most state-owned mining companies were opened up for foreign or local investors to come in or buy out. The essence was to attract adequate funding and up-to-date technology. From this era, the contribution of the industry has been quite appreciating and a major player in the economy.

3.3 Regulating the mining sector in Ghana

In Ghana, there are various institutional frameworks that seek to control or regulate the mining sector. In order to regulate the sector especially after the ERP when the sector became buoyant and seen more growth, the Minerals Commission was established in 1986 as the primary institution to regulate domestic and international Ghana mining sector of Ghana. Minerals Commission Law of 1986, as amended by the Minerals Commission Act of 1993, to be responsible for the regulation and management of the utilization of the mineral resources of Ghana and the co-ordination of the policies in relation to them. Three years after, the Precious Minerals Marketing Corporation (PMMC) was established in 1989 as the main buyer and seller of minerals produced by the small-scale mining sector; the small-scale is reserved exclusively for local people.

The Environmental Protection Agency (EPA) was set up under the EPA law of December 1994. The role of the EPA is to ensure that all developmental activities in the country take account of environmental concerns through EIA's and also to ensure that there is regular inspection and monitoring of environmental quality. The Minerals Commission and Mines Department collaborate with the EPA in implementing the inspection and monitoring activities. General guidelines have also been developed to outline how mining activities

can be carried out in an environmentally responsible manner. The mining industry is regulated by various legal frameworks which are mainly used or enforced by the Minerals Commission. These laws include: the Additional Profile Tax Law (PNDCL 122; 1985); Minerals and Mining Law (PNDCL 153; 1986); Minerals (Royalties) Regulations (LI 1349; 1985, 1987); the Small Scale Mining Law (PNDCL 218; 1989); and the Precious Marketing Corporation Law (PNDCL 219; 1989).

3.4 Mining Sector and Sustainable Development in Ghana

The extractive industry, particularly, mining has been a major contributor to Ghana's overall socio-economic development especially after the Structural Adjustment Program. For instance, ISSER (2001) provides that in the year 2000, contributions from the sector accounted for 38.96% of the country's total export earnings, followed by cocoa (22.51%) and timber (9.03%). In the year 2012, the mineral sector's contribution to total national merchandise exports was 43%, it however reduced to 37.6% in 2013 which undoubtedly affected the country's currency situation. That notwithstanding, the mining sector has maintained its position as the foremost contributor to domestic revenue in 2013. Figures from the Ghana Revenue Authority indicate that taxations from the mining firms to the state stood approximately GH¢ 1.1 billion in 2013. According to Aryee, (2001), the main minerals produced in large quantities by giant mining firms include gold, diamond, bauxite and manganese, while those such as kaolin, limestone, silica and sand are mainly produced by small-scale operators. In Ghana, the mining industry is largely dominated by expatriates who are the major shareholders of the large mining companies; the stake of the government and local investors form for less than 15 per cent of the shares in the mines. Small-scale mining activity is statutorily restricted to Ghanaians (Aryee, 2001).

The mining industry has been of immense contribution to the socio-economic of Ghana at least in the superficial sense. It generates some forms of employment, engages in Corporate Social Responsibility in the provision of some form of health centers, schools, community centers among others. However, the net effect of their contribution and the rate of damage tend to lead to a zero-sum gain to the host communities. For instance, Akabazaa and Darimini (2001) draws a paradox between the prevalence of several mining companies in the Western Region of Ghana and rate of socio-economic, infrastructural deprivation. He laments that there are sixteen major and minor gold mining companies in Ghana with majority of these companies located in the Wassa West District (now split into Prestea-Huni Valley and Tarkwa Nsuaem); yet the communities have not significantly benefitted from these companies.

In recent times, attention has been shifted to sustainable development after the Bruntland Report of the World Commission on Environment and Development (WCED, 1987). The concept of sustainable development according to the Report aims at the development that takes into account the survival of the future generation. It refers to the ability of present generation to meet their livelihoods without compromising that of the future generation. The concept of sustainable development has directed the activities of organizations and companies especially those in the extractive industry. The concept entails three inter-linked pillars; social, economic and environmental components which require that efforts must be put in place to ensure all three adhered to in the right mix. Recent comments on gold mining and its consequences are shifting from the recount of its many advantages to an emphasis on the environmental and socially adverse effects it brings (Darimani, 2008).

What appears problematic is that in spite of its contribution to the overall macro-economy, mining activities have lots of environmental and health impacts. This mainly

stems from their *modus operandi*, which has various socio-economic and environmental consequences.

The net effect has been that whilst mining appears to provide some jobs to the local people, provide some form of Corporate Social Responsibility and generally contributes greater taxes and foreign exchange earnings to the state or government; its net effect appears quite mixed. This point has been observed by Awudi (2002) who provides that in spite of its positive indicators, the role of the mining sector in the economic development of Ghana appears a suspect. He further laments that despite the over two billion US dollars Foreign Direct Investment (FDI) in mineral exploration over the years indicating over 56% of total FDI flows to the country, the sector has not made any real or significant impact on the overall economy. World actors such as Kofi Annan (2002) have indicated that, “the world cannot continue to act, produce and consume unsustainably, this is the time to act especially on water, energy, human health, agriculture and biodiversity (WEHAB)” which suggests that our quest for economic prospects should not make us compromise our social and environment spheres of SD (Annan 2002, cited in Domfeh et al., 2012).

3.5 Mining and economic development

The concept of mining involves the removal of minerals from the earth’s crust in the service of man (Down & Stock, 1977 cited in Acheampong, 2004). This definition suggests that any object or substance that is extracted from inner core of the earth’s crust connotes mining. It however, appears too simplistic and narrow in nature since it is not only from the earth’s crust where mining could occur but even in the sea or river bodies. Mining in the Ghanaian context is explicitly explained as connoting any process that

involves or relates to the extraction of “any substance in solid or liquid form occurring naturally in or on the earth, or on or under the seabed, formed by or subject to geological process including building and industrial minerals but does not include petroleum or water” (Ghana’s Minerals & Mining Law, PNDCL 153). The role of mining to economic development has quite been influential in various countries. This point has been observed by Acheampong (2004) that mining has an essential foundation for human development through creation of wealth. The mining industry has been key to the development of civilization, underpinning the iron and bronze ages, the industrial revolution and the infrastructure of today’s information age. In 2001, the mining industry produced over 6 billion tons of raw product valued at several trillion dollars (Awudi (2002)). Traditional mining countries such as the USA, Canada, Australia, South Africa and Chile dominate the global mining scene. These countries have become the traditional leaders in mining and exploration methods and technology (Awudi (2002)).

3.6 Sustainable development

The concept of sustainable development has adequately been discussed in the literature since the Bruntland Report. The most widely cited definition is the one by the WCED (1990) which defines SD as “*development that meets the needs of the present without compromising the ability of future generations to meet their own needs*”. The definition suggests two basic components which are human needs; the ability to meet man’s socio-economic needs. The second component suggests limitations on the use of some form of technology that could have a debilitating effect on the environment which may lose its intrinsic value to support posterity. The concept of sustainable development has also been defined similarly as ‘the maximization of human well-being for today’s generation that does not lead to the decline in the well-being of the future generation’ (OECD, 2001). The

concept is driven by the adverse externalities that tend to cause natural resource extinction, pollution and degradation; it requires screening public goods that are essential for economic development, and it also stresses the importance of retaining the flexibility of the environment to respond to shock (OECD, 2001).

Sustainable development has three main components or pillars; social, economic and environmental (Gibson, 2001). Sometimes achieving these three appears ‘conflictual’ as a gain in one aspect may lead to a loss or reduction in the gains of the other components. Scholars wonder that performing sustainably and development appear challenging, and so it appears problematic how countries avoid compromising future generations’ needs when these needs cannot easily be predicted or known (Holmen, 2001)

3.7 Contribution of mining sector to Ghana’s economic

The contribution of the mining sector to Ghana’s GDP on an annual basis cannot be over-emphasized. Particularly, the sector contributes mainly to the economy in three (3) important ways. Firstly, it is a foreign exchange earner; a major source of employment especially in the rural areas and a great contributor to the internal economy of the country by way of taxes and duties (Aryee, 2001; Kesse, 1985). For instance, in the year 2012, the mineral sector’s contribution to total national merchandise exports was 43%, it however reduced to 37.6% in 2013 which undoubtedly affected the country’s currency situation. That notwithstanding, the mining sector has maintained its position as the foremost contributor to domestic revenue in 2013. Figures from the Ghana Revenue Authority indicate that taxations from the mining firms to the state stood approximately GH¢ 1.1 billion in 2013. In addition to the revenues received from the sector, it has also been greater player in offering employment especially to people in rural areas where the mining occurs.

It serves as a substantial additional employment opportunity and offers high income to the people (Sraku-Lartey, 2000). More so, the sector in most cases leads to the subsequent development of other economic activities; for instance, in some communities, it has facilitated the establishment of inter-connected enterprises and industries, such as security and catering agencies, laboratories as well as equipment leasing and sales agencies. In Ghana, the sector accounted for about 20% of the formal sector employment in 1995. Out of this number, large scale mining companies employ only 20,000 people while the small scale sector, including illegal mining employed more than 200,000 people (Hilson et al., 2007; Awudi, 2002;). From hindsight, one may be quick to conclude that the sector is therefore contributing economically; however, the details lie the devil.

The Minerals and Mining Law, Act 703, of Ghana which regulates mining activities provides that mining companies are expected to pay royalties ranging from 3% to 6% on the revenue obtained their extraction of gold Ghana. It appears all the mining companies in the country have been paying just the minimum rate of 3% by taking advantage of loopholes that allowed for significant deduction of expenses. Meanwhile these same companies operating in other countries tend to pay higher percentages as tax. On the other hand, unscrupulous business practices allow companies to benefit from unfair distribution of business; encourage poor standards in fiscal systems and damage to the regulatory environment; evade taxes; or directly promote corruption. Because of this, the state is unable to really make the best out of the industry; we do not receive the right amount of revenues that ought to be derived from the industry yet these resources are non-renewable.

Again, several studies and reports do suggest that mining has made a lot of people worse off in the mining communities. People in mining communities usually have their parcels

of farmlands given as concessions to giant mining companies; the people end up becoming landless, impoverished and may resort to other unorthodox activities including illegal mining popularly known as ‘galamsey’. What appears problematic is that these people are not given adequate compensation or alternative livelihood options to cater for their sustainable economic needs. What appears paradoxical is that whilst the rich, who are company owners and state officials tend to benefit economically from mining activities in terms of revenue to the state, kickbacks to state officials; the rural people become very worse because their economic lands have been taken from them and wander in poverty perhaps forever. This is because even if the land is given back to them, it will not be arable and cannot support farm activities. This is illustrated by the pictures below.



Figure 3.1 the poor denied access to farmlands

Figure 3.2 the rich benefits from mining

3.8 Mining and environment

The mining industry has been notorious as good candidate of environmental destruction; it tends to affect the water bodies, aquatic lives, and also pollutes the air around with their chemicals and dust (Warhurst 1999). The activities of the industry whether, surface or deep mining, it destroys the top soil making the land lose its intrinsic value or qualities as illustrated by figure 1 above. The role of the mining industry in environmental destruction has been observed by Sinding and Peck (2001) cited in Darimani (2008) that the business of finding, extracting and processing mineral resources is widely regarded as one of the most environmentally and socially disruptive activities undertaken by industry.

The adverse environmental impact of mining activities on the environment is well documented (Warhurst 1999; Warhusrt, 1994). Particular attention has been directed towards the impacts of large scale and small-scale gold mining activities on environmental contamination. While the land degradation caused by the gold mining is pronounced, chemical contamination from the gold extraction process imposes a double burden on the environment, with harmful health implications for mining communities and people residing in close proximity to such activities (Yelpaala, 2004).

According to Akabzaa and Darimani (2001), extensive areas of land and vegetation in Tarkwa have been cleared to make way for surface mining activities. Currently, open pit mining concessions have taken over 70% of the total land area of Tarkwa. The authors further provides that largely at the close of mining a company would have utilized 40-60% of its total concession space for activities such as siting of mines, heap leach facilities, tailings dump and open pits, mine camps, roads, and resettlement for displaced communities. They explain that ideally and the traditional bush fallow system allowed farmlands to naturally regain its fertility when left unfarmed for some time to become more productive, in contemporary times is not feasible as a result of insufficiency of land because large-scale mining activities generally continue to diminish the vegetation of the area to levels that are vicious to biological diversity. Also pointed out, was environmental pollution as the major problem which sometimes aggregates other social conflicts (Hilson and Murck, 2001), and cited in (Obara and Jenkins, 2006).

- **Biodiversity loss**

In most cases mining firms are given concession to enter into zones that are earmarked for forestry purposes. However, before people can mine, they need to clear the vegetative

cove and dig the top soil. In recent times the Atewa Forest in the Eastern Region of Ghana has been declared as containing enough mineral deposits and some companies have been given concessions and licenses to operate in surface mining. Environmentalists and human rights activists, increasingly disturbed by the trend of events, have spoken out strongly in recent times with the Wassa Association of Communities Affected by Mining, WACAM being the most vocal. To them, issues of biodiversity loss and increasing deforestation at an alarming rate with the prospect of surface mining stretching the carrying capacity of the ecologically fragile reserves, watershed and fresh water systems cannot be compensated by the revenues accruing from the mining activities” (Adu-Gyamfi, 2012). This activity has led to the depletion of many plant and animal species which risk going into extinction.

- **Water**

The activities of mining companies have caused devastating effect on people’s sources of drinking water. Many mining communities have had their sources of water, mainly, rivers and streams destroyed by chemicals from the mining’s value chain. They become life threatening to the people. A study carried out by Appiah & Buaben (2012) in the Wassa District of the Western Region revealed that the activities of mining firms have made their water bodies quite deplorable and not potable. In their in-depth interview with participants; one of the respondents in Prestea explained that:

“Our rivers and streams have been polluted by gold mining activities. The Ankobra River for instance, has been polluted by surface mining” (Appiah & Buaben, 2012)

This suggests that mining has destroyed the intrinsic value of most of the freshwaters in mining communities; the aquatic lives are threatened and leads to biodiversity loss. This is not endemic to the Western Region but in the Eastern Region where the Birim River, Pra

Rivers and other traditional freshwaters have become poisoned unable to support human and aquatic lives.



- **Social**

Mining industries have been instrumental in providing to their host communities various social services and social amenities. They have been instrumental in assisting communities in these social fronts; educational, health, and other community services as part of their Corporate Social Responsibility (CSR). Mining companies in most cases have provided social infrastructure through the construction of school buildings or even establishing schools to their host communities. They have in most cases offered scholarship packages to school children from mining communities.

Again, mining companies have been instrumental in trying to promote the health status of their mining communities. In most of the communities, they have provided health posts and hospitals to the communities. For instance, AngloGold Ashanti has facilitated the setting up of a Malaria Control Facility for the Obuasi community. Work on the project began in July 2011. In spite of these marginal social benefits to host communities, the activities of the mining companies do leave various social challenges. In most cases, these companies after destroying the assets of the people fail to replenish them. A study in the Wassa District by Appiah & Buaben, (2012) observed that 42% from Tarkwa and 58% respondents from Prestea mentioned that there is the absence of social amenities, such as

potable water, school, clinic, community center and markets. This explains that mining companies mostly do not carry out their expected corporate social responsibilities.

Socially, the authors found out that the activities of the mining companies in the District have caused a lot of social vices which mainly stems from landlessness. Appiah and Buaben (2012) observed that, out of their sample size of eighty-nine, 72 percent attributed the cause of the communities' problems to the activities of mining whilst 28 percent blamed on other sources. This point has been argued in the literature that the absence of job opportunities in most mining communities has compelled some of the youth to engage in social vices such as thievery, prostitution, and waywardness (Appiah & Buaben, 2012).

The empirical study observed from the responses that gold mining activities in the communities have adversely affected livelihoods via landlessness, more in Prestea and Damang than Tarkwa, as per the proportionate representation of 41%, 33% and 26% respectively (Appiah & Buaben, 2012). Other previous studies have revealed that environmental pollution and land destruction has been cited as a major problem which sometimes aggregates other social conflicts in mining communities (Hilson & Murck, 2001).

Ghana's place in the global industry is shaped by demand for gold. This is seldom considered in the accounts cited above. High demand, significant profits and a constrained supply have translated into much greater exploration activity by the industry – with mining going deeper and further: pushing out the mineral resource frontier. Moreover as overall volumes in the traditional top producing countries, such as South Africa, the US, Australia, Canada and Indonesia, decline, the role of formerly less prominent country

producers (including China and Peru) is growing. Ghana's and West African production is arguably growing faster than anywhere else. Ghana is the principal contributor to a rapidly growing West African regional industry (including Mali, Guinea, Burkina Faso, Mauritania and Ivory Coast). A recent accounting of the region's exploration and development activity identified 55 companies involved in 123 separate projects in 10 countries. The output of which has risen 65% over the last five years to a current total of 190 tonnes or around 8% of the global total above. This is expected to rise another 57 tonnes or by around 30% to 2013 (GFMS, 2010). Gold mining's current structure in Ghana features eight large mines which are owned and managed by five large-scale international producers; a limited number of far smaller producers; and a significant contribution of registered semi-formal, small-scale producers which generate some 9–10% of national output in the present day (triple the level of 20 years ago, but statistical capture of their production has also improved). This by and large excludes the contribution to production from the unregistered, informal and technically illegal small-scale artisanal miners known as “galamsey”, whose activities spread through gold mining areas and which employ in an estimated range of 50,000–200,000 people (Hilson, 2004).

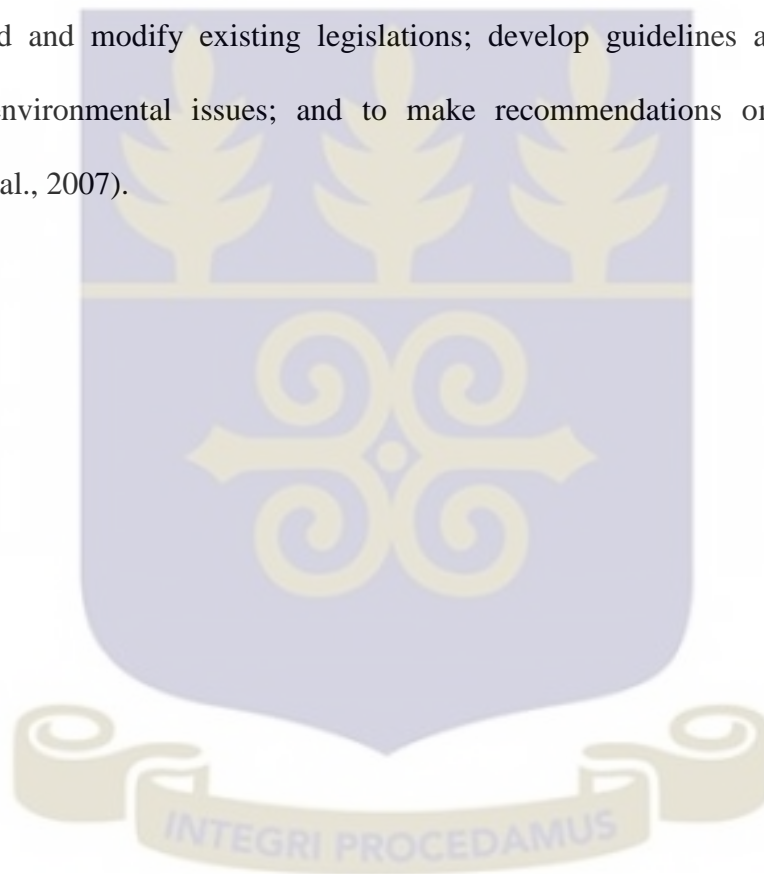
As Hilson (2002) argues, Ghana's attainment of its independence in 1957 marked the beginning of a period of rapid deterioration in its gold mining sector. The era of reform, privatization and investment from the mid-1980s onwards in the mining industry thus represents a decisive repudiation of the policies of the post-independence era, which was characterized by strong state involvement in the industry. The State Mining Corporation (SMC) was established in 1961 to take over most existing mines. The government also passed the Minerals Act (Act 123) in 1962, which stipulated that minerals are both *de jure* and *de facto* the property of the country and controlled by the presidency (Hilson, 2002).

In the view of Twerefou et al. (2007), the policies pursued under the state led approach in the mining sector led to capital flight in the sector. In addition, the inefficient manner in which state-owned mining companies were operated resulted in a lack of investment and only limited maintenance and modernization, which led to declining production levels (Bank of Ghana, 2003). Faced with crisis, Ghana adopted structural adjustment from the early 1980s to remove constraints to economic growth and to improve exports of primary products, mainly cocoa and minerals.

Macro-economic policy reforms complemented sector-specific policies and legislation. Key among these laws in the mining sector was the Minerals and Mining Law of 1986 (Akabzaa, 2009). This law was amended with the Minerals and Mining Amendment Act of 1994 (Act475), which has subsequently been amended with the Minerals and Mining Act of 2006 (Act703). Act 703 is a comprehensive law and covers virtually all aspects of mining, namely, ownership of minerals and the cadastral system; mineral rights; royalties, rentals and fees; dispute resolution; reconnaissance licenses; prospecting licenses and; mining leases. Other areas include surrender, suspension and cancellation of mineral rights; surface rights and compensation; industrial minerals; small scale mining; and administration and miscellaneous provisions. Very importantly, Act 703 seeks to promote a localization policy and facilitate the local content of the industry to maximize the benefits of mining for the Ghanaian economy. It provides the following measures: A 10% government interest in all large-scale gold mining companies without any financial contribution. The reservation of small-scale mining only for Ghanaian citizens.

Gold mining companies are to give preference to “made in Ghana” products, to public corporations and service agencies located in the country, and to employment of Ghanaians. Gold mining companies are required to submit detailed programs for the

recruitment and training of Ghanaian personnel. ‘Localization’ of mining staff, defined to mean a training program designed to lead to the eventual replacement of expatriate staff by Ghanaian personnel. From the mid-1980s, efforts were also made to strengthen mining support institutions under the Mining Support Program. Its aims were to develop the capacity of mining support institutions to enable them to promote investment in the sector and to develop mechanisms to enhance productivity and financial viability. The Ghana Minerals Commission (GMC) was established as the lead institution to regulate the mining sector; amend and modify existing legislations; develop guidelines and standards for monitoring environmental issues; and to make recommendations on mineral policy (Twerefou et al., 2007).



CHAPTER FOUR

METHODOLOGY

4.0 Introduction

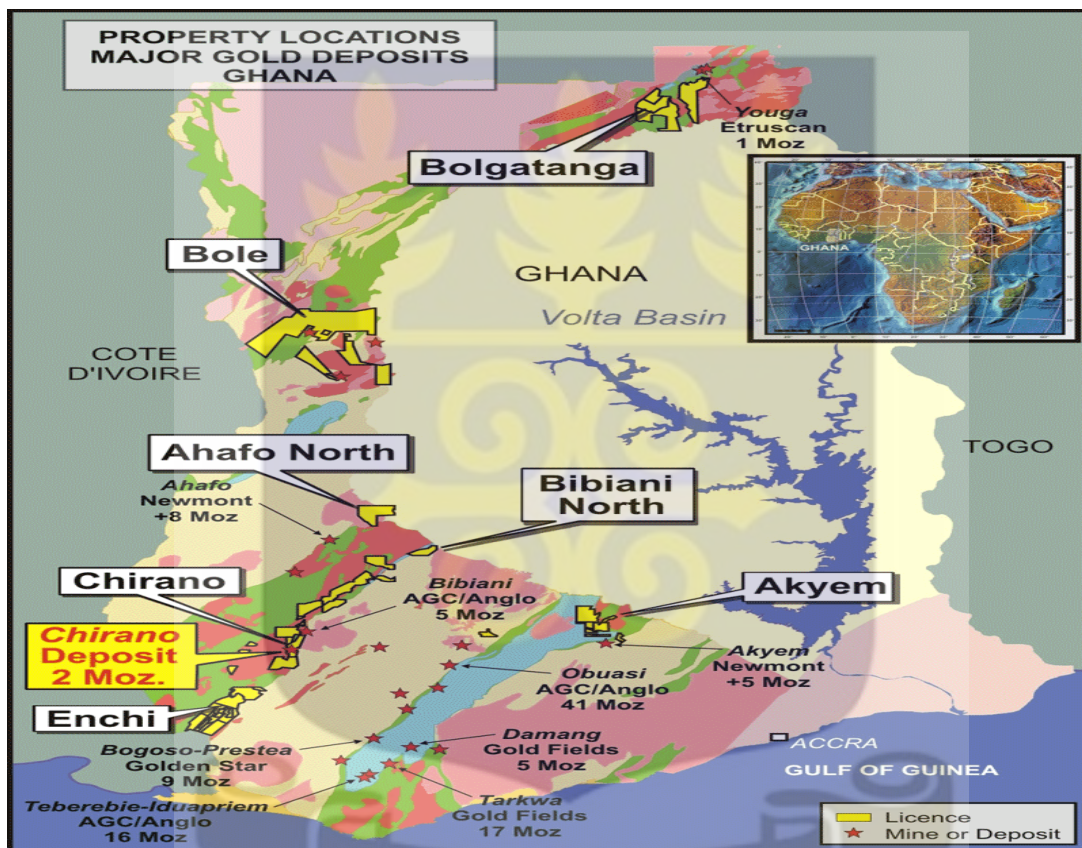
This chapter discusses the methods and procedures underlying the entire study. It includes the research setting, research approach, the research design, the population and sample selection, sampling and sample technique, data collection sources, data analysis and presentation, ethical considerations observed during and brief profile of Chirano Gold Mines Limited. Methodology refers to the rationale and the philosophical assumptions that underlie a particular study whereas method is a specific technique for data collection under those philosophical assumptions (White, 2000). According to Iatridis (2011), the choice of a methodology shapes what the researcher does and how phenomenon under investigation is understood. To Gill and Johnson (2010), deciding on methodology influences how data is collected to enable the research meet its aim and objectives.

4.1 Research Setting

Chirano Gold Mines Limited is located in Sefwi Wiaoso, Bibiani, in the South-Western part of the Republic of Ghana. It is approximately 100 kilometres southwest of Kumasi, Ghana's second largest city. The mine is within the Bibiani gold belts. The company has a mining plan with gold deposits spread along a strike length of more than 10 kilometres in both open pit and underground mining methods. The company achieved its first gold pour in October 2005, and consists of 11 deposits including Akwaaba, Suraw, Akoti South, Akoti North, Akoti Extended, Tano, Paboase, Obra South, Mamnao, Sariehu and Obra. With processes involving crushing, ball mill grinding, leaching, and CIL, the capacity of the mill is approximately 3.5 million tonnes per annum. Chirano's parent company is KINROSS GOLD, one of the world's leading mining companies based in Canada with

gold mines and projects in other parts of the world including Brazil, Chile, Mauritania, Russia and the United States. Whilst maintaining listings on the Toronto and the New York Exchanges, Kinross is noted for earning top marks in corporate responsibility across Canada and the United States. Kinross Gold Corporation (2015).

Figure 4.1 Map of CGML Relative to the Rest of Ghana



4.2 Research Approach

According to Creswell (2009) research can be scientifically conducted from three globally agreed approaches/perspectives. These perspectives include qualitative, quantitative or mixed methods research (Creswell, 2009; Yin, 2003). Each of these approaches to research has their flaws and strength. However the researcher's questions provide or pre-indicate the approach that would be most scientifically appropriate to conduct a particular

inquiry. This study adopted the qualitative research approach. This research attempts to examine the CGML stakeholder approach to CSR and therefore could be succinctly conducted from qualitative research approach. The qualitative research approach is adopted for a number of reasons. The first reason is that the research intends to study the phenomenon under a natural setting (Creswell, 2003). This is because the qualitative approach offers the opportunity to undertake an in-depth discussion with stakeholders of CGML.

The discussion which was in the form of interviews offered the opportunity to engage stakeholders in conversation and observation. Also, the qualitative research presents excellent qualities in extracting human feelings, context specific issues, multifaceted issues which quantitative research may lack. For instance, scholars have indicated that qualitative research takes on board context, understands processes, subjects' circumstance and experiences, complexities of situations, emotional circumstances of participants, values and cultures within which the study occurs. It generates richer data and can provide important outcomes with smaller samples (Brown, 2010). On his part Creswell (2003) explains that qualitative research explores a social or human problem in which among other things the researcher "conducts the study in a natural setting".

4.3 Research Design

According to Bryman and Bell (2003), research design is a framework for the collection and analysis of data. Research design acts as an outline that constitutes plan, strategy and structure to assist the researcher's investigations. Just like quantitative research approach that can adopt either experimental or non-experimental (survey) research design, the qualitative research also has specific research design appropriate for conducting research.

Though there appear to be several variants of qualitative designs, Creswell (2009) mentioned the following as qualitative research designs: case study, ethnography, phenomenology, grounded theory, biographical, historical participatory and clinical strategies. However, in this study the case study design was adopted. According to Thomas (2011), Case study research is an increasingly popular approach among qualitative researchers. Case study consists of detailed investigation often with data collected over a period of time of phenomena within their context (Hartley, 2004). Eisenhardt (1989) defines case-study as a research which focuses on understanding the dynamics present within a single setting. Yin (2009), also defines a case study as an empirical enquiry that investigates a contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident. It is designed to contribute to a new theory or explore an existing theory (Myers, 2008) and could be exploratory, descriptive or explanatory.

It is appropriate to adopt the case study because the study aimed at conducting in-depth analysis of Chirano Mines Ltd stakeholder approach to CSR. Yin (2009) argues that case studies are especially useful in research where the research question starts with “how” or “why”. The qualitative case study approach was selected because it allows gaining an intensive insight into single units for the purpose of understanding a larger class of similar units, enabling also process-tracing (Gerring, 2004). Three most important factors have influenced the adoption of a case study design. Firstly as intimated by Yin (2009), case study research is considered appropriate when the phenomenon under investigation is not under the direct influence of the researcher. In this study, stakeholders perspectives are considered most important and hence the research would not have a preplanned issues to be extracted. Secondly real-life context is the subject of investigation. Thirdly, the case

study is appropriate because, the researcher would conduct in-depth investigation of a phenomenon.

Focusing its horizon on Chirano Gold, the study adopts the case study design which according to Yin (2003) is suitable for investigating a contemporary phenomenon within its real-life context, particularly when the boundaries between the phenomenon and context are not clearly evident. Also, Dubois and Gibbert (2010) claim that case study approach ensures the richness of the portrayal of the circumstances encountered and is suited to the handling of the complexity just as Eisenhardt (1989) also asserts that the case study approach naturally focuses on understanding the dynamics present within single settings, the focus of this study is to thoroughly examine how Chirano Gold Mines CSR activities, projects and policies with its diverse stakeholders. Furthermore, according to Eisenhardt and Graebner (2007), the case study method is often a recommended approach in situations where many of the variables related to the phenomenon are still unknown. In principle, Amabile et al (2001) emphasized that case studies have the potential to create knowledge that practitioners will consider useful, underscoring the decision to adopt the design which to a large extent hopes to address the numerous issues confronting the mining sector CSR activities. A case study method was chosen because respondents were sampled from only one organisation and its stakeholders – Chirano Gold, with varying academic and professional backgrounds, departments, experience, age, sex, etc. Thus, the focus of this research is on close interaction with practitioners and deals with real and concrete management situations.

4.4 Population/Research Participants

There are nine communities surrounding Chirano Gold Mines Ltd, however research was conducted within four selected catchment areas where the mining firm considers as its immediate communities. Therefore the entire population for the study was comprised of the mining firm - Chirano Gold Mines Ltd, the four communities including Paboasi, Etwebo, Akoti and Chirano. Other major stakeholders who were not necessarily found within these catchment areas such as EPA and the local government agencies were also involved. Specifically opinion leaders, community members from these four immediate communities, local government agencies, and the community consultative committee would be interviewed. Generally the target population would consists of both males and females, young and old with diverse educational, ethnic and religious backgrounds.

4.5 Sampling and Sample Techniques

Research participants were drawn through the convenience and judgmental/purposive sampling methods. These sampling techniques are particularly useful because of their appropriateness and suitability for exploratory research. These non-probability methods of convenience and purposive sampling techniques were used in recruiting a total of 42 people (4 chiefs, 1 assembly man, 4 unit committee heads, 4 employees, 3 management members of Chirano Gold Ltd, 4 farmers, and 2 persons from the Bibiani District Assembly and one EPA respectively. These people were interviewed for an average period of 30minutes. Also, 4 focus group discussions of five people each were also conducted. One of the chiefs interviewed doubled as a member of the Community Consultative Committee which has been set up to undertake community development initiatives. Since not all stakeholders of Chirano are directly involved in the CSR activities, the choice of

these sampling techniques have become even more relevant and useful in identifying the key individuals and officials who are mainly involved in CGML CSR activities.

4.6 Research Instruments

The month-long field study and data collection involved the appointments with various respondents with the strictest confidentiality and other ethical considerations upheld. Interviews, focus group discussions and observations were the main tools for the data collection. The research would have reflection over what was discussed during the conversation with the various stakeholders. Complementing this is the secondary sources such as CGML CSR policy and project documents, national and District Assembly legislative instruments on mining, and other CSR documents from the local communities.

4.7 Data Collection Sources

The sources of data collection for the study were both Primary and Secondary data:

a. Primary Data Collection

Primary data sources include face-to-face in-depth interviews, focus group discussions and observations. The semi-structured interview guide captured in-depth interactions with stakeholders who were directly involved and entrusted with CSR activities and those affected by the CSR projects and the mining activities in general. The focus group discussions on the other hand targeted the community members and farmers whose livelihoods and activities were affected by the activities and operations of Chirano Gold. The interview guide was created out of the objectives of the study which sought to find out the various stakeholder approaches adopted by Chirano Mining Ltd towards its CSR, roles of the various stakeholders in promoting CSR activities of the Company, the extent to

Chirano partner with stakeholders to achieve CSR goals, and key challenges of involving stakeholders in CSR activities.

- **In-depth Interviews**

Interview is a primary method used by the researcher by meeting with respondents for discussions and it is best used for qualitative research because it seeks to find in-depth the context of study. For Marshall (1996), qualitative research depends mainly on in-depth interview which is a conversation with a purpose. For Wilmot (2005), interviews give in-depth information of a phenomenon and this is to help the researcher have in-depth information on stakeholder approach of Chirano Gold Mines Ltd.

- **Observation**

Observation is a fundamental method in all qualitative inquiry (Marshall, 2006). It is one of the key methods to collect data in qualitative research (Creswell, 2013). Marshall (1996) mentioned that it is used to discover complex interactions in natural and social settings. During observation the researcher could be a complete participant, participant as observer, observer as participant or complete observer (Creswell, 2013).

- **Focus Group Interaction**

Interaction is essential especially with groups. Two groups were interacted with and this went along with observation of how the groups function. Creswell (2013), mentions that groups normally share the same culture and therefore the researcher should be involved in group activities to know the culture of the people. In the case of this study they were mostly petty traders living in the same community who come together for a common goal. As discussions went on an informal and unstructured form of questions were asked

(Creswell, 2013) to find out if interactive measures lead to co-creation of value. Members responded and shared ideas through interaction with the project officers as moderators.

b. Secondary Data Collection

Secondary data sources include organizational policy documents of Chirano Gold Mines, CSR projects documents, national legislative instruments and District Assembly documents on mining, and other CSR documents from the local community, the company website, books, journals, and periodicals.

4.8 Data Analysis and Presentation

The data gathered through the interviews was analyzed qualitatively by transcribing the recorded interviews into word formats. These were read repeatedly to identify the key themes for isolation and development into major headings of the findings of the study. Content and thematic analysis were employed in analyzing the data. Content analysis is one of the most prevalent approaches to qualitative analysis of documents and that; it comprises a searching-out of underlying themes in the materials being analyzed Bryman (2004). Thematic analysis gives the opportunity to understand the potential of any issue more widely. Thematic analysis moves beyond counting explicit words or phrases and focuses on identifying and describing both implicit and explicit ideas (Marks & Yardley, 2004).

4.9 Ethical consideration

With respect to ethical consideration, the researcher first and foremost took an introduction letter from the University of Ghana Business School (UGBS) to Chirano Gold Mines Ltd. There are certain rules or codes of conducts by which every research

study needs to adhere. The first ethical issue the study addressed was of seeking consent of participants prior to their participation. Compliance with ethical boundaries such as informed consent, respect of privacy, avoidance of harm and deception (Fontana & Frey, 2005) was guaranteed to all respondents. More specifically, all participants in the study were informed about its purpose, the procedures involved in data collection and any other details. Respondents were also informed about the nature of the study's outputs and how the data collected will be managed during and after the study. The right of participants to withdraw from the study at any time will also mentioned and also their right to anonymity and confidentiality will be emphasized.

4.10 Profile of Chirano Gold Mines Limited

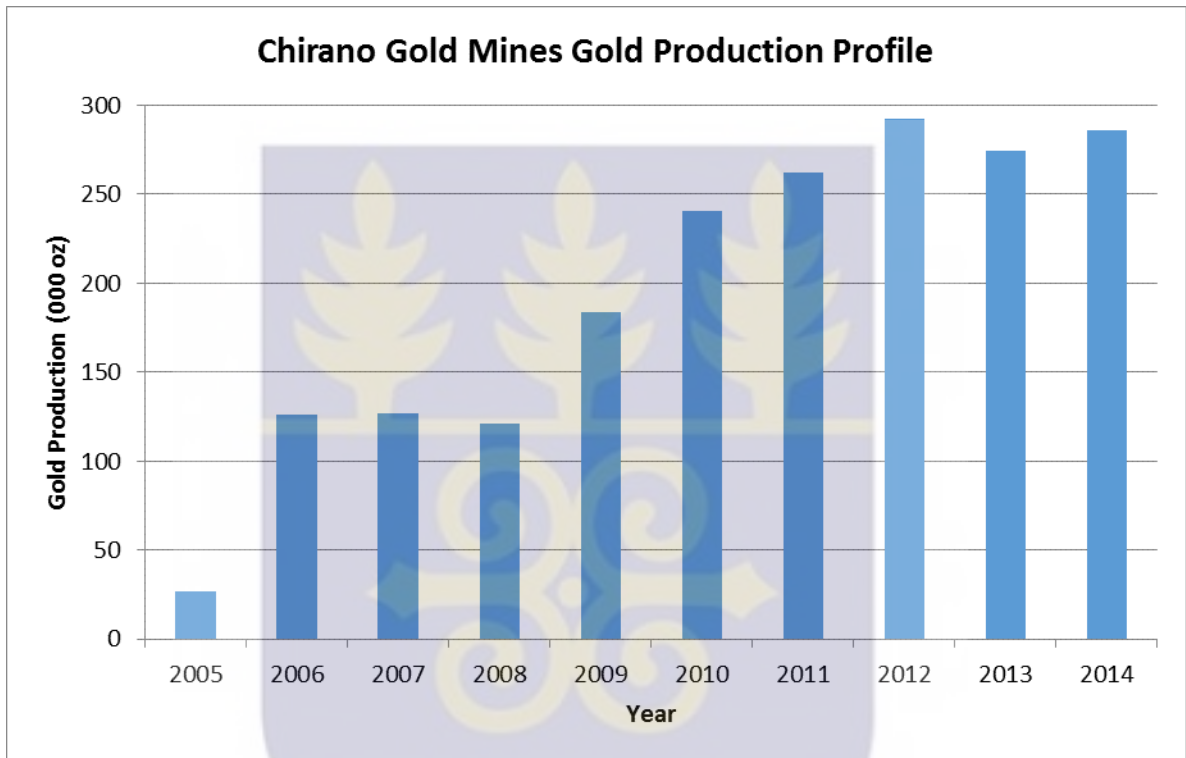
Chirano Gold Mines Limited is a gold mining company registered in Ghana. The mine consists of several open pits and two underground operations. Kinross Gold Corporation a Canadian-based multinational gold mining company with headquarters in Toronto Ontario, holds 90% interest in Chirano Gold Mines Ltd and the Government of Ghana holds a 10% carried interest. Under Section 8 of the Mining Act, the Government of Ghana has the right to increase their participation to 30% by negotiation and arbitration. The mining lease is exclusive to CGML, and is not subject to any option or joint venture arrangement. No back-in rights are held by any party other than the Government of Ghana. Kinross acquired its ownership in the Chirano mine on September 17, 2010 upon completing its acquisition of Red Back Mining Inc. Chirano is located in southwestern Ghana, approximately 100 kilometres southwest of Kumasi, Ghana's second largest city. Chirano achieved its first gold pour in October 2005, and consists of 11 deposits: Akwaaba, Suraw, Akoti South, Akoti North, Akoti Extended, Paboase, Tano, Obra South, Obra, Sariehu and Mamnao. (Kinross Gold Corporation, 2015).

The Chirano gold deposits lie close to a splay off the main Bibiani shear zone known as the Chirano Shear. The two are separated by a small inlier of younger Tarkwaian epiclastic sediments. The deposits occur at irregular intervals along 11 kilometers more or less North-South trending mineralized zone. The mineralized horizon is characterized by foliation, veining and brecciation. The mines occur in the Proterozoic terrain of southwestern Ghana along a major structure separating the Sefwi Belt to the west from the Kumasi Basin to the east, which is known as the Bibiani Shear zone. The belt and basin architecture belongs to the Birimian age, with the belts being dominated by mafic volcanics and the basins typified by fine grained, deep marine sediments. Both are intruded by granites, quartz dolerites, tonalites and others. The mining plan at the time of Kinross acquisition of Red Back called for the exploitation of 11 gold deposits spread along a strike length of approximately 10 kilometres by both open pit and underground mining methods. The second underground mine at Paboase is now in production and Kinross plans to continue further underground development. Open pit and underground ore are processed at the Chirano plant. The capacity of the mill is approximately 3.5 million tonnes per annum. Processing involves crushing, ball mill grinding, leaching, and carbon-in leach (CIL). Gold is recovered by an elution circuit. As at 31st December 2014, Chirano Gold Mines had proven and probable reserves of 924,000 ounces of gold. It has 1,214,000 ounces of gold in measured and indicated resources and 133,000 ounces of gold in inferred resources (Kinross Gold Corporation, 2015).

The mine currently has 1,128 direct employees made up of 12 Management Staff, 308 Senior Staff, and 808 Junior Staff. 23 out of the total direct staff are expatriates. Chirano Gold Mines also has 20 Contractors working in various departments. These Contractors have 710 employees. Chirano gold production has been consistently increasing since its

first gold poured in October 2005. The mine has for the past five years been producing an average of 271,000 ounces of gold every year. The graph below shows the production profile of the mine from 2005 to 2014.

Figure 4.2 Production profile of CGML from 2005-2014



Source: CSR Department; CGCL

Chirano Gold Mines was chosen for the study because of its outstanding CSR credentials. According to AKOBEN programmes report of 2009-2012, Chirano Gold Mines Ltd has been adjudged not only to be consistent but very excellent in following its CSR activities. The AKOBEN program is an environmental performance rating and disclosure initiative of the Environmental Protection Agency (EPA), Government of Ghana. Under the AKOBEN initiative, environmental performance of mining and manufacturing operations are assessed. Through the AKOBEN initiative, regulators inform companies about their

operational performance and also send a clear message to companies about their performance gap (AKOBEN Environmental Rating and Disclosure Program, 2012).



CHAPTER FIVE

DATA ANALYSIS AND DISCUSSION OF FINDINGS

5.0 Introduction

This study sought to assess how mining companies incorporate stakeholder engagement in their Corporate Social Responsibility activities using the case of Chirano Gold Mines Ltd in the Western Region of Ghana. In other words, the study aimed at investigating the extent to which various stakeholders are engaged in the CSR processes CGML. This chapter presents and analyses the data obtained from key informants selected for the study. The chapter further discusses themes to reflect the key research objectives: stakeholder management approaches at Chirano Gold Mines Ltd; roles of key stakeholders in promoting CSR activities; partnership with stakeholders to achieve CSR goals and key challenges of involving stakeholders in CSR activities.

5.1 Bio-data of Respondents

The study involved a total of forty-two (42) respondents sampled from various stakeholders among the study population. These respondents were selected from diverse groups and backgrounds in order to obtain a holistic understanding of stakeholder management processes in CSR of Chirano Gold Mines Ltd (CGML). These 42 participants comprised three (3) different set of participants namely: officials of Chirano Gold Mines Ltd, community members and representatives and district officials.

5.1.1 Community members and representatives

Out of the total of 42 respondents, four (4) were traditional rulers (chiefs) from the Chirano, Paboase, Akoti and Etwubo communities. These Chiefs are within the age range

of 30-39, 40-49; 50-59; 60-69 years respectively. Another four (4) were farmers in the catchment areas of CGML with age ranges of 20-29; 30-39; 40-49; 50-59 years respectively. Another four (4) Unit Committee heads fell within 30-39 from the communities. Twenty (20) other members including youth groups and other organized associations in the mining communities were selected for the study. The ages for four set of focus group rang 20-29, 30-39, 40-49, and 50-59. Finally one assembly man who was selected for the study fell within 40-49.

5.1.2 Chirano Gold Mines Limited Representatives

Other participants were selected from the Chirano Gold Mines Limited; these involved three (3) management members of the company. These respondents had at least first degree. The ages of these three management members range between 30-39 and 40-49 years. Again, another four (4) employees from the Company who appeared youthful with age range 20-39 years old were selected for the study.

5.1.3 Regulatory and supervisory bodies

With regard to the regulatory and supervisory bodies, two (2) key informants were selected from two regulatory bodies; one (1) official each was selected from the Environmental Protection Agency (EPA) and the Chirano District Assembly. Whilst the EPA official is between 40-49 years old, the official from The Chirano District Assembly is between 50-59 years old. Both official have postgraduate level of education.

From Table 5.1 below, it could be observed that of those who responded to our interviews 71% were male and 29% female respectively. In terms of education, 33% had between diploma and postgraduate, 22% had JHS and SHS level of education, while 45% have had no level of education.

Table 5.1 Demographic Data of Respondents

Demographic Variables	Frequency	Percentage (%)
Age:		
20-29	16	38
30-39	8	19
40-49	10	24
50-59	8	19
Sex:		
Male	30	71%
Female	12	29%
Educational Qualification:		
JHS-SHS	9	22%
Diploma-Post Graduate	14	33%
No Education	19	45%

Source: (Field work, 2015)

5.2 OBJECTIVE 1: Stakeholder approaches to CSR at CGML

The first objective of the study was to identify and assess approaches adopted by Chirano Gold Mines Ltd in managing their various stakeholders as far as the delivery of Corporate Social Responsibility is concerned. The main research instrument was in-depth interviews with officials from CGML. Their responses were triangulated with interviews and focus group discussions with chiefs and community members respectively. Key informants from CGML were asked critical questions on CSR including: their roles in CSR activities of the company, factors that underpin or motivate CSR activities of the company, the extent to which the company communicates or engages other community stakeholders in CSR activities among others. Responses from various participants, both community members and company officials, generally reveal that CGML greatly engages various stakeholders in CSR. This general observation affirms the observations of Ofori and Hinson (2007), that organizations no longer have economic, environmental and social responsibility towards only shareholders, but also a wider set of stakeholders included in companies'

operating environment. Key themes that emerged from this objective are consultation and collaboration, power of communication and stakeholder engagement

5.2.1 Various Stakeholder approaches at CGML

A. Structures for CSR Stakeholder engagement

CGML CSR structure for stakeholder approach is organized as follows: it has set up two important structures that collaborate to deliberate on CSR projects and activities. The company has a CSR department which was established before the company started its operations in 2005; whilst there is also a Community Consultative Committee (CCC) currently headed by a traditional chief, established in 2004 to liaise between the company and its various stakeholders, within this same period the company established a Trust Fund Board to be managed by Trustees or Board. The CSR department spearheads and coordinates all the CSR activities as well as facilitating stakeholder discussions. In an interview with the chairman of the committee, he explained that:

“Currently there is a committee known as the community consultative committee that is responsible for disbursing all funds that are located to the communities. This money constitutes 2% of each ounce of gold sold. The money is used solely for community development which is different from other corporate social responsibility projects often undertaken by the firm”.

B. CSR as a voluntary activity yet treated with all seriousness at CGML

In an interview with a key informant at the CSR department, he explained that CSR is a required obligation and also an ethical responsibility. He, however, further explained that there are no strict sanctions in the performance of CSR but through a collaborative

process, the company has never relented on its CSR roles and this has paid very well. In his submission, the officer explained that:

“The company is not particularly sanctioned for not engaging in CSR activities because of its voluntary nature; however the company is subject to a yearly audit and has been awarded by AKOBEN audit of Environmental Protection Agency (EPA) of Ghana to be the best company in terms of CSR three years running in the industry”.

This practice of paying particular attention to CSR is a step in the right direction and needs to be sustained and emulated by other companies; this is against the backdrop that CSR is a moral and social requirement but not legally binding. This argument reflects in the definition of CSR as “the actions of a company to benefit society beyond the requirements of the law and the direct interests of shareholders” (Pearce & Doh, 2005 p.25).

C. Stakeholder engagement in CSR

It was observed from the study that CGML involves key community stakeholders and also desires to engage additional stakeholders such as NGOs. This was made known by a key informant at the CSR department who explained that:

“Various stakeholders are involved at every step of the way but Non-governmental organizations (NGO’s) do not exist in these rural areas and the company is not accountable to any...We operate in 2 district assemblies and 3 traditional areas with more than 10 communities The company sits down with the various stakeholders and listens to their demands. The CCC as part of the stakeholders is consulted where a budget is allocated to CSR in a fiscal year”

The revelation above appears problematic because without NGOs and probing media to ensure compliance on the part of mining companies, various deviations in the CSR process

could occur. The role of NGOs and media in enhancing effectiveness of CSR has well been argued by Teegan, Doh, and Vachai (2004) who justify the need for NGOs to get involved in CSR activities of mining companies. In this study, about 70% of the respondents interviewed corroborated that the absence of the NGOs and the media are the not the best interest of the company and the communities while the other 30% did not see their relevance on them. With regard to the presence of the NGOs, the researcher is of the view that, the respondents are worried because just a little is known about CGML in Ghana despite its excellent CSR credentials. Most Ghanaians don't even know that CGML exists in Ghana. This explains why the stakeholders feel the absence of the media and NGOs as they indicated that the activities of NGOs and the media are in the interest of both communities and the company.

However, the key informant explained that in spite of this potential challenge, any project that is undertaken by the company, they do make sure appropriate bodies are involved. For instance, if the project concerns education, they ensure the GES is actively involved in the process likewise if it is on health; the Ghana Health Service is engaged in the process. He intimated that:

“All projects after completion are handed over to the appropriate institutions with clearly defined roles. In the case of the implementation of a school project, educational agencies like the educational directorate and the Ministry of Education have roles to play and are consulted regularly”.

A second informant also indicated that engaging stakeholders in CSR activities and projects is one thing that CGML cherishes very well from project initiation, deliberation and implementation.

He explained in clear terms that:

“Stakeholder involvement is encouraged from the consultation stage of the project through to post- implementation stage and sometimes they perform a supervisory role; however there are no inducements awarded for their involvement.

Again, a third respondent further explained that irrespective of the opportunity to participate in the entire process from start to finish, the company also has “Complaints and Redressal System” which still takes inputs from community members and other stakeholders concerning CSR and the company’s activities. In his submission, he had this to say:

“Aside consulting these stakeholders, the company has in place a complaint register to receive and document all grievances from community members which are addressed; the company has also instituted a 24-hour hotline to enable individuals to easily have access to present their concerns and grievances”

Through this collaborative process, the company has provided various projects and executed many programs which have gone down well with the people. This point was made known by a key community member who explained that:

“CGML is to be credited for various social amenities like schools, hospitals and market squares, in Sewfi-Paboase area as well as its environs like Akoti and Etwebo. This can be attributed to the cordial relationship between the communities and the management of the Mines”.

D. Mechanisms to achieve stakeholder engagement in CSR

The interaction with key informants and community members as well as secondary sources of data reveal that Chirano Gold Mines Limited uses various mechanisms in

engaging stakeholders for CSR. These mechanisms include the power of communication; community complaints unit; education and health support

1. The power of communication

The company uses its institutions such as the CCC and the Trust Board to communicate and deliberate on vital issues. Each year four (quarterly) different sessions of CCC meetings are held together with other sub-committee meetings and in some cases various community engagement activities are held. The company also participates in other social and cultural activities of the people. For instance one of the respondents explained that:

“The company mostly is with the people and takes part in most of their activities; for instance, our presence was largely felt during the funeral rites of the late paramount chief of Sefwi Wiawso Traditional Council, Nana Nkuah Okumdom, as well as the annual ritual rites of Aboduabo under the Anhwiaso Paramountcy”

2. Addressing community members’ complaints

An important approach adopted by the company is the setting up of a complaints unit; a mechanism for receiving and resolving community complaints by its community relations department. The major complaint from the community in the year 2014 included property damage and flooding. However, these two outstanding issues were received and resolved through appropriate compensation paid to the affected individuals. A key informant explained this point by relating it to farmers’ compensation when he argued that:

“The Communities and Community Relations Department of the company handle crop assessment and compensation issues on the mine site and farmers whose farmlands have suffered as a result of the company’s activities were assessed and compensated through in-depth deliberations with them. In the year 2014, we spent close to GH¢ 669,509.5 covering

75.38 acres as compensation payments to affected areas including Maghingie, Akwaaba Drill pad Access, Ahwiaa and Futa”.

3. Education and Health Support

The company also engages in educational program and health promotion in the mining communities through the building of classroom blocks and provision of learning materials. This also applies to the establishment of health centers, refurbishing and equipping them as well as controlling for some diseases in the mining communities as part of the CSR.

In an interaction with a key informant, he explained that:

“In the year 2014, the Company put up a two-unit pre-school classroom block at Chine; Six-unit classroom block at Aboduabo and Community Library and ICT Resource Centre at Chirano, the good thing is that all these projects have been commissioned and handed over to the Ghana Education Service.

Also speaking on learning materials and enhancing health needs of the mining communities, the informant explained that

“A total of 7,000 reading books, 10 LCD televisions and three computers were donated by the Community Consultative Committee (CCC) to community clinics at Akoti-Etwebo, Paboase, Subri, Kunkumso, Bibiani, Bekwai, Anhwiaso, Chirano, Wiawso government hospitals, Green”.

Figure 5.1 A classroom block constructed by the CGML.

KINDERGARTEN BLOCK @ CHINE



Source: Fieldwork, 2015

5.3 Objective 2: Roles of key stakeholders in the CGML CSR process

The second objective of the study was to assess the various roles played by key stakeholders in the CSR engagement process. The main research instrument was in-depth interviews with officials from the CGML and chairman of CCC as well as focus group discussions with community members. The findings from this study reveal that there are institutional and procedural arrangements that enable collaborative approaches to CSR projects and activities. The two main institutions are relevant in the process of CSR and stakeholder engagement are the CSR department of CGML as well as the Community Consultative Committee (CCC). Key themes from this objective are collaborative approach and consultative process

5.3.1 The Community Consultative Committee (CCC)

The community consultative committee comprises governmental/quasi-governmental agencies, the chiefs, and selected community members who meet quarterly and sometimes

in emergencies to discuss and resolve issues of common concern. Essentially, the CCC is a collection of all relevant stakeholders of CGML. These members are to present the needs of their constituents, deliberate on CSR and to communicate proceedings to the constituents. By involving various stakeholders in the CSR process, it tends to reduce the resistance that could have been encountered in the mining areas. This finding corroborates a position held by Gifford and Kestler (2008) that in recent times stakeholders around mining sites are now mobilized in developing nations to help develop local legitimacy and to reduce conflicts (Gifford & Kestler, 2008).

The study revealed that the establishment of the CCC and its community-focused broad based membership makes the committee effective. It comprises members drawn from traditional rulers whose communities host mining operations; representatives of the people including Assembly members and chief farmers; and Institutional representatives including the BNI, MoFA, District Assemblies, among others. As posited by Post et al (2002), effective stakeholder management means the development and implementation of organizational policies and practices that consider the objectives and interests of all relevant parties, all of whom are entitled to consideration in strategic managerial decision making. Institutional arrangements for engaging stakeholders from diverse backgrounds is imperative as argued by Delmas and Toffel (2004). They note that firms whose outputs have an environmental impact operate in a hostile environment and so there is the need to engage a range of stakeholders in CSR and strategic development to help leverage both coercive and normative pressures from a range of institutions including government, customers, community and environmental groups as well as the industry.

The Committee elects its own chair and vice who preside over meetings. The main mandate of the Committee is to promote cooperation and understanding between CGML and its various stakeholders and to ensure that the company lives up to its Corporate Social Responsibility to the communities in particular, and the country at large.

Figure 5.2 Members of the CCC in a deliberative session



Source: Fieldwork, 2015

5.3.2 The Trust Fund

There is also a Trust Fund from which all deliberated projects by the CCC are funded or implemented. In other words, the Trust Fund serves as the consolidated fund which is used to implement the CSR activities of the company. There has also been the establishment of a Trust Fund Board which is composed of professionals including Auditors, Lawyers, Accountants, Planners, Administrators and Quantity Surveyors. However, this board is to take advice from the community members and representatives on the effective use of the fund to meet community needs. The board shall appoint its own

chairman or leader who shall preside over all meetings and shall approve projects proposed by the CCC for implementation

5.3.3 Consultative process and seeking legitimacy

It was observed from the study that various stakeholders adequately discharge the roles assigned to them which makes resistance not really felt in the mining community. In other words, the study revealed that because of the consultative approach taken by CGML, there is congenial working relationship between the company, chiefs and community members.

In a discussion with a key informant of the CCC, he explained that:

“Before its establishment Chirano Gold Mines met with opinion leaders of the various communities and since its inception no suggested projects have been rejected by the community. To help facilitate these activities the traditional rulers issue out lands for the implementation of these projects”.

Another respondent from CGML explained the key rationale for active stakeholder engagement by submitting that:

“An effective way to avoid community confrontation is to engage them in a broad stakeholder manner... in order to avoid any issue with the people, it is important to sit down and jaw jaw with them... any issue that confronts human beings, it is the mouth we use to settle; the alternate will be distasteful”

Whereas literature argues that mining operations continue to be the focal point of community concerns, protests and in some cases outright opposition (Bush, 2009; Hilson & Yakovleva, 2007; Horowitz, 2010; Omeje, 2005); this study observed that the approach adopted by CGML has made it peaceful co-existence in the mining communities. In other words, the literature suggests that mining operations are usually associated with community conflicts but the opposite was found in the study area. This point was clearly

made by an informant, a key member of the CCC, who explained that the cordial relationship between the company and its various stakeholders makes the people supportive and do not disrupt operations or activities of the company and are even ready to support them to continue their stay. He made a submission that:

“The people of Sefwi-Paboase would open their doors any time for Chirano Gold Mines and pray for its continued existence if their needs are provided”.

This observation is quite revealing and tends to deviate from most mining communities in developing African countries where mining communities are in constant confrontation with mining companies and would even want to drive the latter away (Hilson & Yakoveleva 2007). This study reveals that effective stakeholder engagement in CSR activities would enhance the legitimacy of mining companies to the extent that community members do not want them to leave any time soon. It confirms an argument by Gifford and Kestler (2008) who observe that MNGs have begun to work with stakeholders around their mining sites in developing nations to develop local legitimacy.

5.4 Objective 3: Extent of Partnership between CGML and stakeholders

This objective sought to examine the nature of partnership and the strength of various actors in the partnership or engagement process in determining and discussing CSR issues. In other words, it sought to assess whether there is real stakeholder engagement or it is a mere formality. The main data collection tool to realize this objective was in-depth interviews with various stakeholders especially community members, farmers and chiefs. Again, focus group discussions with community members was carried out to ascertain the veracity of information obtained from CGML. Though there was a general agreement that

there is real partnership in CSR activities of CGML, a number of the respondents had concerns to voice out. One respondent explained that the company does not consult key stakeholders in the CSR project. He explained that, though generally, the company has been good in the provision of CSR projects, community members are not consulted. He argued that in a few instances where there is stakeholder engagement, it appears or tends to be mere formality since discussions are not really factored into final programs and projects. This point was made known by an Assembly member and Unit Committee Chairman who explained that:

“The company usually does not consult the communities on which projects to implement and sometimes displeasure from opinion leaders would result in the project not properly executed”.

The respondent, however, in the course of the submission made a point which appeared to contradict his earlier categorical statement. He explained that stakeholders are consulted but it is rather the outcome which in most cases does not reflect the proceedings of the consultation process. He explained in these words:

“We are consulted whenever the mining firm wants to undertake any project in the community. Sometimes it appears to me that they are just doing politics because issues that are discussed are not mainstreamed into the final decision”

The respondent catalogued several stalled projects to buttress his submission that the company does not necessarily heed to calls or complaints by stakeholders.

“Though some infrastructure have been developed by the mines; they are unable to provide services such as maintenance and the community have to resort to their old sources of water. Unfortunately these natural water bodies have been polluted. Sometimes infrastructure provided by Chirano Gold Mines Ltd is not maintained an example being the borehole provided

by the company where the assemblyman usually has to finance the maintenance of these projects. Some of the needs not addressed by the company include a football park for Akoti-Etwebo villages, There is inadequate accommodation for teachers, nurses quarters.

The roofing sheet for the public toilet built by the company is in a deteriorating state and various appeals to the company for assistance has proven futile.

The processes by which the company ensures constant and effective partnership with community members and relevant stakeholders is quintessential. This point has forcefully been argued by Drienikova and Sakal (2012) that the company should be in constant contact and interaction with a multiplicity of significant groups and encourage and uphold support of these groups, noting and harmonizing their respective relevant interests. Genuine partnership and goodwill in CSR stakeholder engagement process have been noted by Hopkins (2011) that CSR is concerned with treating the stakeholders of a company or institution ethically or in a responsible manner. Amponsah-Tawiah and Dartey-Baah (2013) also posit that in the company's strategic decision, though CSR is voluntary, it must be deliberately acted upon by observing the social factors that have the potential of militating against the fulfillment of corporate goals. This also suggests a genuine commitment in engaging and adequately acknowledging the inputs made by partners. Where the needs of stakeholders cannot be met, effective communication, influence, negotiation, bargaining and 'jaw-jaw' should be adopted.

5.4.1 Mine workers and community engagement

Aside the company's official engagement and consultation processes with the communities, the mining workers occasionally engage with the mining communities in

their own small way. This is very important because in most mining communities, it is very common to hear of conflict between mining workers and communities and in most cases kidnapping of workers (Kapelus, 2002; Jenkins, 2004). During the fieldwork, it was observed that the mining workers mostly engage in donation of items to schools and clinics. A key informant had this to say:

“this year the Construction, Engineering, Process plant departments as well as the Footwear Project made a donation to clinics within the communities; the items include student’s mattresses and medical supplies”.

Figure 5.3 Mining Workers Presenting Footwear to Akoti Primary School.



Source: (Field work, 2015)

Figure 5.4 Mine worker presenting medical items to Etwebo Community Clinic



Source: CSR Department; CGCL

The finding above corroborates an argument by Ramus and Steger (2000) that when employees perceive their organisation to be committed to the pursuit of environmental protection, they are more likely to produce ideas to improve company's environmental policies. It also finds a place in a position held by Aguilera, Rupp, Williams and Ganapathi (2007) that employees' perception of firms' social policies will impact their preparedness to participate in, contribute to and initiate social change initiatives

Our current revelation above illustrates that CGML adopts a stakeholder engagement approach to CSR and all stakeholders play their own small roles towards the whole. For instance, the pictures in figures indicate how mining workers engage and give back to the mining communities in the form of enhancing education and promoting healthcare. This will help bond the mining community members and company as well as the workers together in a congenial working atmosphere. For instance, this finding corroborates a study carried out by Ajala (2005) who observes that stakeholder engagement in CSR

programmes offers opportunity to build goodwill, affect corporate image and reputation as a result of company's contribution to the welfare of the community. This suggests that mining companies need to use effective stakeholder engagement approach to secure a good corporate image which is very key in their successful operations.

5.5 Objective 4: Challenges of involving stakeholders in CSR activities of CGML

The final objective was to assess the key challenges involved in the CSR stakeholder engagement process. The main research instrument used for this objective was in-depth interview with an official of CGML and a member of the CCC. Key challenges observed after the interviews are:

5.5.1 Funding CSR activities

A major challenge that militates against real stakeholder engagement in CSR has to do with adequate financing. It was revealed that though community members or stakeholders do have various concerns they bring to the discussion table, financial constraints usually make it difficult to address all concerns.

- **Sources of funding**

In discussing how CSR activities are funded by the company, a key informant at the finance department explained that there are two main sources of funding:

“From the community trust fund set aside by the company (that 2% of each ounce of gold sold). This fund is managed by the Trust Fund Board but the determination of what projects to embark upon is solely left to the CC C.

Another source from which projects are funded is directly from CGML which sets funds aside during every budget period and the CSR department liaises with the various communities on the projects that will be viable. Supplementary budgets are sometimes

allocated to on-going projects contrary in other cases budgets allocated to certain projects are more than the perceived cost. In an in-depth interview with the a key informant from the finance department, he explained the main sources of funding CSR activities and his submission suggested that human wants are always insatiable and resources appear scanty.

However, the chairman of the Community Consultative Committee (CCC) explained that the misgivings and grievances shared by community members are being addressed through intensification of the engagement process. He explained that:

“Misgivings previously portrayed on the part of the community have been dealt with and in recent times agreements are done under round table discussion with representatives from all areas concerned. This accounts for the increased facilities in the communities. Some amenities like the expansion of the roads were however enshrined in the environmental document and reshaping is done periodically”.

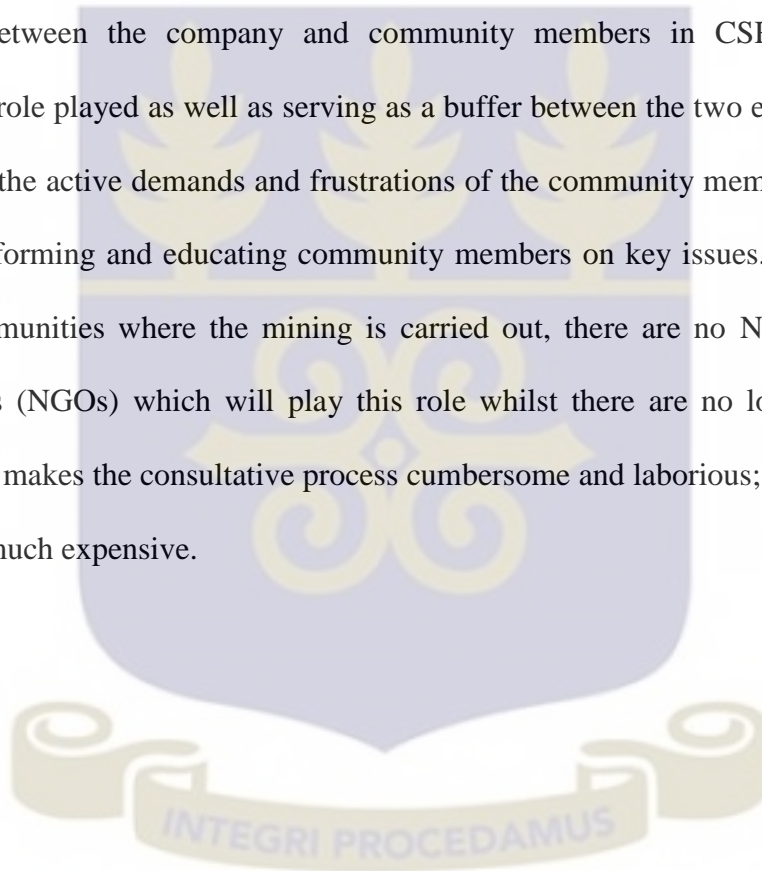
5.5.2 Extent of demand

Finally, it was observed from the study that the various stakeholders appear to place extraordinary demands on CGML which mostly makes the cost of corporate social responsibility appear unbearable. In most cases, the chiefs and other traditional rulers tend to present various demands to the company such as asking the company to purchase luxurious vehicles for them. This finding tends to confirm a position widely held by Imbun (2007) that a key challenge mining company’s face in their involvement with stakeholders in CSR projects is the issue of unrealistic expectations of facilitating beneficial social and economic change in the local landscape, particularly in areas with limited government resources. As a result of the consultative nature of CSR projects, various stakeholders, especially, the chiefs and community members tend to make various demands which in most cases cannot be provided simultaneously or within the particular time frame; this point is well argued by Agle, Mitchell, and Sonnenfeld (1999) and Griesse (2006) that it

may be unrealistic for firms to appease all categories of stakeholder groups hence managers need to identify and prioritize according to the power, legitimacy and urgency of a given stakeholder's claim to determine their salience.

5.5.3 Non-Governmental Organizations and Media

The active roles of NGOs and the media in stakeholder engagement cannot be over emphasized. In other words, these two entities are crucial in setting the agenda and also facilitating between the company and community members in CSR activities. The intermediary role played as well as serving as a buffer between the two extremes brings to the company the active demands and frustrations of the community members whilst at the same time informing and educating community members on key issues. However, in the Chirano communities where the mining is carried out, there are no Non-Governmental Organizations (NGOs) which will play this role whilst there are no local radio or FM stations. This makes the consultative process cumbersome and laborious; as well as cost of information much expensive.



CHAPTER SIX

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

6.0 Introduction

This final chapter of the study provides a summary of the study and highlights the main research findings obtained from the field; it further based on the findings draw conclusions and makes various recommendations and proposals to enhance stakeholder engagement in Corporate Social Responsibility.

6.1 Summary of Research Findings

This study sought to assess how the Chirano Gold Mines Limited incorporates stakeholder engagement in the planning and execution of its Corporate Social Responsibilities. The study was guided by four specific research objectives: Stakeholder Management Approaches and CSR at Chirano Mining Limited, Roles of key stakeholders in the CSR process, Extent of Partnership between stakeholders and Challenges of involving stakeholders in CSR activities of Chirano. A case study design within qualitative research approach was adopted for the study. The study purposively selected forty two participants to be interviewed. The interviews were recorded and transcribed, sorted out, organized thematically and discussed adequately. This section provides a summary of findings.

The study revealed that Chirano Gold Mines Limited embraces the concept of stakeholder management in the planning and execution processes of its CSR towards its mining communities. It was further observed that though CSR is not mandatory, the Company has a formal structures or institutional arrangement for engaging various stakeholders in the CSR process. The company employs various mechanisms to ensure that its stakeholders

are well managed and adequately informed and engaged in the entire CSR processes. The various mechanisms it uses include: The power of communication; addressing community members' complaints; and engaging in socio enhancement of the communities. These mechanisms enable the various stakeholders observe good faith on the company's part; the commitment of the CGML towards CSR has won it various national awards.

The study observed the two main institutions relevant in the CSR process are: the CSR department known as the community relation department of Chirano Gold Mines Ltd as well as the Community Consultative Committee (CCC). The CCC comprises the governmental/quasi-governmental agencies, the chiefs among others who meet quarterly and sometimes in emergencies to discuss and resolve issues of common concern. Because of the broad-based membership that cuts across all relevant stakeholders in the community, the people feel well represented and this is a strategy adopted by the company to seek legitimacy. In order to enable the CCC carry out its plans and objectives, the company has a fund, "The Trust Fund", from which all decisions and deliberations reached by the CCC are funded from. The good faith exhibited by the company has made its workers also occasionally engage and give back to community members.

However, the few challenges that emanate from this broader stakeholder engagement process has involve adequate funding to address numerous demands; excessive demands by traditional leaders, and finally poor NGO and media presence in the mining communities.

6.2 Conclusions

From the discussions and findings above, the study draws four main conclusions.

Firstly, it was observed that the mining communities even want the CGML to extend its operations and duration of stay as a result of its effective approach to CSR and operations. We, therefore, conclude that effective stakeholder engagement in CSR activities of mining companies has fostered a cordial relationship devoid of acrimonies and tensions in the CGML mining communities. Secondly, we conclude that effectively engaging various stakeholders and community members in a cordial relationship requires multi-faceted processes driven by good faith and effective communication, and pragmatically addressing community concerns.

Moreover, we also conclude that the approach adopted by the Company has also impacted on the way its workers engage with community members. This conclusion comes against a backdrop that as CGML engages with stakeholders in CSR, its employees emulate and do same in their own small way. Finally, the study revealed that the stakeholder approach comes with various demands from various stakeholders which tend to increase the company's responsibilities and cost; again the absence of NGOs affect the engagement processes to an extent. We, therefore, conclude that the absence of NGOs in mining communities poses challenges to both mining Company and community members.

6.3 Recommendations

From the above conclusions we draw the following recommendations:

First and foremost, as a result of the consultative process, the Company experiences oversubscribed demands from numerous stakeholders. We therefore recommend that the CGML needs to effectively manage expectations and demands that come from various

stakeholders. This can be done by prioritizing stakeholders. According to Mitchell et al. (1997), stakeholders possess three different attributes, these three attributes are power, legitimacy and urgency. With the help of these attributes a firm could identify which stakeholders the firm should pay its attention to. Managers must know about entities in their environment that hold power and have the intent to impose their will upon the firm. Power and urgency must be attended to if managers are to serve the legal and moral interests of legitimate stakeholders. Agle, Mitchell, and Sonnenfeld (1999) and Griesse (2006) subscribe to the assertion of Mitchell and his colleagues but added that it may be unrealistic for firms to appease all categories of stakeholder groups hence managers need to identify and prioritize according to the power, legitimacy and urgency of a given stakeholder's claim to determine their salience. Managing expectation is one best way of making sure people's demands are reduced to 'reasonable limits' by effectively explaining and communicating to them on real issues. Some individuals and groups are not well informed on real issues of corporate mining and that may inform them in making flamboyant demands, therefore, an effective way to reduce these is to manage their expectation through the power of communication and education.

Secondly, we recommend that existing relevant NGOs need to expand their scope and operations to new mining communities. It is also imperative for new ones to be set up in these areas with communities coming up with formal establishment to be part of the process. These NGOs could serve as a link and buffer between mining communities and mining companies. The role of NGOs and media in enhancing effectiveness of CSR has well been argued by Teegan, Doh, and Vachai (2004) who justify the need for NGOs to get involved in CSR activities of mining companies.

Moreover, in an attempt to deepen the company's acceptance in the mining communities, an unexplored engagement process is through regular inter-community games either between the mining communities and the company staff or duly sponsored by the company. This will deepen the community engagement process and will entrench the legitimacy of the company in the communities.

Again, we recommend for the training of community members to take up aspects for the Company's production process. This is very essential as community members who are part of the Company could explain things well to their community members who are more likely to accept easily than being told by someone else. Again, by having members of their own in the Company, unnecessary demands and grievances would be reduced or even avoided which will reduce the CSR cost.

6.4 Limitations and Directions of future research

This study, like any other, is subject to certain limitations. First the study concentrated on a single industry (mining sector) which means the results are only applicable to that sector. With regard to future research, since CSR and stakeholders of the extractive industry may not be similar to all sectors of the economy such as manufacturing, banking, pharmaceutical, etc. it would not be proper to make generalizations about industries' CSR given that the impact each sector is different. A further study area could involve a cross-industry comparison of CSR and stakeholder management in Ghana. This will afford the society the opportunity to know the various approaches being adopted by industries in the process of CSR and stakeholder management to meet social responsibility particularly in the area of community development.

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APPENDIX

APPENDIX 1: INTERVIEW GUIDE FOR RESPONDENTS



UNIVERSITY OF GHANA BUSINESS SCHOOL

DEPARTMENT OF ORGANIZATION AND HUMAN RESOURCE MANAGEMENT

INTERVIEW GUIDE FOR CHIRANO MANAGEMENT/STAFF OF CSR OFFICE

This interview guide is prepared to guide the investigator of a research project titled
“**Mining sector CSR Stakeholder Management: A case study of Chirano Gold Mines
Limited, Ghana**” to solicit information for completion of master’s thesis

You are assured that your responses will remain completely **confidential** and **anonymous**
and will be used for **academic purposes** only.



INTERVIEW GUIDE FOR CGML MANAGEMENT/STAFF OF CSR OFFICE

Section A: Respondent's Profile

1. Gender: (a) Male (b) Female
2. Age: (a) 20-29 (b) 30-39 (c) 40-49 (d) 50-59 (e) 60+
3. Educational level: (a) JHS-SHS (b) Diploma-Post Graduate (c) No Education

Section B: Interview (General issues-Introduction)

1. What is CGML/your understanding of the CSR?
2. Who is responsible for CSR within your firm?
3. What factors motivate your firm to undertake CSR?
4. Does your company communicate its CSR activities? Through what modes?
5. To whom does your organisation communicate its CSR activities?
6. What key stakeholder approaches do the organization use in undertaking its CSR activities?
7. What are the roles/functions of the following key stakeholders of CGML in promoting CSR activities?
 - Community:
 - Governmental/quasi-governmental agencies:
 - Employees:
 - Chiefs:
 - Community Consultative Committee:
8. How are those roles clearly defined and formalized? How does this facilitate CSR activities?

Section C: (Major study Objectives)

1. What is CGML approach to CSR
 - a. Who are your major stakeholders?
 - b. Why are these your major stakeholders?
 - c. Do you think these stakeholders must be engaged in most of your CSR projects?
 - d. How do you engage your stakeholders in CSR projects?

- e. At what level of CSR project development do you engage stakeholders- planning stage, implementation stages, post implementation stage where beneficiary community uses the product?
- f. What is CGML stakeholder approach to CSR?
- Constant consultation
 - Invitation of concerns
 - Representation of major stakeholders on our board/other important positions on our organisational structure
 - Formulating clear CSR policies
 - Focusing on area of stakeholders' interests
 - Reservation of some portfolios for community members
 - (Mention any)
- g. Which of the following is a clear strategy for managing your stakeholders. Please tick (✓) **yes or no**

<u>ITEMS</u>		Yes	No
1	We formulate clear statement of CSR project missions		
2	We identify stakeholders properly		
3	We understand area of stakeholders' interests		
4	We explore stakeholders' needs and constraints to projects		
5	We assess stakeholders' behavior		
6	We try to the influence of stakeholders and our CSR activities		
7	We assess attributes (power, urgency, and proximity) of stakeholders		
10	We keep and promote good relationships		
11	We formulate appropriate strategies to manage stakeholders;		
12	We study carefully stakeholders' reactions towards our CSR		

2. What roles do key stakeholders of CGML play to promote CSR activities

- a) Do your stakeholders contribute some resources to some CSR projects?
- b) Do your stakeholders facilitate some CSR projects/activities? E.g. through mobilization of people, distribution of activities, encouraging participation, etc.

- c) Do you think your stakeholders perform some supervisory role in CSR projects implementation? e.g. site protection, contractor monitoring
- d) Do you think your stakeholders perform some regulatory function for CSR projects management? E.g.–setting standard for usage, participation, developing self-regulatory laws etc.
- e) Do you think your stakeholders perform some promotional roles that enhance CSR project management? E.g. village information sharing, creating positive picture of the activities

3. The effects of partnership between CGML and stakeholders on CSR projects

- a) Do you partner with some identifiable stakeholders of your company to deliver CSR projects/activities?
- b) Do you think partnering with stakeholders to deliver CSR project is relevant?
- c) What are the specific contributions made by your stakeholders to any of your CSR projects/activities?
- d) Do you really think without the partnership certain achievement related to CSR activities would not have been possible?
- e) Have any CSR project failed before (what accounted for a particular outcome)
- f)

Which of the following CSR projects appears to be more successful			
Those stakeholders were consulted	<input checked="" type="checkbox"/>	Those stakeholders were not consulted	<input checked="" type="checkbox"/>
Those stakeholders were involved in the implementation	<input type="checkbox"/>	Those stakeholders were not involved in the implementation	<input type="checkbox"/>

Which of the following levels of involvement/engagement is very necessary for CSR project	
project design stage	<input checked="" type="checkbox"/> Tick
Project implementation stage	<input type="checkbox"/>
Project evaluation stage	<input type="checkbox"/>

- g) Which of the following is/are the effects/impact of your partnerships

	✓ Tick
The partnership helps us to meet our legal responsibilities	
The partnership helps us to appear ethical to the general public	
The partnership helps us to identify the right group of people/individual for compensation if necessary	
The partnership helps us to identify convenient location to site a project (school, borehole, public toilet, clinic etc)	
The partnership helps us to reduce confrontations/setbacks often associated with CSR project development and implementation	
Cost overrun often associated with projects are most likely avoided in event of proper engagement of stakeholders in CSR	

4. What are the constraints associated with stakeholder engagement in CSR projects

- a) Are your stakeholders often willing to participate in schedule CSR projects?
- b) Managing diversity- do you think diversity in terms of culture, education background, perspectives on location to site a project, status, economic background etc present some challenge to engaging your stakeholder on various CSR projects?
- c) Cost associated with involvement- do stakeholders taken on board of CSR projects demands for remuneration?
- d) Low level of education of beneficiaries- do you think that the educational level of some stakeholders are often required to be part of a CSR project education background has an impact on your deliveries

5. What are CGML stakeholder approaches to CSR and why do you regard these approaches appropriate?

6. What are the roles of CGML stakeholders in promoting CSR activities? How do you engage these diverse stakeholders in CSR projects?
7. To what extent does CGML in partnership with its stakeholders achieve CSR goals?
8. What are the perspectives of key stakeholders on community- focused CSR in CGML?
9. What are the challenges of involving Stakeholders in CSR activities within CGML?



INTERVIEW GUIDE FOR STAKEHOLDERS

Section A: Respondent's Profile

1. Gender: (a) Male (b) Female
2. Age: (a) 20-29 (b) 30-39 (c) 40-49 (d) 50-59 (e) 60+
3. Educational level: (a) JHS-SHS (b) Diploma-Post Graduate (c) No Education

Section B: General issues-Introduction

1. Has CGML ever done or develop some project for your community?
2. Why do you think CGML provided your community this support?
3. Are these support/activities relevant for your community?
4. What problem do you have with activities/projects CGML does for your community?
5. What factors do you think motivate CGML to undertake such free projects in your community?
6. Do you think CGML communicate to your community on programs/projects?

Section C: Major study Objectives

5. What is CGML stakeholder approach to CSR? Do you think CGML does the following?

<u>ITEMS</u>		Yes	No
a	Has CGML formulated clear statement of CSR project missions		
b	Are there identifiable CSR project for specific stakeholders		
c	Has CGML tried to understand/appreciate stakeholders' interests		
d	Explore stakeholders' needs before undertaken appropriate CSR project		
e	Keeps and promote relationship among its diverse stakeholders		
f	Predicting stakeholders' reactions for implementing the strategies		
g	Analyzing the change of stakeholders' influence and relationships during the project process		
h	Communicating with and engaging stakeholders properly and frequently		

6. What roles do key stakeholders of CGML play to promote CSR activities?

- f) Do your stakeholders contribute some resources to some CSR projects?
- g) Do your stakeholders facilitate some CSR projects/activities? E.g. through mobilization of people, distribution of activities, encouraging participation, etc.
- h) Do you think your stakeholders perform some supervisory role in CSR projects implementation? e.g. site protection, contractor monitoring,
- i) Do you think your stakeholders perform some regulatory function for CSR projects management? E.g.–setting standard for usage, participation, developing self-regulatory laws etc.
- j) Do you think your stakeholders perform some promotion roles that enhance CSR projects management? E.g. village information sharing, creating positive picture of the activities

7. The effects of partnership between CGML and stakeholders on CSR projects

- h) Do you partner with some identifiable stakeholders of your company to deliver CSR projects/activities?
- i) Do you think partnering with stakeholders to deliver CSR project is relevant?
- j) What are the specific contribution made by your stakeholders to any of your CSR projects/activities?
- k) Do you really think without the partnership certain achievement related to CSR activities would not have been possible?
- l) Have any CSR project failed before (what accounted for a particular outcome)?
- m)

Which of the following CSR projects appears to be more successful			
Those stakeholders were consulted	✓	Those stakeholders were not involved	✓
Those stakeholders were involved in the implementation		Those stakeholders were not involved in the implementation	

Which of the following levels of involvement/engagement is very necessary for CSR project	
Project design stage	✓ Tick
Project implementation stage	
Project evaluation stage	

- n) Which of the following could be through effects/impact of your partnership?
 - The partnership help us to meet our legal responsibilities

- The partnership helps us to appear ethical to the general public
- The partnership helps us to identify the right group of people/individual for compensation if necessary
- The partnership helps us to identify convenient location to site a project (school, borehole, public toilet, clinic etc.)
- The partnership helps us to reduce confrontations/setbacks often associated with CSR project development and implementation
- Cost overrun often associated with projects are most likely avoided in event of proper engagement of stakeholders in CSR

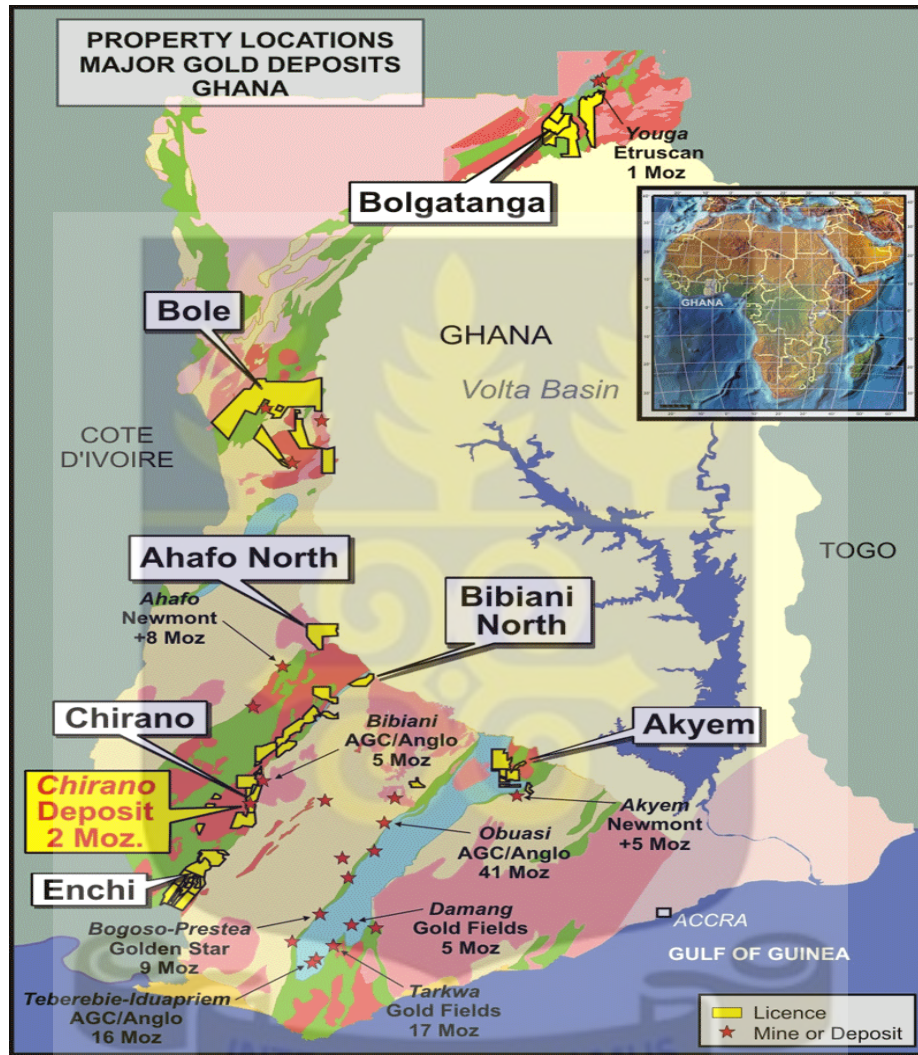
8. What are the constraints associated with stakeholder engagement in CSR projects?

- e) Are your stakeholders often willing to participate in schedule CSR projects?
- f) Managing diversity- do you think diversity in terms of culture, education background, perspectives on location to site a project, status, economic background etc. present some challenge to engaging your stakeholder on various CSR projects?
- g) Cost associated with involvement- do stakeholders taken on board of CSR projects demands for remuneration?
- h) Low level of education of beneficiaries- do you think that the educational level of some stakeholders are often required to be part of a CSR project education background has an impact on your deliveries?



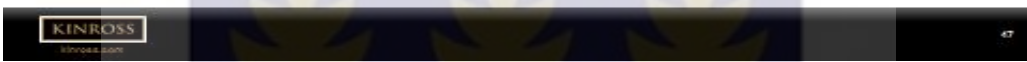
APPENDIX 2:
PHOTOGRAPHS FROM THE FIELD

i. Map CGML Relative to the Rest of Ghana



ii. A classroom block constructed by the CGML.

KINDERGARTEN BLOCK @ CHINE



iii. Members of the CCC in a deliberative session



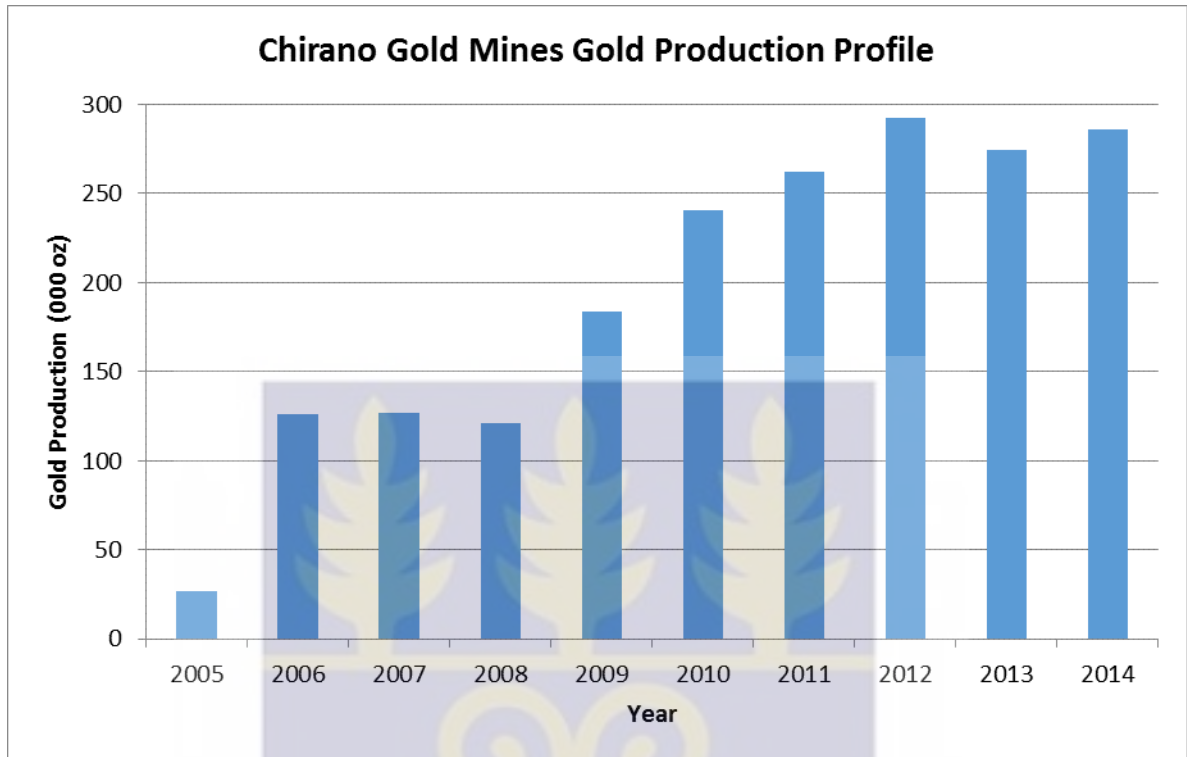
iv. Mining Workers Presenting Footwear to Akoti Primary School.



v. A mine worker presenting medical items Etwebo Community Clinic



vi. Production profile of CGML from 2005-2014



Source: CSR Department; CGCL

