

**UNIVERSITY FOR DEVELOPMENT STUDIES**

**STAKEHOLDER PARTICIPATION IN CORPORATE SOCIAL  
RESPONSIBILITY DEVELOPMENT PROJECTS: A CASE OF  
NEWMONT GOLDEN RIDGE LTD IN BIRIM NORTH DISTRICT OF  
GHANA**

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## DECLARATION

### Candidate's declaration

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

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### Supervisor's declaration

I hereby declare that the preparation and presentation of this thesis was supervised in accordance with the guidelines on supervision of this thesis laid down by the University for Development Studies.

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## ABSTRACT

This study examines the corporate social responsibility (CSR) activities of Newmont, in the Birim North District in the Eastern Region of Ghana. The operations of Newmont in the area directly affect eight communities, four are purposively selected, Abirem, Maamaso, Resettlement and Yayaso, for study in this work. The corporate governance philosophical approach that Newmont proffers to provide CSR interventions in the affected communities is through participation. This CSR delivery approach is borne out of the belief that host communities are shareholders and through participation they will provide support for the operations of the company. A mixed methodological approach, thus qualitative and quantitative was used in examining how this plays out in the selected communities. The instruments for realising this was through the employment of such means as focus group discussions, Key informant interviews and cross-sectional survey by administering semi-structured question to 329 respondents in the four communities. It is found out that Newmont has gone into Social Responsibility Agreement (SRA) with the people and also established the Newmont Akyem Development Foundation (NAkDEF) to execute the CSR projects. A bottom-up structure for participation has been devised, as well. But it appears many community members do not have faith in the efficacy of the participatory channels, even as the formalised structures like the District Assembly, Ghana Education Service and Ghana Health Service exhibit positive attitude in the workings of the communication channels. Nonetheless, the people in the affected communities were appreciative of the interventions that have been carried out. Challenges for enhancing the participatory approach as adopted by Newmont are identified and recommendations to improve the approach are made.



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## **DEDICATION**

This work is dedicated to my wife, Patricia Gyan-Klu, my children Baaba Eyirem Gyan-Klu and Ekow Sedinam Gyan-Klu.

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## LIST OF ABBREVIATIONS AND ACRONYMS

DA	District Assembly
AILAP	Agriculture Improvement and Land Access Programme
BBOP	Business and Biodiversity
BNDA	Birim North District Assembly
BoT	Board of Trustees
CSR	Corporate Social Responsibility
CEO	Chief Executive Officer
CFP	Corporate Financial Performance
DFID	British Department for International Development
DHMT	District Health Management Team
EPA	Environmental Protection Agency
FDI	Foreign Direct Investment
FGD	Focused Group Discussions
GES	Ghana Education Service
GHS	Ghana Health Service
HIV/AIDS	Human Immune Virus/ Acquired Immune
HD	Human Development
IFC	International Financial



	Corporation
IMF	International Monetary Fund
ICMM	International Council on Mining and Metals Offset Programme
ITN	Insecticide Treated Net
MNC	Multinational Company
NGGRL	Newmont Golden Ridge Resources
NAKDEF	Newmont Akyem Development Fund
OLIVES	Organisation for Livelihood Enhancement Services
SAP	Structural Adjustment Programme
SIC	Social Influence Capacity
SRF	Social Responsibility Forum
SRA	Social Responsibility Agreement
WBCSD	World Business Council for Sustainable Development



## CHAPTER ONE

### Introduction

#### 1.1 Background to the Study

Since the 1990s, there has emerged a new sense of responsibility by multinational corporations (MNCs) operating in the mining sector of Ghana towards the people in the communities in which they are located. The relationship that has emerged is often exhibited by a commitment of the mining corporations to positively impact the lives of the communities, through socially relevant projects that are designed to add value to the lives of the people and to sustain the environment (Jenkins & Obara, 2006). Indeed, these efforts by mining companies to positively impact the lives of the people in the local communities, spring from a new managerial philosophy that sees members of the local communities as stakeholders in the overall success of the organisation. As such, the postulate is that the wellbeing of the people in the host communities is ultimately tied to the overall economic objectives of corporate viability, sustainability and profitability. The process by which corporate entities take cognisance of the wellbeing of the communities and the environment into their accounting system forms part of the global trend of what is known as ‘Corporate Social Responsibility’ (CSR). Thus, a firm is said to be socially responsible when it accepts that its roles in society is to operate in terms of improving the environment and the quality of life in the locality.

While it is often easy to point actions taken by corporate entities as being socially responsible, same cannot be said of the definition of the concept. In reality the





concept corporate social responsibility (CSR) has become a buzzword that appears to convey a sense of appreciation as it conveys, even to the pedestrian, the elements of positivity and moral responsibility of corporate entities to others who may not necessarily be workers and/or shareholders of the organisation. Without being entangled in a definitional mesh, perhaps it is safe to follow the lead provided by McWilliams & Siegel (2001) in defining CSR as ‘situations where the firm goes beyond compliance and engages in actions that appear to further some good, beyond the interest of the firm and that which is required by law.’ Thus CSR points to the development of a relationship in which corporations seek to align their economic, legal, ethical and discretionary values to meet societal expectations, in order to avoid conflicts (Carroll, 1991; 1996). Herzig and Moon (2013) argues that CSR is conventionally associated with: business responsibility for society (compensating for negative externalities, contributing to welfare) and responsibility to society (accountability); responsible business conduct (to ensure market stability and probity); and the management of the corporation-society interface. Hill *et al.* (2007) posit that corporate social responsibility is the economic, legal, moral, and philanthropic actions of firms that influence the quality of life of relevant stakeholders. Each of these constituencies, both individually and collectively, forms opinions about organisations through perceptions of firms’ corporate social performance, which is characterised as summary judgments about CSR activities used by investors to make purchase decisions.

It is worthy to note out that while corporate entities have a long history of extending charity to communities, such acts in the past were driven purely by considerations of

paternalistic benevolence. CSR as employed in this text, by contrast, is borne out of a philosophy that social goods provided by corporate entities are sort of entitlements to community members since they (community members) are deemed as being stakeholders in the overall corpus of the organisation. In this sense CSR is conceived as presenting a scenario of mutuality of benefits to both the owners/management of the corporate entity and the beneficiary communities. While, it may be easy to conceptualise what a 'social good' is, what constitutes its components are not the same for all societies. This is because the elements of social good are contextually determined. In other words, we do not have a one-size-fits-all situation for determining what the components of social good are (McWilliams et al. 2006). Accordingly, what could be deemed to be socially responsible activity or project undertaken by an organisation in a given social context may not be accorded the same value in another social setting (McWilliams et al. 2006). It is for this reason that corporate bodies, including those in the mining sector, have adopted the social participation approach as a way for ensuring community needs' input into the determination of projects that would benefit the people. The participation of the concerned people is also an effort to legitimise the operations of the organisation.

But the relationship between the multinational corporations in the mining sector and the communities in which they operate had not always been like that. Historically, the mining industry is known for its 'devil may care' attitude about the impact of its operations; operating in areas without social legitimacy, causing major devastation, and then leaving when an area has been exhausted (Jenkins & Obara, 2006). Cost-benefit language was regularly employed to excuse the damage caused as it was



thought that the overall financial benefits outweighed the costs (Jenkins, 2004). The multinational corporations did believe that they did not bear any extra social burden beyond providing employment to community members and for the payment of royalties. The minimalist social commitment of the mining companies did often evoke frictions between host communities and mining companies. This was largely the case because community members often watch with disgust the vast economic disparity between those linked to the mining companies and the wretchedness that abounds among the local people. This was the case mainly because the mining companies did believe that the burden of meeting community needs was in the hands of the governments.

Generally in Africa, the commitment of mining companies to proactively engage with communities and to make efforts at helping them became manifest only in the aftermath of the Structural Adjustment Programs (SAPs) (Hilson, 2004). The implementation of the SAPs, among other things, was based on expanding the revenue base of the adjusting economies through the diversification of foreign exchange sources. The mineral wealth of Africa had always been a trump card for attracting foreign direct investors into the continent. However, the relationship between mining companies and the host communities are often not friendly and as such the CSR approach is a strategic move to smoothen this relationship. Thus the MNCs operating in the mining sector in Ghana, since the 1990s, are enjoined to provide CSR activities that would benefit the communities in which they are located.





The familiar picture of the African situation before then, were scenarios of worn-out communities that were devastated by scorched-earth policies which mining companies carried out after years of mineral exploitation. This situation was vividly described by Lanning & Mueller (1979) in *Africa Undermined: Mining Companies and the Underdevelopment of Africa* where they highlighted the pillage which the African continent suffered through exploitation of its mineral resources. Indeed, the mineral endowment of Africa was one of the major attractions for European adventurism in the continent, which led to its eventual colonisation.

In the case of Ghana, the abundance of gold served as a pull factor for earliest the European interests –the Portuguese –since their arrival in the country in 1471. The auriferous coastal belt very much kept the Portuguese interest alive, as they named the country *La Mina* to depict this interest (Ofosu-Mensah, 2011). The trade in gold flourished along the coastline as other European interests got involved in the trade. Not until the last quarter of the 19<sup>th</sup> century, when the country was formally colonised by Britain the gold mining industry was largely carried out by the indigenes that employed artisanal extraction technologies (Ofosu-Mensah, 2011). The sources of the gold that were mined by the indigenes were mainly from alluvial sources, even though Ofosu-Mensah (2011) specified that some amount of pit mining were also done in the hinterland of Denkyira, Waasa, Gyaman and Akyem. The interest that was shown in the abundance of gold and other resources along the coastal belt gave cause for many European powers to establish trading posts and castles along the coastline that enabled them to carve various areas of political and economic influence (Peters, 2013). Counterclaims by rivalling European powers actually led to cases of



internecine warfare among contending European traders. And by the logic of ‘survival of the fittest’ many lost out on the Ghanaian scene, as Britain became the winner that established colonial control over the country in 1874. With the establishment of formal colonial control expatriate interests in the mining of gold and other mineral became pronounced (Ofosu-Mensah, 2011; Peters, 2013).

For gold mining in particular, expatriate drive for concessions became evident in the 1860s as local chiefs began to sell lands to foreign firms for mining (Bourret, 1960). The Public Lands Bill of 1897, which sought to regulate the sale of lands to European companies, became a controversial issue, as the indigenes conceived the intent of the Bill as an effort to expropriate native lands (Bourret, 1960; Kimble. 1963). The arrival of expatriate firms with huge capital outlay and superior technology activated the process of displacing indigenous artisanal miners from being the major players in the expanding auric industry. The colonial government regularised the lease of concessions, through the passage of Concession Ordinance in 1900. According to colonial records, between 1897 and 1930 the major gold bearing areas of the country had been leased out as concessions (Addo-Fening, 1997; Ofosu-Mensah, 2011). The few indigenous entrepreneurs that ventured into the concession race, failed to make any niche as they were outmatched by Europeans who were better capitalised.

The indigenous miners that had held sway in gold mining had by the mid-20<sup>th</sup> century lost grounds considerably with their antiquated modes of production (Agbodeka, 1992; Akabzaar & Darimani, 2001). In fact the indigenous miners had literally become nuisance in the industry that now cherished high tech, and as such the old system which has despicably been labelled *galamsey* is criminalised for its



unorthodoxy (Ofosu-Mensah, 2011). The criminalisation of the old artisanal systems of production, in which the indigenous gold miners were engaged, was designed to draft the hitherto independent operators into the proletarianisation of their labour in the labour-intensive expatriate mining firms (Addo-Fening, 1997; Ofosu-Mensah 2011; Abdul-Korah, 2011). It is indicated, though that labour shortage did emerge in the expatriate firms as people in the local communities would rather engage in peasant cocoa cultivation than to serve as wage labourers for the European mining firms (Ofosu-Mensah, 2011).

To deal with the labour shortage for the mining companies, labour was subsequently imported from northern Ghana and from Liberia (Ofosu-Mensah, 2011; Abdul-Korah, 2011; Peters, 2013). With an assured flow of labour force from northern Ghana, gold mining consequently thrived in Ghana, much as it did in South Africa that depended on labour imports from Mozambique, Malawi and the other neighbouring countries (Onimode, 1988). The period of structural adjustment in Ghana witnessed a paradigm shift where government divested its stake in mining, and left the space for private companies (Hilson, 2004). The large capital outlay involved in gold mining allowed most mining operations in the hands of large multinational corporations. This has culminated in five-fold expansion in the mining sector between the period of SAP in 1988 to 2004 (Hilson, 2004).

In recent times, the conflict between MNC mining operators and host communities appear to be on the decline (CSR Watch, 2012). This is because the MNCs



engagement with both the national and local host communities tends to convey benefits beyond the familiar ones of employment, revenue and foreign exchange, to projects that bring about social development and the transfer of technical know-how (Todaro & Smith, 2009). MNCs constitute major industry players in mining in Ghana (Awudi 2002). Their standardised and sound social and environmental policies place them above other category of companies within the mining sector. For instance, many of the MNCs by their large scale of operation are subjected to various conventions and principles either by industry regulators or accountability institutions (Business and Financial Times, 2013). Subsequently, the MNCs tend to develop policies and operations that conform to requirements and conventions as stipulated by global and national institutions. These policies are enshrined in the CSR of the MNCs which become a reference point in delivering social, economic and environmental commitments within the host countries and communities (IFC, 2012). Therefore, CSR is relevant to businesses by creating value among its stakeholders by economic development, good governance, responsiveness and environmental improvement (IFC, 2012).

The operations of the Newmont Company in Ghana and the CSR activities it engages in are to be seen in the light of new business management philosophy of being a responsible corporate citizen in their locational communities. The Newmont Company has two project sites in Ghana, namely the Ahafo and Akyem projects, which are in different phases of implementation (Kum, 2014). Just like the Ahafo project, the Akyem project is characterised by adherence to global regulations and



conventions stipulated by International Finance Corporation (IFC) and other international bodies. In many ways, however, the Akyem project is set to be an improvement on CSR; based on the lessons learnt from the Ahafo project. This means that there are conscious efforts toward making the Akyem project more beneficial to the social needs of the local people. This is to be achieved through participatory approach that enables the local people, deemed to be stakeholders, to make inputs into the projects that the Newmont would deliver to the people.

The current paradigm shift in development discourse towards the participation of communities in defining their needs is meant to enhance development and thereby making interventions relevant to the people. Corporate organisations are, therefore, tasked on various global and national platforms to consider key stakeholders in their operations to ensure that their CSR interventions are helpful to the communities (Baidoo, 2012). This is also the driver of Newmont's participatory engagement with stakeholders in CSR development projects in Ghana and Akyem in particular.

Newmont Golden Ridge Resources Limited (NGGRL) as a multinational gold mining company has become relevant in the gold mining industry in Ghana, and its CSR interventions in the host areas (Newmont, 2016). As a relatively recent entrant into mining industry in Ghana, the company seizes the opportunity to utilise strategies from lessons learnt from other industry players towards sustainable community development. It is with this background that the study examine the CSR approach of Newmont in Akyem and how the stakeholder approach they operate in the host communities work out to the benefit or otherwise to the people.



## 1.2 Problem Statement

Ever since the last quarter of the 19<sup>th</sup> century, gold mining in Ghana has increasingly shifted from the hands of the indigenous small scale miners into the hands of large scale mining concerns; many of which are multinational corporations (Ofosu-Mensah, 2011; Peters, 2013). The auric endowment of the country has made gold mining a major attraction for foreign direct investment (FDI) (Peters, 2013). It is worth pointing out that the nature of gold mining, whether it is on the surface or deep shafts, often results into breaching of the integrity of the environment through excavations of the earth and the discharge of pollutants into the soil and water bodies (Peters, 2013). Consequently, irrespective of size both small and large scale miners leave behind scars on the environment that undermine land based economic activities like farming and fishing. The water bodies in host communities are also affected through wanton pollution that results from the discharge of chemicals unto the land and into water bodies. Nonetheless, this is just part of the legacies that miners leave behind in the areas in which they operate.

There are social costs as well. In many parts of Africa, and also in Ghana, communities that host mining operations are often the scenes of social and moral degeneration (Ofosu-Mensah, 2011). Mining sites invariably tend to attract single young men. This is the case whether one is discussing gold mines in the Witwatersrand in South Africa, gold mining in Tarkwa and Obuasi in Ghana or the copper mines in Zambia. Female prostitutes find such areas attractive markets for sex



trade as they flock to these sites to meet the libidinal needs of the unattached young men. Social and moral degeneration become the consequence of such sexual transactions in the host communities (Mabey, 2004). The prevalence of HIV/AIDS in South Africa and also among the migrant mine workers from Malawi, Mozambique and the other neighbours of South Africa attest to this. Similar trends are also reported in the mining communities in Ghana (Ofosu-Mensah, 2011).

However, the availability of mineral resources in a developing country plays a particular role in attracting foreign direct investment, the exploitation of which can subsequently trigger socio-economic development (Todaro & Smith, 2009). In Africa, as it is the case in many developing areas, the technology and capital for large scale exploitation of mineral resources are not readily available and hence the dependence of MNCs for such financial and technological resources. It is noted that in many mineral endowed countries where mineral extraction are undertaken by relatively organized business entities, especially multinational companies, there is increase government revenue at both national and local community levels (Revenue Watch Institute, 2013). In Ghana, over the past three decades a number of legislative reforms and policies have been enacted to increase revenues realised from mining companies to execute development projects that would promote and sustain social wellbeing (Hilson, 2004). Apart from the revenues paid by the companies, which are legal obligations in nature, MNCs in mining also undertake social development projects as CSR (Popa & Salanta, 2014).



The contributions of mining companies to national and local development in the nature of CSR cannot be over emphasized (Mensah and Okyere, 2014). However, it has been noted that the desired impact of corporate social responsibility projects of mining companies has become elusive in mining communities (Ofosu-Mensah, 2011). It has become evident that many multinational companies design and implement CSR development projects to show off rather than providing desired services that would enhance development. The failure of many supposed CSR projects to produce the desired development impact has generated policy suggestions meant to include the needs of the people in the consideration point of the projects (IFC, 2012).

Request from various governmental and non-governmental institutions has however not been effected as the participation of the people which is a critical factor in the effectiveness of CSR projects in community is often not carried out. The denial of the people in the host communities to participate in the CSR process contravenes the concept of Human Development (HD), which emphasises participatory approach in development (Lompo & Trani, 2013). Therefore, community systems, institutions and values formed and shaped through the interactions of community stakeholders are either bypassed or not adequately utilised in the development of CSR projects. In many cases therefore the intended effects that are envisaged for CSR projects are not derived by the communities mainly due to the lack of a sense of ownership from the people.





The communities that host mining activities receive the good and bad outcomes, which may be intended or otherwise by the activities of the mining companies (George, 2002). The movement away from scorched earth policies of mining companies to socially responsible interventions has been encouraged by the World Bank and the International Monetary Fund (IMF) since the 1990s (ICMM, 2012). This is intended to enhance the business climate for the companies for win-win outcomes, for host communities and the mining companies. But the approaches adopted by mining companies in their CSR projects are not the same and hence we have a mixed bag of outcomes. The Newmont Golden Ridge Ltd in the Akyem area, therefore, adopt the stakeholder approach that enables the host communities to make inputs into the conception, planning and implementation of the CSR projects. The extent to which the inputs made by community representatives reflect the real needs of the people remains a matter that has not been subjected to an independent scrutiny. It has therefore become compelling to investigate this matter, to enable us come to terms with the effectiveness of the CSR interventions in dealing with the needs of the people in the host communities. Specifically, the study examines the effectiveness of the community stakeholder participation approach in CSR development projects of Newmont Golden Ridge Ltd in its Akyem mining communities.

### **1.3 Research Questions**

The main research question the study seeks to address is:

How effective is community stakeholder participation approach in CSR development projects of Newmont Golden Ridge Ltd in its Akyem project?



The sub research questions are:

- i. What institutional CSR policies of Newmont influence community participation in the intervention projects?
- ii. In what ways does community participation manifest in Newmont's CSR projects in the Akyem mining area?
- iii. What outcomes do communities derive from participation in the CSR project processes in the Akyem project area?
- iv. What challenges inhibit the effectiveness of the CSR projects by Newmont in the host communities?

#### **1.4 Research Objectives:**

The main objective of this study is to examine the effectiveness of community (stakeholder) participation approach in CSR development projects of Newmont in its Akyem host communities.

The specific objectives of the study are to:

- i. Examine how the institutional CSR policies of Newmont Gold Ridge Ltd influence community participation in the intervention projects
- ii. Find out ways in which community participation manifest in Newmont Gold Ridge Ltd CSR projects in the Akyem mining area
- iii. Identify the outcomes which the communities derive from participation in the CSR project processes in the Akyem project area



- iv. Indicate the challenges which inhibit the effectiveness of the CSR projects by Newmont Golden Ridge Ltd in the host communities

### **1.5 Significance of the Study**

The study is significant in many ways. Firstly, it enables the study to empirically examine effectiveness of the participatory, stakeholder policy approach in CSR projects in the gold mining industry as it is being carried out by Newmont in the Akyem area. Secondly, as an exploratory study, it offers the opportunity for us to apply the theoretical knowledge on the field. The findings thus provide how the stakeholder participation concept works in reality in the area under study. The lessons that are learnt from the findings would establish the grounds for applying the stakeholder participation approach in social settings that are similar to that of our case study.

The significance of this study provides avenue for greater familiarity of the concepts in the CSR discourse and as it is applied in the academic field. As a result, the findings in this work expand the horizon of knowledge on the subject matter. In this vein the work will become a vital source of reference information for students and scholars interested in the subject matter.

For government officials and policymakers at the local and national level the findings in this study will offer insights as to how CSR activities can be done to effectively complement governmental development efforts in the course of rural development.



And for the mining companies, the findings will reveal to them what they can do better to improve the relations with the communities, as that is a key factor in sustaining their operations.

The study is also a source of reference for advocacy, by development practitioners in their effort to influence policies on CSR by multinational companies. The study also provides insight for MNCs on the appropriate ways to utilise the influence of their stakeholders towards the sustenance of development in their project areas.

### **1.6 Scope of the Study**

Geographically, the study is limited to Newmont operations in the Birim North District in the Eastern Region of Ghana. The company terms this project as the Akyem project, which has direct impact on nine communities, namely Ntronang, Old Abirem, Yayaaso, New Abirem, Mamaaso, Hwekwae, Afosu, Yaw Tano and Adjenua.

Contextually, the thematic areas under study include CSR of MNC's, especially gold mining companies, community stakeholders and their participation in the delivery of development projects by NGGRL. The study also examined institutional policies of stakeholder participation in CSR development projects.



## **1.7 Organisation of the Work**

The dissertation is composed of five chapters. Each chapter builds on the previous chapter. Chapter one introduces the study, identifies the problem under investigation and asks the relevant research questions. It further outlines the objectives of the study, defines its scope, gives a justification for the selection of the topic and outlines the limitations of the study. This chapter is significant because it guides and puts the study into a good perspective by checking deviations.

Chapter two includes literature review which encompasses analysis of existing research and relevant information on Stakeholder Participation, Corporate Social Responsibility and the strategies put in place towards aiding development. This chapter provides conceptual and theoretical information needed to carve a methodology for the study.

Chapter three consist of the profile of the study in the Birim North District and the nine Akyem mine project communities, comprising their location, size, vegetation and socio-demographic characteristics like population, socio-economic changes as a result of mining, major livelihood activities and key indicators of their participation in development interventions in the project communities. This chapter also consist of the research methodology which encompasses the research design, sampling techniques, sample units and size, sources of data and collection methods, data collection



instruments and techniques, framework for data analysis and reporting. This chapter provides a guide for conducting field survey.

Chapter four basically consist of the collection of data from the study area, analysis of the data collected and presentation of the research findings. Deductions and queries are also made from the research findings. The findings of the study are then summarized hence gives a lead for an introduction to the final chapter.

Chapter five focuses on conclusions and recommendations of the study. The chapter reveals findings and conclusions that are contributes to the literature and issues of stakeholder participation in CSR activities of miming companies.



## CHAPTER TWO

### Literature Review

#### 2.1 Introduction

The literature review focuses on stakeholder and agency (shareholder) theories that are usually employed to explain corporate social responsibility (CSR). Concepts of corporate social responsibility, stakeholders, participation, and corporate finance performance provide discussions for the conceptual framework. The literature reviewed and examines the contribution of Newmont CSR activities and policy to development projects in the Birim North District Assembly in the Eastern Region of Ghana.

#### 2.2 Discussion of terms and key concepts

##### 2.2.1 Stakeholder

According to Damak-Ayadi (2005), stakeholders are all of the agents for whom a firm's development and good health are of prime concern. Freeman (1984) views it as any group or individual that can affect or be affected by the realisation of a company's objectives. Other scholars such as Donaldson and Preston (1995) define stakeholders by their legitimate interest in an organisation. This implies that: claimants are groups or persons with legitimate interests; that they are known; and that they have been identified. Also, these stakeholder individuals or groups' interests



have at least a modicum of intrinsic value. The study therefore adopts the definition of stakeholders not only on ethical reasons but also as individuals or groups that have intrinsic value in the functioning of institutions towards a social order in an environment.

### **2.2.2 Types of Stakeholders**

Primary and secondary are the two types of stakeholders identified by Carroll (1989). Explaining from the business point of view, primary stakeholders maintain direct and contractual engagement with the company. Secondary stakeholders on the other hand are those individuals or groups who have no direct contractual agreement with the company but are impacted by the activities of the company.

Power relations and influence also gives rise to another distinction of stakeholders, thus internal and external stakeholders. Internal stakeholders have power and contractual obligations in influencing direct activities of the company, whereas external stakeholders may have obligations in the functioning of the company but not obligatory and direct. The study however adopts Carroll (1991) four dimensional distinction of stakeholders, thus, economic, legal, ethical and philanthropic that impacts CSR.





### **2.2.3 Community Stakeholders**

Chase, et al., (2004) in developing the guide for engaging community stakeholders has stated that, community stakeholders include neighbourhoods, community development groups, environmental organizations, development organizations, citizen associations and non-governmental organizations (NGOs). According to him, these set of stakeholders either affect company operations or vice versa. This however makes no direct reference to community institutions that enables these groups in functioning towards social order or sustainability of the community.

World's Bank (1996) defines community stakeholders, as that process through which stakeholders' influence and share control over development initiatives, decisions and resources which affect them. Therefore community stakeholders could be identified through the various structures and institutions that govern, benefit or influence resources for many purposes, especially towards development.

### **2.2.4 Community Institutions**

Institutions are stable, valued, recurring patterns of behaviour (Goodin and Klingemann, 1998). This includes structures or mechanisms for social order, the basis of which individuals or groups form a community. The social order largely is aimed towards development, through harnessing and leveraging on all resources available within the community. Institutional Theory is traditionally concerned with how groups and organizations better secure their positions and legitimacy by conforming



to the rules (such as regulatory structures, governmental agencies, laws, courts, professions, and scripts and other societal and cultural practices that exert conformance pressures) and norms of the institutional environment (DiMaggio and Powell, 1983, 1991; Meyer and Rowan, 1977; Goodin and Klingemann, 1998). Institutional Theory provides a theoretical lens through which researchers can identify and examine influences that promote survival and legitimacy of organizational practices, including factors such as culture, social environment, regulation (including the legal environment), tradition and history, as well as economic incentives, whilst acknowledging that resources are also important (Baumol et al., 2009). From the foregoing, the study adopts the identification of community stakeholders through the functioning of the community institutions that governs status quo or otherwise of the community.

#### **2.2.5 Stakeholder Theory**

The stakeholder approach provides a guide in the understanding of the workings within a particular organisational environment (Oakley, 2013). The approach considers the many activities that management considers relevant in profit maximisation through stakeholders (Mansuri & Rao, 2004). The stakeholder theory has been used to explain what is deemed to be in the best interests of an organisation, either as individuals or organisations regardless of their level of interest or benefit (McWilliams 2005). And in fact, surprisingly it also includes those individuals or groups that are mentioned as not having interest in the business. The stakeholder theory explains that the approach is intended to go beyond management's vision of



profit maximisation (Mansuri & Rao, 2004). Patton (2008) has stated that overall, a central and original purpose of stakeholder theory is to enable managers to understand stakeholders and strategically manage them. It is worth noting that stakeholder management impacts positively on the sustainability of businesses (McManus, 2004). Though stakeholder theory has its origins from strategic management, it has been adopted and applied in relevant fields, including corporate social responsibility (Oakley, 2011). Studies and discussions on corporate social responsibility have been taken from different roots, culminating in diverse views though they all point to the relevance of CSR in the functioning of businesses.

#### **2.2.6 Participation**

Like many concepts in development, participation also remains a contested element among academicians and practitioners of development (Hickey and Mohan, 2004). Analysing the contribution of participation to development has witnessed changes in approaches of participation towards development. Hickey and Mohan (2004) reveals that participation has deepened and extended its influence on development, especially with a new range of approaches to participation in theory, policy and practice over the years. Subsequently, those in developing countries are looking for new ways and processes of utilising participation in enhancing development. Hickey and Mohan (2004, pg 1), sees participation as “essentially concerning the exercise of popular agency in relation to development, a concern that has been characteristic of post-impassé development studies and much contemporary development policy that is based on recognising existing capacities of people as active claims-making agents”.



The World Bank Learning Group on participation in an influential statement, defined participation as a process through which stakeholders influence and share control over development initiatives and the decisions and resources which affect them (World Bank, 1995). It is quite clear to note that definitions and explanations on the concept of participation places emphasis on accessibility and ownership through a process aimed at the utilisation of resources towards attaining individual or shared value. The study therefore shares similar explanation and definition of Kehler (2000), where he states that, participation is the organized efforts to increase the control over and access to resources and regulative institutions in society, on the part of individual citizens, groups and movements of those hitherto excluded from such control aimed at the socio-economic development of the whole community.

### **2.2.7 Approaches to participation**

Participation as a concept remains an important aspect of development as a practice, policy or academic discourse. However development has become a changing paradigm thereby affecting various elements and aspects that influences it. Therefore the approaches to participation in development have witnessed a number of changes. According to Hickey and Mohan (2004), four approaches to participation could be characterised and these are: locus and level of engagement, ideological or political project, conception of citizenship and links to development theory.

The locus and level of engagement as an approach to development seeks to focus on individual, institutional or micro/macro for change. Hickey and Mohan (2004, Pg. 9)



reveals that “this level of engagement determines who or what will be the focus of efforts towards empowerment and transformation, or potentially the subject of coercion and control”. Ideological approach or political project as an approach to participation explains that the subject matter is been utilised to execute a number of purposes. An example is the emancipatory projects of social justice in 1970s which coincided with community development movements with the aim of controlling rural populations (Hickey & Mohan, 2004). The citizenship approach has been most extensively practised approach, especially as integration to the other approaches practiced. And this approach is still practised till date. It also deals with participation as a right or an obligatory process for development. Hickey and Mohan (2004: 9) concludes that “the concept and practice of citizenship is increasingly viewed as the means by which to capture both popular agency in a more political sense and the convergence between participatory development and participatory governance”. The link between approaches of participation to development theory places an emphasis on the different forms that participation has been viewed and practiced within particular development thinking. A summary of this is presented in Table 1.



Table 1: Approaches to Participation

Era	Approach	Institutional and intellectual influences	Development theory: approach to immanent processes and imminent interventions	Approach to citizenship	Locus/level of engagement
1940s-1950s	Community development (colonial)	United Kingdom Colonial Office  1944 Report on Mass Education in Africa	<i>Immanent</i> (Re)produce stable rural communities to counteract processes of urbanization and sociopolitical change, including radical nationalist and leftist movements <i>Imminent</i> Development requires participation and self-reliance; cost-sharing, <i>Animation rurale</i> , adult literacy and extension education, institution-building, leadership training, development projects	Participation as an obligation of citizenship; citizenship formed in homogeneous communities	Community
1960s-1970s	Community development (post-colonial)	Post-colonial governments (social welfare or specialized departments)	<i>Immanent</i> As above; also development of state hegemony, moral economy of state penetration <i>Imminent</i> As above; also health, education		
1960s	Political participation	North American political science	<i>Immanent</i> Political development dimension of modernization theory. Participation as securing stability, legitimacy for new states and strengthening the	Participation (e.g. voting, campaigning, political party membership) as a right and an	Political system and constituent parts; citizens
1960s-1970s	Emancipatory participation (EP)	Radical 'southern' researchers / educationalists. Freire, Fals Borda, Rahman	<i>Immanent</i> Analyse and confront 'structures of oppression' within existing forms of economic development, state formation, political rule and social differentiation <i>Imminent</i> EP: Participatory action research, conscientization, popular education, support for popular organizations LT: Form base Christian communities, training for transformation, popular education	Participation as a right of citizenship; participatory citizenship as a means of challenging subordination and marginalization	Economic and civic spheres; communities; citizens
	Liberation theology (LT)	2nd Vatican Council, Latin American Catholic priests. Gutierrez, Sobrino			
1970s-1990s	'Alternative development'	Dag Hammarskjold Conference 1974. Development Dialogue, IFAD Dossier. Nerfin, Friedmann	<i>Immanent</i> Critique of 'mainstream' development as exclusionary, impoverishing and homogenizing; proposal of alternatives based around territorialism, cultural pluralism and sustainability <i>Imminent</i> Popular education; strengthen social movements and self-help groups	Participation as a right of citizenship; citizenship as a key objective of alternative development, to be realized in multi-level political communities	Initially focused on communities and civic society, latterly the state through 'inclusive governance'
1980s-present	Populist / Participation in development	Development professionals, NGOs (e.g. MYRADA, IIED) World Bank Participation Learning Group, UN Agencies. Chambers	<i>Immanent</i> Little direct engagement; implicit critique of modernization <i>Imminent</i> Failure of top-down projects and planning; participation required to empower people, capture indigenous people's knowledge, ensure sustainability and efficiency of interventions. Participatory: rural/urban appraisal, learning and action, monitoring and evaluation; NGO projects.	Focus on participation in projects rather than in broader political communities	Development professionals and agencies; local participants
Era	Approach	Institutional and intellectual influences	Development theory: approach to immanent processes and imminent interventions	Approach to citizenship	Locus/level of engagement
Mid-1990s-present	Social capital	World Bank Social Capital and Civil Society Working Group. Putnam, Bourdieu, Narayan	<i>Immanent</i> Social capital promoted as a basis for economic growth <i>Imminent</i> Local institution building, support participation in networks and associations	Participation as a right and obligation of citizenship	Civic associations
Late 1990s-present	Participatory governance and citizenship participation	Participatory Research and Action (Delhi), Institute for Development Studies, Brighton (Participation Group)	<i>Immanent</i> Development requires liberal or social democracy, with a responsive state and strong civil society. Some focus on social justice <i>Imminent</i> Convergence of 'social' and 'political' participation, scaling-up of participatory methods, state-civic partnerships, decentralization, participatory budgeting, citizens' hearings, participatory poverty assessments, PRSP consultations	Participation as primarily a right of citizenship	Citizens, civil society, state agencies and institutions

Source: Hickey and Mohan, 2004



### **2.2.8 Institutional Policies Influencing Stakeholder Participation**

Approaches to stakeholder participation have progressed through a series of recognisable phases: from awareness raising in the late 1960s, incorporating local perspectives in data collection and planning in the 1970s (Pretty, 1995a;); the development of techniques that recognised local knowledge and “put the last first” such as farming systems research and rapid and participatory rural appraisal in the 1980s (Chambers, 1983 ); increasing use of participation as a norm in the sustainable development agenda of the 1990s (e.g. UNCED, 1992); the subsequent critique of participation and disillusionment over its limitations and failings (Cooke & Kothari, 2001); and finally to a growing “post-participation” consensus over best practice, learning from the mistakes and successes of this long history (Hickey & Mohan, 2005). These developments have taken place in parallel geographical and disciplinary contexts.

Institutional policies, with their long and varied traditions in social sciences (Goodin & Klingemann, 1998), have been a useful theoretical lens for understanding the effects of the institutional environment on stakeholder participation and CSR behaviours of firms (Aguilera & Jackson, 2003). Advocates posit that organizations (stakeholders) are substantially influenced by the institutional settings in which they operate, and as such, economic explanations such as financial performance and competition are insufficient to fully account for organisations’ CSR behaviours (Sybille & Ruhli, 2001).





The institutional environments take into account institutions (i.e. culture, regulation and social norms) which influence and which are influenced by actors' interactions in a governance system. Institutions are social constructs defined as "formal rules and taken for granted cultural frameworks, cognitive schemes, and routinised processes of reproduction; and assumes that actors are motivated more by a logic of appropriateness whereby action is constrained and enabled by cultural frames, schemes, and routines'" (Sayer & Campbell. 2006, p. 926). Different societal actors in the profit, non-profit and public sectors encounter define and influence the institutional norms, values and regulations in the institutional environments they operate.

Institutions provide the logics of appropriateness and instrumentality for implementation and evaluation of CSR and stakeholder participation (Sethi, 1979). They promote and sustain orderly behaviour that provides stability to society. Examples of institutional determinants for socially responsible corporate behaviour include: public and private regulation; the presence of NGOs and other independent organisations that monitor behaviour; associative behaviour amongst corporations themselves; and organised dialogues amongst corporations and their stakeholders (Matten and Moon, 2008). These institutional determinants affect the uptake and practice of CSR, and serve to promote or temper CSR agendas.

These discussions reinforce the notion that stakeholder participation and CSR are greatly influenced by the social, cultural, economic and political conditions of nations





(Matten & Moon, 2008), and differs from the findings by Lindgreen et al. (2010) showing no evidence of cultural or socio-economic conditions influencing the extent of stakeholder participation and CSR in companies.

The institutional environments in which companies operate certainly affect the uptake of CSR to varying degrees with certain institutional processes having more influence than others. However, there is not an overarching institutional logic to explain why companies engage in CSR.

### **2.2.9 Relevance of Community Stakeholder Participation**

The many claimed benefits of stakeholder participation have to an extent driven its widespread incorporation into national and international policy (Williams, 2004). At the same time, disillusionment has been growing amongst practitioners, stakeholders and the wider public, who feel let down when these claims are not realised. These claims can be broadly categorised under normative and pragmatic arguments for stakeholder engagement in decision-making.

Normative claims focus on benefits for democratic society, citizenship and equity. For example, it is argued that stakeholder participation reduces the likelihood that those on the periphery of the decision-making context or society are marginalised. In this way, more relevant stakeholders can be included in decisions that affect them and active citizenship can be promoted, with benefits for wider society (Martin & Sherington, 1997). Stakeholder participation may increase public trust in decisions



and civil society, if participatory processes are perceived to be transparent and consider conflicting claims and views (Richards et al., 2004). Stakeholder participation, as argued, can empower stakeholders through the co-generation of knowledge with researchers and increasing participants' capacity to use this knowledge (MacNaughten & Jacobs, 1997; Wallerstein, 1999). It is claimed that stakeholder participation may increase the likelihood that environmental decisions are perceived to be holistic and fair, accounting for a diversity of values and needs and recognising the complexity of human-environmental interactions (Richards et al., 2004).

Stakeholder participation also promotes social learning (Blackstock et al., 2007). This is where stakeholders and the wider society, in which they live, learn from each other through the development of new relationships, building on existing relationships and transforming adversarial relationships as individuals learn about each other's' trustworthiness and learn to appreciate the legitimacy of each other's views (Stringer et al., 2006). Social learning may be one of a number of mechanisms that can deliver more pragmatic benefits from participation, with groups of people developing more creative solutions through reflective deliberation.

Pragmatic claims focus on the quality and durability of environmental decisions that are made through engagement with stakeholders. It is argued that participation enables interventions and technologies to be better adapted to local socio-cultural and



environmental conditions. This may enhance their rate of adoption and diffusion among target groups, and their capacity to meet local needs and priorities (Martin & Sherington, 1997; Reed, 2007). Participation may make research more robust by providing higher quality information inputs (Reed et al., 2006, 2008). By taking local interests and concerns into account at an early stage, it may be possible to inform project design with a variety of ideas and perspectives, and in this way increase the likelihood that local needs and priorities are successfully met (Dougill et al., 2006). It is argued that participatory processes should lead to higher quality decisions, as they can be based on more complete information, anticipating and ameliorating unexpected negative outcomes before they occur (Koontz & Thomas, 2006; Newig, 2007). By establishing common ground and trust between participants and learning to appreciate the legitimacy of each other's' viewpoints, participatory processes have the capacity to transform adversarial relationships and find new ways for participants to work together (Stringer et al., 2006). This may lead to a sense of ownership over the process and outcomes. If this is shared by a broad coalition of stakeholders, long-term support and active implementation of decisions may be enhanced (Richards et al., 2004).

#### **2.2.10 Socio-Economic Factors Influencing Community Stakeholder Participation**

Participation has become a very important tool for the facilitation of development efforts (Williams, 2004). Various development agencies, governments and Non-governmental organisations have employed participation in its planning and

implementation of development interventions. It is most of the time assumed that stakeholders would participate automatically because they understand the benefit of development and the participatory process. But theory posits that other factors also influence participation, given especially the voluntary nature of participation (Hamann & Kapelus, 2004).

Numerous factors influence participation in Corporate Social Responsibility projects (Toffel & Lee, 2009). The provision of adequate financial resources and its timely release is perceived as the most influential factor because, funding is perceived as having a rippling effect on other factors including the number of stakeholders that are invited or involved (Campbell, 2007). Inadequate funding is tied to the delays in the payment of incentives, especially financial incentives like travelling and transport as well as sitting allowances which influences stakeholder participation (Bansal & Roth, 2000). Local governments pay different incentives depending on the location of a meeting and this very much influence participation. The commitment of top management is also perceived as a very influential factor (Campbell, 2007). The leadership is not very involved in the process and therefore funding, implementation of agreed strategies and the involvement of representative stakeholders is lacking. The inability to implement projects is a major factor that is believed to be discouraging effective participation (Delmas & Toffel, 2004). This situation is further increasing the distrust citizens have for Corporate Social Responsibility projects. The limited stakeholder involvement, inability to implement agreed strategies and its attendant distrust is becoming a vicious cycle which if not checked would jeopardise



the already fragile participatory process. Project owners does not adequately mobilise stakeholders to participate (Bansal, 2005).

There is no comprehensive stakeholder list that is representative of all stakeholder groups that need to be involved. Documents and information on the process are not made available to stakeholders. Sensitisation is done during the planning meetings especially at the zonal levels. This is perceived as constraining participation as well as its quality. Cultural believes and values were however perceived as not at all influential because in the urban setting there were no dominant cultural practices. The occupation or employment of stakeholders is also perceived as slightly influential on participation (Bansal, 2005). It was also found that, some communities are self-organising and initiating projects which are called self-help projects. The main supports given by the local government are financial and technical advice. This notwithstanding however, the local authority is unable to adequately facilitate and support such initiatives. These notwithstanding stakeholders are not at all influential when it comes to the allocation of financial resources for programmes and projects implementation.

#### **2.2.11 Challenges and Opportunities of Stakeholder Participation in CSR projects**

There is growing concern that stakeholder participation is not living up to the many claims that make. Stakeholder participation does not take place in a power vacuum: the empowerment of previously marginalised groups may have unexpected and potentially negative interactions with existing power structures (Kothari, 2001). There



are ways in which participation can reinforce existing privileges and group dynamics may discourage minority perspectives from being expressed (Nelson and Wright, 1995), creating “dysfunctional consensus” (Cooke & Kothari, 2001, p. 19). Fatigue may develop as stakeholders are increasingly asked to take part in participatory processes that are not always well run, and as they perceive that their involvement gains them little reward or capacity to influence decisions that affect them (Burton et al., 2004). In this context, it has been claimed that participatory processes can become “talking shops” that create ambiguities and delay decisive action (Vedwan et al., 2008). This may be compounded by the existence of non-negotiable positions or actors with veto power that limit the extent to which the process can empower participants to influence decisions. The resulting cynicism can lead to declining levels of engagement and put the credibility of participation at risk. This credibility has also been questioned on the basis that many stakeholders may not have sufficient expertise to meaningfully engage in what are often highly technical debates (Fischer & Young, 2007).

Despite the rhetoric and the concerns that have been expressed, there have been few attempts to investigate the validity of the claims that have been made for stakeholder participation (Brody, 2003; Blackstock et al. 2007). The few attempts that have been made have tended to focus on evaluating the process rather than the outcomes (e.g. Beierle, 2002; Renn et al., 1995). This may be partly due to the challenge of selecting appropriate evaluation criteria and data collection methods. Blackstock et al., 2007



argue that the evaluation of participatory processes should itself be participatory, with stakeholders selecting and applying the evaluation criteria.

However, Webler and Tuler (2006) found strong differences of opinion between participants about what constituted a “good” participatory process. Notwithstanding such differences, it may still be possible to develop evaluation criteria with stakeholders. For example, Chase et al., 2004 derived criteria from theory, which they prioritised with stakeholders in two case studies through questionnaires. Although there was a wide range of opinion, the criteria cited most frequently were: “using the best available scientific information, having a genuine influence on decisions, promoting communication and learning, and treating all citizens equally” (Chase et al. 2004, p. 635).

More commonly, participation is evaluated in the absence of stakeholder engagement, on the basis of criteria derived from theory and the analysis of cases (Chase et al., 2004). For example, Chess and Purcell (1999) evaluated the extent to which “process” and “outcome” goals were achieved through a range of participatory methods. They found that the extent to which these goals were met did not differ between the different methods (public meetings, workshops or citizen advisory committees). Instead success was influenced by the way that group dynamics were handled by facilitators (e.g. dealing with dominant individuals and placing participants in reactive positions), communication with participants (e.g. lack of information or publicising events and condescending attitudes towards participants), the clarity of goals that were set, and the quality of planning. Brody (2003) evaluated



whether stakeholder participation had improved the quality of local plans for the long-term management of ecological systems on the basis of theoretically-derived criteria, and found that the presence of specific stakeholders significantly increased their quality. Koontz (2005) conducted a multiple-case analysis to evaluate the extent to which stakeholder participation influenced the recommendations of community-based task-forces developing local farm preservation policies. A significant effect is realized in counties where the citizens and the elected officials are highly concerned about the issues involved, and where participants are connected with strong social networks that focussed on the issues being discussed.

Beierle (2002) coded information from 239 published case studies of stakeholder involvement in environmental decision-making and found evidence that stakeholders improved the quality of decisions that were made in the majority of cases, adding new information, ideas, and analysis. Based on this analysis, Beierle (2002) concluded that more intensive stakeholder processes are more likely to yield higher quality decisions. Although only a few studies have evaluated a handful of the claims that have been made for stakeholder participation, the available evidence appears to support the claims that have been evaluated.

Although these studies suggest that stakeholder participation may improve the quality of environmental decisions, they do so with one strong caveat: the quality of a decision is strongly dependant on the quality of the process that leads to it. Through a





combination of quantitative evaluations like these, and insights from qualitative studies and case studies (which are far more abundant), best practice in stakeholder participation is now beginning to emerge.

### **2.2.12 Corporate Social Responsibility**

Corporate social responsibility (CSR) has been defined by many authors, institutions and corporations differently due to its broad dimension (Crowther & Aras, 2008). The Australian Parliamentary Joint Committee on Corporations and Financial Services (PJC, 2006) defined CSR as ‘the company considering, managing and balancing the economic, social and environmental impact of its activities.’ CSR is a highly-complex concept which has been the subject of heated academic debates for many decades. The most durable and commonly used definition comes from Carroll (1979), who defines CSR as the social responsibility of business that encompasses the ‘economic, legal, ethical, and discretionary categories of the business performance’ at a given point in time. Moon (2002) and Crane et al (2008) has mentioned CSR as being among one of the contested concepts of businesses due to its multi-disciplinarily nature. It is therefore not surprising not to find a universally accepted definition (Dahlsrud, 2008). Nonetheless, it appears Carroll’s (1979, 1991) definition is the one been popularly given much attention with the aim of finding more appropriate definition. Five dimensional areas have been proposed, thus economic, social and environmental value creation, voluntariness and stakeholder relations (Dahlsrud, 2008). The first three dimensions of CSR mirror the triple bottom line framework (Elkington, 1997) which stipulates that businesses should take into consideration and



mitigate the impacts of their operations on people and the ecosystem. In the recognition of the significance of stakeholders in the creation of value for business (Freeman, 2010), Dahlsrud (2008) includes a cross-cutting issue on stakeholder relations which implies that businesses should consider the interests of all stakeholders. Dahlsrud's (2008) proposition regarding the voluntariness element of CSR, however, does not fully support Carroll's pyramid of social responsibilities, which regards legal compliance as the second tier social responsibility a company can assume within the society (Carroll, 1991).

The task of constructing a unified CSR definition is not limited to theory. In recent years, there has been a proliferation of interests from some Western governments and various industry bodies to come up with a working definition of CSR. The European Commission recently defined CSR, cited in Asbury and Ball (2016) as 'the responsibility of enterprises for their impacts on society.' It further expands the definition by stating that...

respect for applicable legislation, and for collective agreements between social partners, is a prerequisite for meeting that responsibility. To fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical, human rights, consumer concerns into their business operations and core strategy in close collaboration with their stakeholders' (Asbury & Ball, 2016., p. 68).

It is important to note that the recent European Commission's CSR definition can be said to be the most comprehensive definition formulated to date. This is the case because, in addition to clearly outlining the major dimensions of CSR, it also takes



into account the vital role a company's stakeholders can play in making the CSR agenda effective. But there are other comprehensive definitions that have emerged. According to the Commission of European Communities (2002, p. 6), Corporate social responsibility is described as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.

From a business perspective, the World Business Council for Sustainable Development (WBCSD) defines 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 of the local community and society at large' (Watts & Holme 2000, p. 3). Essentially, however, all of these definitions underscore how CSR has both moral and instrumental dimensions. This means that in understanding the social responsibilities of a firm, the instrumental and the normative case of business engagement with the stakeholders should be taken into account (Carroll & Shabana, 2010).

Crowthler and Aras (2008) indicates a difficult task in defining CSR regardless claims of what ought to be socially responsible or otherwise from corporations. However, a simple but broad definition of CSR from their argument reveals tenants of relationship between corporations and stakeholders. And this relationship comprise a number of concerns that could be summed in social contract encompassing economic, social and environmental value creation, voluntariness and stakeholder relations.



Further, social contract has been explained as the company's obligation towards other parts of society in return for its place in society.

### **2.2.13 Newmont's Corporate Social Responsibility**

As one of the leading mining companies with a little over a decade of operations in Ghana, the company has received a number of commendations for its social responsibility activities, from their premise that "Newmont is focused on delivering sustainable value for our people, stakeholders and host communities, now and in the future. Delivering on our commitments is a key pillar of our business strategy. We believe the protection of the health and wellbeing of our people, environmental stewardship and being a catalyst for sustainable economic empowerment in our host communities are not just the right things to do, they're good for our business." it is clear that, CSR is well entrenched component of its activities as a mining company.

The company is seeking to have sustainable mining and development agenda in the Akyem project as the company states that it is committed to working with functional and appropriate environmental and community development practices throughout the life of the operation. The following programs have been designed to ensure Newmont's participation in the shared and sustainable legacy:

- Business and Biodiversity Offsets Programme (BBOP)
- Reforestation and Plantation
- Social Responsibility Forum (SRF)
- Newmont Akyem Development Foundation (NAkDEF)



- National Power Infrastructure Support
- Community and Economic Development

#### **2.2.14 Agency Theory**

The core activities of businesses have come under scrutiny and criticism in agency theory (Kurucz et al, 2008), especially with those going beyond economic and legal activities. The theory frowns on businesses that undertake activities that do not reflect in profit maximisation. A summarised explanation of agency theory given by McWilliams et al. (2005) is that the legal representatives of the organisation, the managers, are not willing to afford their organisation the costs of social conducts; instead they are to take actions to cut down cost since they are the agents of their organisations. This thought is based on free market principles, where managers are expected to maximise profit for their shareholders. Brody (2003) has stated that ‘the idea of agency theory is to control the substantial goal conflicts between principals and agents, particularly where agents, by virtue of their positions, engage in opportunistic behaviour to the detriment of their principals.’ Therefore agents would want to use all available resources to achieve the goal of their shareholders (McWilliams, 2005). Therefore abiding by the core principles of business, economic and legal responsibilities may not be enough. Morality and ethical perspectives are therefore relevant in achieving economic benefit. Following from the agency theory, agents recognise the utilisation of available resources which may transcend to social interests. The agency therefore has to deal with a multiplicity of interest in its quest towards profit maximisation and wealth creation for its principal.



As noted in our introduction, there is no strong consensus on the definition for CSR. CSR has been used as a synonym for business ethics, defined as tantamount to corporate philanthropy, and considered strictly as relating to environmental policy. CSR has also been confused with corporate social performance and corporate citizenship. The lack of consistency in the use of the term CSR makes it difficult to compare results across studies, hampering our ability to understand the implications of CSR activity (McWilliams, 2005). As other issues are resolved, we hope that they lead to the emergence of an agreed-upon definition of CSR. For instance, though it is clear that there is the need for corporations to undertake CSR, what makes these interventions as CSR remains elusive. Having a good definition of CSR, with a common terminology, would aid in modelling the role of organisational culture and leadership in determining the importance of CSR within an organisation. Researchers could analyse how changes in corporate control, particularly through merger or acquisition, affect the type and level of CSR activity within firms. Alternatively, changes in top management (C.E.O. or team) might be examined to determine whether leadership style and characteristics are more important than corporate control/culture for predicting CSR activity. Understanding the role of leadership could be extended to understanding the decision making process and how decisions about CSR activity are affected by demands from multiple stakeholders.



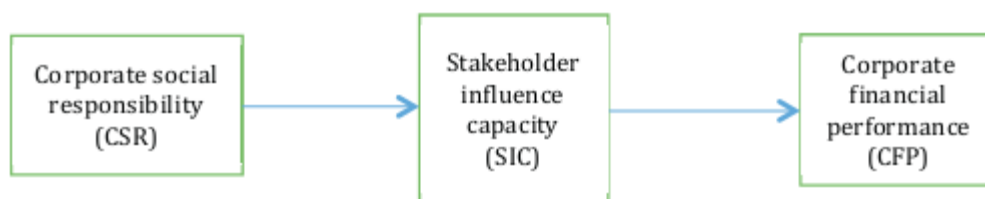
### **2.2.15 Corporate Social Responsibility and Corporate Finance Performance**

Corporate Finance Performance (CFP) constitute and important element in objectives of a firm ( Boaventura et.al. 2012). Though there are disagreements in relation to how CFP could be measured, three main approaches remain relevant (Cochran & Wood, 1984). The first approach considers satisfaction derived by shareholders. Internal efficiency defines the second approach, whereas the third deals with a subjective estimation of a company's financial performance (Orlitzky, et. al. 2003). Recent perspectives in explaining CSP dwells on measuring performance in relation to other non-financial variables. Therefore, a broad understanding of CFP is an attempt to measure variables deemed relevant in achieving the objectives of a firm, which includes social performance and or activities (Boaventura et.al.2012)

According to the stakeholder theory, managing relationship with various stakeholder groups leads to a better corporate financial performance (CFP) of companies or firms. According to Barnett and Solomon (2012), CSR and CFP are negatively related to some firms and positively related to others depending on how the firm is able to turn their CSR into valuable stakeholder relation. Barnett (2007) theorised that stakeholder influence capacity accrue as firms engaged in social responsibility practices. Figure 1 indicates the relationship between Corporate Social Responsibility, Stakeholder Influence Capacity and Corporate Financial Performance.



**Figure 1: Corporate Social Responsibility and Corporate Finance Performance**



**Source: Barnett & Solomon (2012)**

The influence of CSR depends on the ability of the firm to convert Corporate Social Responsibility (CSR) into Social Influence Capacity (SIC) (Barnett & Solomon, 2012). CSR investment creates stock of SIC and generates profitability to both the firm and communities as explained due to the stakeholder management, therefore the stakeholders tend to pay back in their various dealings with the firm and that leads the firm to a competitive advantage. Furthermore CSR investments that do not create SIC will not generate any return from CSR and the investment would lead to agency loss. Drawing on this, SIC serves as a mediator between CSR and CFP. Barnett and Solomon (2012) suggested that SIC can mediate the relationship between CSR and CFP. Consistent CSR activity that is targeted at improving stakeholder relationship leads to the creation and accumulation of SIC, which later leads to successful CFP.

#### **2.2.16 Corporate Social Responsibility in the Mining Sector**

The world experienced a major growth in mining in the early 1990s that has never been witnessed before and this could be attributed to the World Bank's call for developing countries to liberalise their mining policies and legislation aimed at boosting foreign direct investment (Szablowski, 2002). Countries, especially those affected by the economic downturns witnessed an intensification of mining activities,





which mainly took place in remote rural communities or isolated regions of development (Hilson, 2002). The consequence of these were not only limited to the environmental and socio-economic issues, but also inadequate regulations and policies to manage challenges of mining in these countries (Szablowski, 2002; Todaro 2009). However, even at instances that regulatory processes exist the industry has been criticised for influencing such processes. Issues of rent seeking practices and fuelling of conflict not only in mining communities but also within entire countries have been mentioned (Hilson 2002; Todaro, 2009). Through civil society pressure and necessary government and international reforms, mining activities has relatively been checked through various regulations and standards of acquiring licenses for mining operations and their sustainability and positive role in socio-economic and environmental stewardess (Cragg & Greenbaum, 2002; ICMM, 2013). In the process of harmonising and maintaining fair standards in mining activities to contribute to community and national development, the International Council on Mining and Metals (ICMM) was established in 2001. This was largely to spearhead the implementation of the industry's sustainable development agenda, as well as to take the lead in debates in maximising profits of mining companies, tax incentives and socio-economic and environmental responsibilities (Hamann 2003; Todaro 2009). Though these various dimensions have been considered by mining companies and have relatively featured in the operation of mining companies, issues of CSR had remained relatively as a voluntary action especially in developing countries, where mining regulatory structures and policies were lacking. Immediate consequence of the establishment of the ICMM has resulted in increasingly engagement of mining companies in development interventions, supporting mitigating activities of mining



and improving local and national employment in mining companies (Garvey and Newell, 2004; World Bank, 2010). Apart from protecting the marginalised groups in mining areas ICMM (2013) and Hamann & Kapelus (2004) have stated that the ICMM has made mining companies more proactive stance towards addressing concerns in the areas of safety and health and environmental protection.

Subsequently, these initiatives broadly outlined for consideration and to be implemented by its members do not fall short of activities or explanations behind the concept of CSR (Campell, 2006). The notion of CSR which transcends the mining industry has therefore given rise to different understandings, thereby leading to non-uniformity of activities. The variations in definition of CSR signify the magnitude of the concept in the global mining community (Asbury and Balll, 2016;Greg& Greenbaum, 2002; ICMM, 2013).Some scholars consider CSR in relation to the wider sustainable development agenda (Crane et al., 2008; Blowfield & Frynas, 2005; Hilson & Murck, 2000), whereas others see it as responsible mining (Crane et al, 2008; Warnaaars, 2012), Yakovleva and Jenkins (2006) for example, considers CSR as balancing the diverse demands of communities and the imperative to protect the environment with ever present need to make a profit. Similarly, Walker and Howard (2002) explain CSR as a license to operate as seeks to address concerns and interests of various groups. These definitions point out that mining companies need to manage their stakeholders. Also CSR should entail adequate rewarding system for equal benefits to stakeholders which could be described as a “Zero-sum game” (Elkington, 1997).



A major criticism of these definitions and explanation of CSR of mining companies has arguably been on agency performance as a business activity or moral case where CSR implementation is discretionary rather than institutional and regulatory (Carroll & Shabana, 2010). Nevertheless, though not standardised among all mining companies, some level of influence is exerted for key performance indicators (Carroll & Shabana, 2010). International Finance Company (IFC) in an attempt to seek adequate contribution of its investment through mining companies spells out clear CSR guidelines and indicators through the mining process. Also Dashwood (2007) argues that the operations and focus of CSR has been influenced by the concept and agenda of sustainable development that has been embraced by mining companies. Though some of these measures are to some extent to be implemented by mining companies, the lack of clear and standardised activities and outcome of CSR initiatives result into undesired interpretations as philanthropic activities and public relation tools in managing ethical and legal failures (Hamann & Kapelus, 2004). A serious criticism in the implementation of CSR among mining companies is where such initiatives of some mining companies operating in developing countries do not reflect shareholders' expectations (Mzembe & Meaton, 2013).

Therefore, if companies that are required to undertake CSR activities lack clarity and understanding of the purpose of such initiatives, then there is the tendency to expect 'fit the situation' interventions of CSR to legitimatise mining companies (Ogula, 2008; Dashwood, 2007; Owen and Kemp, 2013). Walker and Howard (2002) mentions that the activities of CSR are largely influenced by societal expectations, which could either be community or national. It further argues that lack of basic



infrastructure and social amenities places these stakeholders in begging for services rather than providing effective regulatory and policy on CSR activities. Mine stakeholders, therefore, have tended to have huge expectations for companies not to only take an increasing role in the provision of social rights, but also to address their negative social and environmental impacts more proactively (Yakovleva & Vazquez-Brust, 2012).

Corporate social responsibility is also about the integration of companies in their local setting, whether this be in Europe or world-wide. Companies contribute to their communities, especially to local communities, by providing jobs, wages and benefits, and tax revenues. On the other hand companies depend on the health, stability, and prosperity of the communities in which they operate. For example, they recruit the majority of their employees from the local labour markets, and therefore have a direct interest in the local availability of the skills they need. The reputation of a company at its location, its image as an employer and producer, but also as an actor in the local scene, certainly influences its competitiveness. Companies also interact with the local physical environment. Some rely on a clean environment for their production or offering of services-either clean air or clean water or uncongested roads. There can also be a relationship between the local physical environment and the ability of business to attract workers to the region they are located in. On the other hand, business can also be responsible for a number of polluting activities: noise, light, water pollution, air emissions, contamination of soil, and the environmental problems associated with transport and waste disposal. Many companies become involved in community causes, notably by means of provision of additional vocational training



places, assisting environmental charities, recruitment of socially excluded people, provision of child-care facilities for employees, partnerships with communities, sponsoring of local sports and cultural events or donations to charitable activities. The development of positive relations with the local community and thereby the accumulation of social capital is particularly relevant for non-local companies. Multinational companies increasingly use these relations to support the integration of their affiliates into various markets in which they are present. The familiarity of companies with the local actors, the local environment traditions and strengths is an asset from which they can capitalise

#### **2.2.17 The Role of Mining in the Ghanaian Economy**

Ghana's mineral reserves are significant and the country's mineral endowment potential is well known internationally and documented. Ghana is the 10th largest world producer of gold (UNCSD, 2010). Ghana's output, in terms of gold, increased by 2.1 percent to 97.8 tonnes in 2013 but its share in total gold output remained constant at 3percent (Bermudez-Lugo 2014). Total foreign direct investments (FDI) into the minerals and mining sector, from 1984 to 2011 amounted to some US\$11.2 billion with the large scale mining and the mine support services sub-sector employing about 27,000 people (Bermudez-Lugo, 2014; Ghana National Commission for UNESCO, 2012; Amponsah-Tawiah and Dartey-Baah, 2011). The minerals sector continues to exert significant influence on the country's current account position. Contributing 37.6 percent of total merchandize exports in 2013 as compared to 43 percent in 2012, the minerals sector continued to be a leading source of foreign



exchange for the country. The role of this inflow in propping up the value of the currency cannot be underestimated. Without doubt, the downswing in mineral export revenue was a major causal factor for the steep depreciation of the local currency in 2013 (Oxford Business Group, 2014).

### **2.2.18 Conceptual Framework**

According to Sinclair (2007), Conceptual framework is like a process that involves mapping out or visualizing variables/theoretical threads to form diagrammatic representation of inter-relatedness. Imenda (2014) arguing on the difference between theories and conceptual framework indicates that the latter seeks to utilise an inductive approach in reviewing literature and deriving variables in formulating the conceptual framework. “In essence, the conceptual or theoretical framework is the soul of every research project” (Imenda, 2004, p.1).

The conceptual framework for the study has been visually summarized in Figure 2. Corporate Social Responsibility development projects of mining companies have some implications on the growth and development of project communities at large as well as on the performance of multinationals. The review of literature, definitions, concepts among others have shown essential information on the idea of Corporate Social Responsibility in the mining sector, Agency and Stakeholder theories as well as Stakeholder participation. The review revealed that Corporate Social Responsibility of mining companies is relevant to the development of project communities. Therefore, this study does not only probe companies’ ability to meet



basic needs of project communities but also analyses and sheds light on the underlying processes of Corporate Social Responsibility and stakeholder participation with regards to development.

**Figure 2: Conceptual Framework**



Source: Authors construct, 2017

According to the framework, Corporate Social Responsibility is embedded with key variables of economic, legal, environmental and social dimensions. Though different level and magnitude of interest could be measured, the study broadly identifies only stakeholders that have interest in these four key dimensions. Community Stakeholders, local government institutions, agents and principals of the mining firm have been identified as key in harnessing the opportunities associated with CSR. There are interactions and engagement as an approach to participation through formalised structures established by these stakeholders. Whereas Community Stakeholders and local government institutions will work to achieve community



development through CSR activities, agents and principals of the mining firm will additionally be concerned with its Corporate Finance Performance as it seeks social license to operate. There is therefore critical issues in the participation process that are likely to also impeded the structures employed by the stakeholders in achieving the delivery and positive impact of CSR interventions.





## CHAPTER THREE

### Profile of the Area and Methodology

#### 3.0 Introduction

This chapter comprises the profile of the study area, techniques and procedures employed in carrying out the study. It also gives a detailed description of the research design, data requirements for the study as well as sampling procedures for data collection and mode of analysis of the data collected for better interpretation and discussion in subsequent chapters.

#### 3.1 Profile of the Study Area

##### 3.1.1 Location and Size

The Birim North District Assembly (BNDA) was carved out the former Birim District Council in 1987 as part of the governments decentralisation programme to promote effective governance at the local level so as to promote the development of the area. The Birim North District is one of the twenty-one (21) districts in the Eastern Region of Ghana with its capital as New Abirem. Newmont's Akyem operation in Ghana is in the Birim North District, which is approximately 180kilometres northwest of the national capital of Accra. The district lies within longitude 6°18' N to 0°59' N and latitudes 6.3000° W to 0.983° W and has a land size of about 1,250 km<sup>2</sup> and about 6.47% of the total land area of the Eastern Region. The Birim North District shares boundaries with Akyemans a district to the south, to the north with the Kwahu West Municipality, to the east with Atiwa District and to the west with Asante Akim South.



Newmont obtained the mining lease for Akyem in 2010 and began its operations. After completing various stages in mine development, the company started gold production in 2013.

The Akyem Project is about 180 kilometres northwest of the capital city Accra, 133 km west of Koforidua, the regional administrative centre, and 3 km west of the district capital, New Abirem. The Project involves the relocation and resettlement of one settlement (Yayaaso), eight hamlets (Nyamebekyere, Kerenkeren, Kwasi Kporfor, Badu, Kofi Aklo, Ayesu Zigah, Yaw Tano, and Metemano) and a number of individual residences. In total, approximately 1,700 households were directly impacted through loss of structures or farmland.

Based on current reserve estimates, the Company proposes to process approximately 8.5 million tons of ore annually to ultimately extract 7.7 million ounces of gold over a projected 15 year life of the mine. The Project involves mining a total of 116 million tons of ore and 396 million tons of waste rock. The ore is processed onsite with the gold extracted and waste material (tailings) contained in an engineered facility.

The Akyem project is permitted by the Ghana Environmental Protection Agency (EPA) under the Environmental Impact Statement: Akyem Gold Mining Project, Final Report, November 2008. Grant of a Mining Lease was obtained from the Government of Ghana in January 2010, and the grant of a Mining Area was also obtained in January 2010.



### 3.1.2 Physical Characteristics of the Birim North District

The Birim North District is undulating and mountainous in nature. The hilly areas of the district are basically made up of lava flows and schist, which in some cases rise to over 61 metres above sea level. These areas have high rainfall of about 170cm per annum. The lower areas of the district are also made up of phyllite and greywacke. These areas have relatively low rainfall compared with the hilly areas. The height of the district is not uniform. The area to the east of Akoasi up to the north eastern part of the district has an elevation of about 244 metres above sea level. Also the area from Amunana Praso in the north of Tweapiase in the east, New Abirem and Hwekwai in the south and Ntronang and Praso Kuma in the west rises to a height between 198-243 meters above sea level.

The central part of the district comprising the area stretching from the south of New Abirem, the District Capital through Nkwateng, Brenase, Ofoase, Ayeribi to Otwereso in the south and Akokoaso in the east can be described as very low lying areas. This area rises to a maximum height of 61 meters. Finally, the area to the west of Brenase, Otwereso to eastern boundary of the district and the area stretching from Ayinasi, Abenase and Adjobue to the southern end of the district has an elevation between 61 meters and 122 meters above sea level.

The district lies within the wet semi-equatorial climatic zone that experiences substantial amounts of precipitation. It experiences a double maxima rainfall pattern. The first rainfall season starts from late March to early July and the second season is



from mid-August to late October. The amount of rainfall received in the district is between 150cm and 200 cm reaching its maximum during the two peak periods of May-June and September-October yearly.

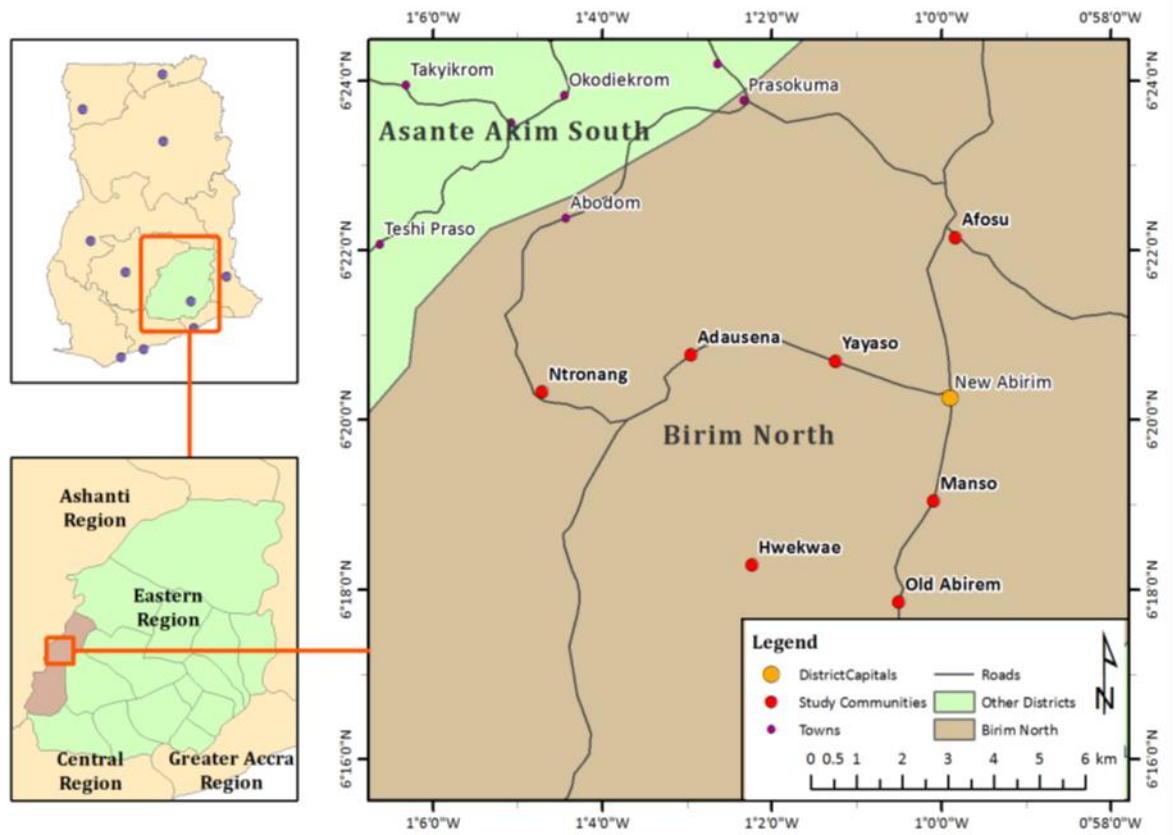
Temperatures range between an average minimum of 25.2 degrees Celsius and a maximum of 27.9 degrees Celsius. The district has a relative humidity of about 55-59 per cent throughout the year. This high amount of rainfall and moderate temperatures has the potential of improving and sustaining agricultural activities in the district. This climatic condition supports the cultivation of food crops and tree crops such as oil palm and cocoa. This has given rise to increasing farming activities in the district. This climatic condition confirms the district is mostly described as an agrarian district.

The district lies within the semi-deciduous forest belt of Ghana comprising tall trees with evergreen undergrowth. The forest contains large species of economic trees. The trees are highly valuable for the timber industry. The district is home to nine forest reserves. The rapid expansion of the cocoa and oil palm industries in the district is changing the original forest into a secondary type. This type of vegetation with its associated undergrowth prevents the soil from erosion and adds humus to improve the soil's fertility. This makes the soil rich in nutrients and supports crop production in the district. The vegetation is also home to many wild species which provides meat to



a portion of the population. Frequent bushfires have also contributed to the change that is occurring in the original forest.

**Figure 3: Map of Newmont's Akyem Project Sites**



Source: Kum, 2014.



### 3.2 Overview of NGRRL and Akyem Development Project Areas

In 1997, La Source SAS, Gencor, and Kenbert Mines formed Golden Ridge Resources Limited. La Source subsequently acquired Gencor's interest, increasing its holding in the Company to 80%. In 1999, La Source transferred its share in the Company to Normandy Ghana Gold Ltd. In 2002, Newmont acquired Normandy and an additional 5% of Kenbert Mines Limited share to increase its holding in the Company to 85%. In late 2005, Newmont moved to 100% ownership when it acquired the remaining Kenbert share. In 2008, the name of the company was changed to Newmont Golden Ridge Resources Limited.

The Company has continued an extensive exploration programme for gold on its Golden Ridge and Kenbert concessions in the Birim North District of Ghana since 2002. The Company obtained a mining lease from the Ghanaian government in January 2010. Development of the Project involves excavation of an open pit mine and construction of waste rock disposal facilities, a tailings storage facility, ore processing plant, water storage facility and water transmission pipeline, sediment control structures and diversion channels, haul and access roads and support facilities. It is proposed that a portion of the waste rock in the disposal facilities would be placed into the mine pit during the closure and decommissioning phase of the project.



Construction of the Project would necessitate realignment of a 2.75 kilometre section of the New Abirem to Adausena road. The design and construction of this new road would be coordinated through the Ghana Highway Authority. The project also requires upgrading the power line from Nkawkaw to site. Design and construction is coordinated with the Ghana power generation and transmission authorities.

1,907 hectares are included in the Mining Area which includes areas required for both mine development and safety and environmental buffer zones. Of this amount, approximately 1,465 hectares is actually disturbed during the Project activities. Approximately 74 hectares of the surface disturbance associated with the Project would occur in the Ajenjua Bepo Forest Reserve. Table 2 indicates the main components and the corresponding hectares of land used in the project activities.

**Table 2: Mine Components and Hectares Covered**

Mine Component	Hectares
Mine pit	139
Waste Rock Disposal Facility	306
Tailing Storage Facility	419
Water Storage Facility	56
Water Pipeline Corridor from Pra River	17
Sediment Control Ditches and Environmental Control Dams	35
Process Plant, Mill, Administrative Offices, Mine Service Facilities	85



Haul and Access Roads	21
ROM Pad	5
Storage Yards, Topsoil Stockpile and Powerline Corridors	382
Buffer Zones	442
Total	1907

**Source: Newmont Ghana Gold Limited, 2009**

Key issues emanating from the environmental disturbance in the Ajenua Bepo Forest Reserve include agitation by local residents and demands by the Environmental Protection Authority to Newmont to provide adequate compensation, including forest restoration with the project district or beyond. The surface disturbance, unlike deep mining has also raised concerns about appropriate measures and mechanisms in reclaiming land during mine closure. Permanent livelihood loss and diversification remain a critical agenda on the project's life cycle.

### **3.3 Economy of the Birim North District**

The major sources of funding for the Assembly is the District Assembly's Common Fund, the District Development facility, support from Government of Ghana and other donors. However, the District Assembly generates her internal revenue from taxes on properties, land and royalties, sale of goods and services, fees, fines, penalties and forfeits. But it is important to indicate that the District is developing more strategies to meet its revenue target in subsequent years. Newmont's Akyem





project has also contributed immensely to the local economy of the District through job creation and its CSR activities.

### **3.4 Newmont Golden Ridge Ltd and its Activities in Birim North District Assembly**

Newmont Golden Ridge Ltd as a multinational company is among the leading gold mining companies in Ghana and at the global level, it has been recognised as a leading industry performer in all aspects of mining. The company, through its policies and values reveals that, contributing to development, social wellbeing and promoting environmental sustainability is vital in its quest of maximising profit for its shareholders. Its entrance into Ghana's gold mining industry came at a time where there are relatively institutionalised structures and policies globally and nationally in harnessing the opportunities of MNCs towards development. Therefore, with lessons from earlier mining companies the NGRL is in an enviable position to contribute appropriately to development. The company has developed two broad mining areas in the country, namely the Ahafo and the Akyem projects, with the latter considered as an improved project towards profit maximisation and promoting improved sustainable development policies and interventions.



### **3.5 Research Design and Methodology**

#### **3.6.1 Research Design**

This study adopts mixed research approach that combines empirical data collected in the field with data that is collected from secondary sources that are available in books, journals and corporate documents, among others. The primary data was gathered through a combination of research instruments like survey by administering questionnaires, focus group discussions and key informant interviews. The variety of instruments applied in the collection of primary data was meant to the reliability and validity of the data through triangulation of data from these sources.

The study utilises descriptive technique/method for the research strategy. This descriptive research method intends to provide facts concerning the nature and status of a situation, as it exists at the time of the study (Creswell, 2009). It is also concerned with practices and relationships that exist, values, processes and viewpoints that are in progress, special effects that are felt, or activities that are just beginning and growing. Furthermore, such method attempts to identify and explain current circumstances, actions or systems based on the reactions and impressions of the respondents of the research (Creswell, 2009).

The research is also cross-sectional because of limited time. It is a study of a particular phenomenon (or phenomena) at a particular time (Saunders et al., 2003).



Therefore, cross sectional studies often employ the survey strategy, and seek to describe Newmont's Corporate Social Responsibility development projects and Stakeholder participation the Birim North District.

The study takes the form of a survey employing both qualitative and quantitative form of data collection and analysis methods. This is largely influenced by the nature and form of questions that the study seeks to answer. Therefore a survey of community stakeholders in the nine (9) direct project impacted communities with reference to NGRL CSR development initiatives in the Birim North District of the Eastern region was undertaken.

Quantitative data was gathered through the use of semi-structured questionnaires in achieving some specific objectives of the study. Qualitative data collection approaches employed in this study included focus group discussions and non-structured interviews that consist of employing guided questions. Observations in the study area and information from existing documents were part of qualitative data collection activities for the study.

The study involved analysing and evaluating community participation in Birim North District in respect of the Corporate Social Responsibility development projects. The research was thus designed to achieve the objectives set out in order to provide a



systematic guide to direct the research actions and to prevent eventual errors, biases and distortions.

The findings of this study are based on data and information obtained from a mix of instruments. The objective for this mixed approach is to collect qualitative data as much as possible with quantitative data from key stakeholders such as the community members. The survey for this research use questionnaires and direct interviews among identified respondents in the nine communities to collect appropriate data.

#### **3.6.1.1 Sampling Techniques**

Sampling refers to a process of selecting a subset of population for a study (Best and Khan, 1998; Leedy and Ormrod, 2010). The rational is to make generalisation or to draw inferences based on the study of the samples about the parameters of population from which the samples are taken (Yin, 2009). Sampling approaches include probability and non-probability (Osuala, 2005). The study employed both sampling approaches, considering the variables involved in the research.

Accordingly, the study adopted the survey type of research in which a sample from the target population was used for the study. Both probability and non-probability sampling techniques were employed because of the differences in the characteristics of the target population. The communities for study were purposively sampled in



order to avoid duplication of findings. The communities were sampled to reflect the nature of physical interventions that were done in the form of CSR. The Birim North District was purposively selected since it is the main project site of Newmont Golden Ridge Ltd. The inhabitants of the District possess knowledge on stakeholder participation and CSR development projects.

### 3.6.1.3 Sample Units and Size

The sample size determination aimed at selecting part of the population from which information was drawn to form conclusions about the entire population. For a survey design based on simple random sampling, the sample size required is calculated using the formula for sample size determination given by Miller and Brewer (2003). This formula allows for a geographically dispersed sample to be used, with participants simultaneously responding to the study from the project communities of the Birim North District, hence taking advantage of existing social groups to achieve the study objectives.

$$n = \frac{N}{1 + N (\alpha)^2}$$

Where n; required sample size, 1; constant, N; sample frame,  $\alpha$ ; level of significance or margin of error.

The Birim North District has a total population of about 96,024 people of which 28,910 live in the nine project communities within the District. Inhabitants of



Ntronang, Old Abirem, Yayaaso, New Abirem, Mamaaso, Hwekwae, Afosu, Yaw Tano and Adjenua constituted the sample frame for the study.

In order to have a fair representative sample size, the sample size is determined at a 95% confidence level (at a 0.05 significance level) and 28,910 of the total number of people living in the nine selected project areas for the study.

$$n = \underline{28,910}$$

$$1 + 28,910 (0.05)^2$$

$$n = 394.54 \approx 395$$

### 3.6.1.2 Sample Size Distribution

The sample size of each of the nine (9) study areas will be determined using the proportional method of sample size distribution as shown in Table 3.

**Table 3 Sample Size Distribution**

Name of Community	Population	Sample Size
Ntronang	4578	$4578 \div 28,910 \times 395 \approx 63$
Old Abirem	2887	$2887 \div 28,910 \times 395 \approx 39$
Yayaaso	1191	$1191 \div 28,910 \times 395 \approx 16$
New Abirem	6123	$6123 \div 28,910 \times 395 \approx 84$



Mamaaso	3434	$3434 \div 28,910 \times 395 \approx 47$
Hwekwae	1803	$1803 \div 28,910 \times 395 \approx 25$
Afosu	6165	$6165 \div 28,910 \times 395 \approx 84$
Yaw Tano	1227	$1227 \div 28,910 \times 395 \approx 17$
Adjenua	1502	$1502 \div 28,910 \times 395 \approx 20$
Total	28,910	395

**Source: GSS, 2010 and Author's Construct for Sample Size, March, 2015.**

### **3.6.1.3 Data Collection Methods**

The research made use of secondary and primary sources of data. The following secondary sources were contacted for data; the District Statistical Service office for population figures, Journals for existing literature on stakeholder participation and CSR development projects, Traditional authorities, District Assembly among others. Apart from the above, the study also made use of primary data that constituted the original generation of data from the field.

Data was collected from inhabitants of the project communities through field survey. An initial visit to the selected areas was meant to facilitate community entry and to also familiarize with the inhabitants in order to seek their consent for the study. Data that was collected helped in understanding, explaining, predicting and critiquing the social phenomena.



The study used a set of questionnaires to guide and facilitate the data collection. Questionnaires with a mixture of open-ended and close-ended questions helped in gathering data on the level of stakeholder participation in the CSR development projects.

### **3.7 Data Analysis and Presentation**

The search for patterns of relationship that may exist among data groups and examination of consistencies or inconsistencies between knowledgeable informants would warrant the use of quantitative data. Descriptive statistics were employed with the help of the Statistical Package for Social Sciences (SPSS) software version 20. Responses from pre-coded and open ended questions were entered into a prepared template and the analysis done.

Combinations of qualitative and quantitative methods of data collection were used to analyse the data collected from the field. As the study deals with numbers in terms of the sample size, quantitative analysis was relevant. The analysis of the data entailed a process of summarising and aggregating information according to relevant themes in view of the research objectives.





In any human endeavour, statistical figures are not entirely reliable as they may not necessarily reflect the real situation on the ground, thus the need for qualitative analysis. Discussions of findings were based on the descriptive statistics.



## CHAPTER FOUR

### Presentation of Findings

#### 4.1 Introduction

The chapter discusses the findings from the field that addresses the research objectives that are outlined in chapter one. These specific objectives are in many cases set as the sub-themes for the chapter to enable us discuss the issues we set out to investigate. It is important to recall from chapter three that the methodology for the primary data collection is a mixed research approach. Thus the presentation of the findings takes the form of both qualitative and quantitative formats. It is important to add that in the discussion the quantitative format is basically descriptive statistics, as tables, pie charts and bar graphs are used to present the findings. For the qualitative data we transcribed the responses from respondents as gathered in interviews and focus group discussions.

#### 4.2 Demographic Characteristics of the Communities and the Profile of the Respondents

##### 4.2.1 Demographic Characteristics of the Communities

The administrative district, Birim North, in which the mining activities take place in the Akyem area, is host to nine communities and of which four, namely Resettlement, Ntronang, New Abirem and Mamaaso were selected for the study. These communities were purposively chosen as they represent the spatial spread of the communities in the mining area of Newmont in the Akyem area. The communities



were also chosen to reflect the types of CSR interventions that have been implemented by Newmont in the communities. The relevant demographic characteristics of the four communities are captured in Table 4

#### 4.2.2 The Sex of the Respondents in the Communities

**Table 4: Sex of Respondents in the Communities**

	Community				Total in Percent
	Resettlement	Ntronang	New Abirem	Mamaaso	
Sex male	52	51	45	51	60
female	39	34	32	25	40
Total	91	85	77	76	100

**Source: Akyem Field Study, 2015**

As shown in Table 4, out of the 329 respondents in the four communities male respondents numbered 199, which is about 60%, while female respondents were 130, which is 40%. In the respective communities, the number of respondents in Resettlement constituted the highest number of 91 respondents of which 52 (57.14%) and the female respondents in Resettlement constituted 39 (42.86%). And in Ntronang a total of 85 respondents were covered in the survey of which male respondents were 51 (60%) and female were 34 (40%). In New Abirem the respondents were 77 in number of which males were 45 (58.44%) and females were



32 (41.56%). In Mamaaso the number of respondents was 76 of which 51 (67.11%) were males and female respondents were 25 (32.89%).

#### 4.2.3 Age Brackets of the Respondents in the Communities

**Table 5: Age Brackets of Respondents**

	Community				Total in percent
	Resettlement	Ntronang	New Abirem	Mamaso	
under 20 years	4	0	1	5	3.04
21-40 years	21	14	31	27	28.2
41-60 years	54	68	41	38	61.09
61 years and above	12	3	4	6	7.6
Total	91	85	77	76	100

**Source: Akyem Field Study, 2015**

It is shown in Table 5 that the modal age bracket of the respondents was those between 41-60 years, which numbered 201. This constituted 61.09% of the respondents. This was followed by the age bracket of 21-40 years that numbered 93 (28.27%). Those who were more than 61 years constituted 25 in number, which was 7.6% of the sample size. The rest (3.04%) checked that they were less than 20 years.



#### 4.2.4 Education Level of Respondents

**Table 6: Educational Level of Respondents**

**Source: Akyem Field Study, 2015**

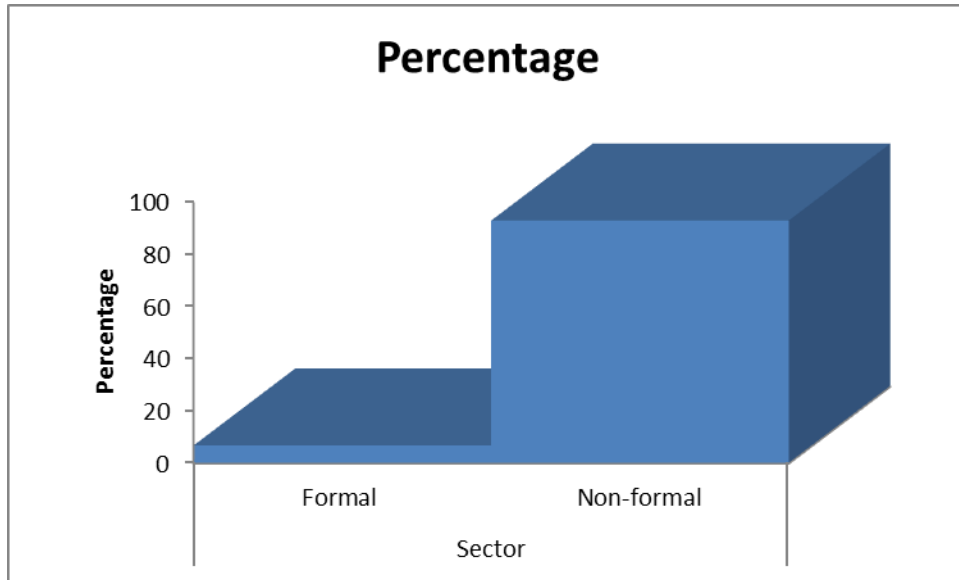
Educational Level	Community				Total in percent
	Resettlement	Ntronang	New Abirem	Mamaso	
No Formal Education	8	13	12	11	13.37
Primary	25	23	20	31	30.09
Secondary	53	47	39	32	51.98
Tertiary	5	2	6	2	4.56
Total	91	85	77	76	100

The evidence as shown in Table 6 is that those who have secondary education represented the highest number of respondents which is 171 (51.98%). This was followed by those who had primary education that numbered 99 (30.09%); and those who up to tertiary level of education numbered 15 (4.56%). There were 44 respondents that did not have any form of formal education that constituted (13.37%).



#### 4.2.4 Occupation of Respondents

**Figure 4: Occupation of Respondents**



**Source: Akyem Field Study, 2015**

The respondents, as shown in Figure 4, are in various types of occupational activities that are mostly informal in nature. There are few respondents who are in formal employment such as teachers, Customs Excise and Preventive Services and security guards in the communities. The respondents engaged in this formal employment respectively constituted 7% of the respondents. Thus an overwhelming majority of 93% of the respondents in the survey carried in the four communities are in the informal artisanal occupation such as shoe repairs, painting, bicycle repairs and photography, among others.



#### 4.3 Newmont CSR policies and the CSR Architecture in Akyem

The corporate social responsibility (CSR) policy of Newmont, and the implementation architecture that the Company has designed to actualise it in the Akyem area, sets the tone for which the host communities could be considered as stakeholders and participants in the delivery of social responsibility projects. The policy framework of Newmont in the CSR project delivery also defines the extent to which community needs could be factored into the processes for the provision of the CSR projects. In this respect and we sought information about the CSR policy and the architecture that had been put in place from a key informant in Newmont, namely the External Relations Manager.

The interview with External Relations Manager of Newmont, on the subject matter, in the Akyem area served as a source of information that illuminated the issues regarding the CSR delivery in the host communities. To find out about the policy of CSR projects delivery in the communities the question ‘Kindly tell us the nature of CSR project delivery in the host communities?’ was posed to the External Relations Manager. His response indicated *inter alia* that the policy framework of CSR projects in the Akyem area is very elaborate. He expounded that Newmont ‘is committed to being a good corporate citizen by not only paying taxes and royalties but also ... contributing by adding value to the lives of the people in the host communities’. In this regard, he pointed out that Newmont has Social Responsibility Agreement (SRA) with the major stakeholders, namely the Birim North District Assembly and the host communities. This agreement, he indicated was signed in June 2012 and SRA



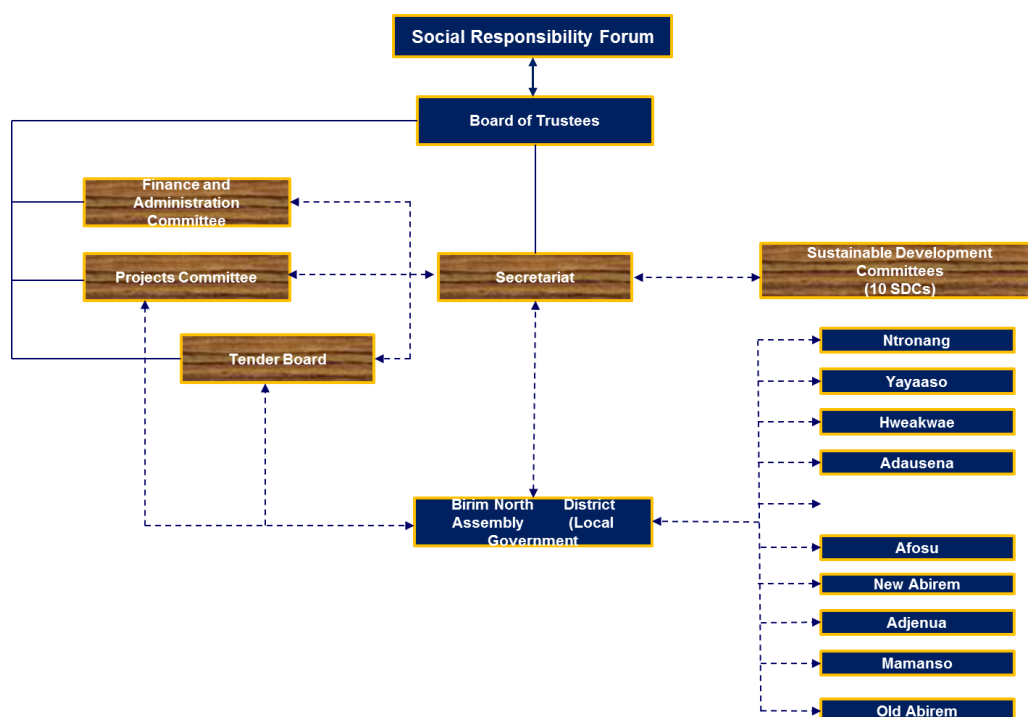
provided a number of structures to be established to cater for the planning and implementation of the CSR projects. Further to this, the report from OLIVES, a non-governmental organisation that facilitates and promote CSR activities in the study area revealed that “ Newmont aspires to leave behind a legacy as a mining company that seeks an improved condition of living among impacted communities through its CSR” ( Olives, 2015, p. 2).

However, dwelling only on the response from the External Relations Manager could pass as ordinary public relations (PR) recital of a corporate official in that capacity, we probed to find out how community members are involved in the processes that lead to projects that are implemented. According to the External Relations Manager the stakeholders have established a Community and Newmont Akyem Development Foundation (NAkDEF), which is a Company limited by guarantee set up by Newmont and the mine communities. The responsibilities of NAKDEF are derived from a Social Responsibility Agreement (SRA) that Newmont had signed with stakeholders in June 2012.





**Figure 5: Newmont Akyem SRF/NAKDEF Organisational Chart**



**Source:** Edward Ntifo-Siaw, ESR Management Update (2013)

The External Relations Manager supported his renditions with manuals (Figure 5) that outlined the contents of the agreement, as they relate to the tasks of the NAKDEF, and these include implementation of sustainable social investment (including scholarships and developmental projects). The NAKDEF has secretariat and a Board of Trustees (BoT) that operates the Social Responsibility Fund (SRF). The funds, according to the External Relations Manager, are provided by Newmont. The agreed formula for the funds is as follows: 1% of pre-tax profit plus US\$1 per ounce of gold sold. It is also added that there are representative structures like the Tender Board and the Sustainable Development Committee that are respectively responsible for evaluation of tenders and recommending successful ones; and project implementation. This revelation in the study is in line with Amponsah-Tawiah and



Baah-Dartey (2017) conclusion on broad contributions made by the extractive industry in relation to CSR activities.

The Tender Board, he disclosed, has 13 members, which are composed as follows:

- a) 2 representatives each of the traditional areas, Social Responsibility Fund (SRF),
- b) 3 Representatives from Newmont
- c) 1 representative each for youth and women
- d) Executive Secretary of the NAKDEF
- e) Birim North District Assembly Works and Planning Officer
- f) 1 Board of Trustee (BoT) member as Chair
- g) Project coordinator , as Secretary

The membership of the Social Development Committee is also made as follows:

- 2 representatives for the youth
- 1 representative for women
- 1 unit committee member
- 1 traditional authority (chief)
- 1 Assemblyman/woman
- 1 Social Responsibility Fund (SRF) member

The External Relations Manager was particularly interested in indicating that the composition of the two bodies is broad enough to capture the interests of all segments of society that ‘needed to be heard in the delivery of the CSR services.’ As an observer at a stakeholder workshop (Environmental and Social Responsibility Management update), this was revealed as the main components of the SRA:



The Social Responsibility Forum is the implementation body for the SR Agreement signed in June 2012  
The SR Agreement covers 3 components– Relationships, Employment and Foundation  
SRF subcommittee is developing the Foundation draft agreement

**Source:**ESR Management Update, Dr. Edward Ntifo-Siaw, (2013)

The CSR approach of Newmont in Akyem, does not only conform to the global standard required of mining companies in which planning, execution, monitoring and evaluation of development activities initiated or otherwise participated in by Newmont are to ensure that these development activities are meant to improve the quality of life of all. The Newmont Land Acquisition & Involuntary Resettlement Standard (2014) reveals that economically displaced persons whose livelihoods or income levels are adversely affected shall be provided opportunities to improve, or at least restore, their means of income-earning capacity, production levels, and standards of living.

During a consultative and update workshop held by SRF for stakeholders, relationships, employment and foundation were mentioned as the three components covered under the Social Responsibility Agreement (ESR Management Update, 2013). The delivery of such CSR interventions is also carried out on the principles of transparency and shared value. The responses to the interview are important in letting us know the approach that Newmont adopts in allowing stakeholder participation and input into the CSR process. The extent to which such an approach satisfies the exact needs and the expectation of the stakeholders are matters that are addressed in the sections that follow.



In interviewing the Development Planning Officer of the Birim North District Assembly about the extent of their involvement in the delivery of CSR, it was indicated that the relationship was ‘...formal and structured. The District Assembly and Newmont collaborate effectively with each other to ensure that the communities are developed. So I can say that the relationship is good but there is more room for improvement.’ The response to the question ‘How does Newmont liaise with the Assembly before the CSR projects are implemented?’ is also very much illustrative of the relationship between the parties involved:

When the DA (District Assembly) initiates the project, it (Newmont) participates fully in the project process from conception to handing over and maintenance and operation. Even if the project is the idea of Newmont, the DA is not only consulted, the DA is allowed to make inputs and suggestions. In most cases, the inputs from the DA are taken on board. In all the two scenarios, the DA is part of the design, implementation, operation, monitoring and maintenance. Even if the project is to be executed by a consultant, the DA works closely with that consultant to ensure quality and timely delivery.

Thus the position of the External Relations Manager of Newmont is obviously corroborated by the Development Planning Officer of the Birim North District Assembly in relation to the involvement and participation of stakeholders in the delivery of CSR.



#### **4.4 Manifestation of the Participatory Approach through Inclusion of the Community**

Notwithstanding the erudite policy rendition and the architecture that has been designed by Newmont, it is our view that since the ultimate beneficiaries of these projects are the ordinary people in the host communities, it was necessary to seek their (general population) views on the CSR projects and the impact of these projects. Thus we made it one of the objectives of the study to get the perspective of ordinary people on how their views are transmitted onto the NAKDEF platform for implementation. Seeking to know the perspective of the general public about their involvement in the projects is important since the proffered objective of Newmont in the CSR delivery is to legitimise their operations by adding value to the lives of the people in the host communities.

An examination of the extent to which the CSR participatory approach by Newmont is actually carried out from the perspectives of a cross section of the target population is the subject for investigation in this section. The data gathered for analysing the issues, in this section, were derived from community survey (through administration of semi-structured questionnaires), focus group discussion (FGD) and interviews of identified key informants. Issues regarding the level of inclusion of participants and the depth of participation are examined.



#### 4.4. Gauging the Perception of Community Inclusion in CSR Delivery

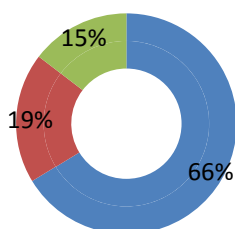
##### 4.4.1 Level of Community Involvement and Participation in CSR Projects

To find out whether the respondents in the four communities were interested in the CSR activities of Newmont we posed the question ‘Are you interested in the activities of Newmont?’ The data as captured in Figure 6 indicates the degree of interest shown.

**Figure 6: Respondents interest in Newmont activities**

#### Interest in Newmont activities

■ Yes ■ No ■ not quite



**Source: Akyem Field Study, 2015**

As shown in Figure 6, 66.3% of the respondents stated ‘yes’ to affirm their positive inclination to the activities of Newmont in the Akyem area. However, 19.1% and 14.6% of the respondents respectively indicated ‘no’ and ‘not quite’ to suggest negative views or indifference of interest. What this means in effect is that even though a clear majority of the respondents were positively disposed to the activities of Newmont, a third (33.7%) of the respondents either out-rightly expressed negative views or were not quite sure of the prospects of the CSR activities in the area. This is



quite a substantial hurdle which the Newmont governance system needs to deal with so as to enhance their acceptability in the area.

The reasons that were given by the respondents in respect of the question posed above are given in Table 7.

**Table 7: Reasons for being interested or not interested in the CSR activities of Newmont**

Reasons	Frequency	Percent
Community members have been employed	210	63.8
Because of future employment for my children	41	12.5
Business is going on well	26	7.9
unfulfilled promises	25	7.6
Their farm lands which served as a source of livelihood have been taken	11	3.3
Improved standard of living	16	4.9
<b>Total</b>	<b>329</b>	<b>100.0</b>

**Source: Akyem Field Study, 2015**

The main reasons the respondents gave about their disposition to the activities of Newmont in the area are shown in Table 7. A sample of the reasons is that ‘community members have been employed.’ Those who gave this reason (63.8%) obviously looked favourably to the activities of Newmont as the Company provided employment to the community members. Others believed that the Company will be a source of employment of their children; and those who gave this reason constituted 12%.



However, negative views were expressed as follows: ‘farm lands which served as a source of livelihood have been taken’ (3.3%) and ‘unfulfilled promises’ (7.6%).

As indicated in section 4.3 above, the Newmont CSR policies and the designed mode for addressing such issues is such that the communities, being considered as stakeholders, are well represented in the structures of NAKDEF. But it is often the case that gulfs do exist between officialdom positions and what grassroots expectations. To find out from the respondents whether or not community members are involved in the determination of the CSR projects in their communities, the responses that were elicited are shown in Table 8.

**Table 8: Community Members involvement in the determination of CSR projects**

	Frequency	Percent
yes	259	78.7
no	70	21.3
Total	329	100.0

**Source: Akyem Field Study, 2015**

It is the view of 78.7% of the respondents that community members are involved in the determination of CSR projects in the respective communities. However, 21.3% of the respondents answered ‘no’ to indicate that community members are not involved in the determination of CSR projects. Even though clear majority of respondents that are of the view that the community are engaged in the CSR project determination, it is

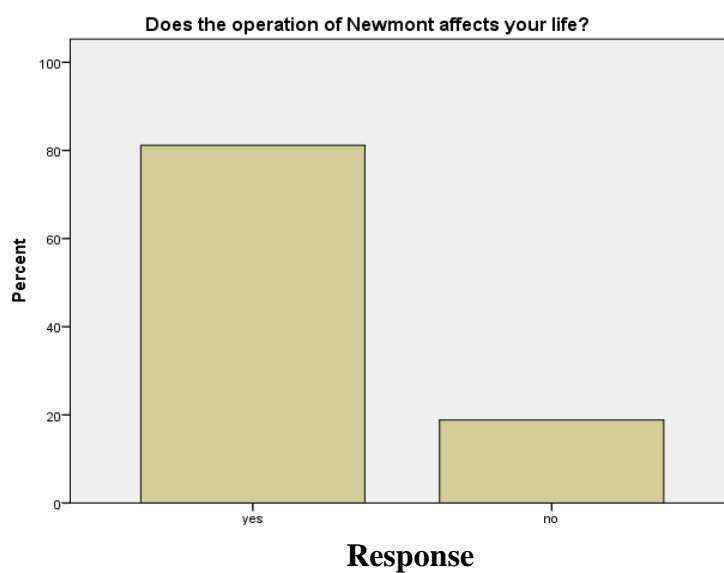




important to appreciate that the corporate goal for providing CSR would be further enhanced by finding more effective ways of explaining about the modes of participation and how such structures can be taken advantage of.

This is an important gulf to bridge, because respondents stated that the activities of Newmont affect their lives. The data as indicated in Figure 7 addresses the issues as to whether the activities of Newmont affect their lives.

Figure 7: **Activities of Newmont on respondents**



**Source: Akyem Field Study, 2015**

It is shown in Figure 7 that about 80% of the respondents indicated that the activities of Newmont affect their lives. However, 20% of the respondents checked otherwise.

In respect of the fact that the respondents felt that the activities of Newmont affect their lives they also expressed views about reasons why community members should



not or should be involved in CSR projects. The views that were expressed are shown in Table 9.

**Table 9: Why community members should or should not be involved in Newmont CSR projects**

	Frequency	Percent
Should involve the community members to monitor the on-going projects	89	27.1
Should involve the community member in decision making	163	49.5
Should involve the community in communication and transparency to prevent rejection from the community	10	3.0
To enable the community members to contribute immensely to the success of the project	44	13.4
To be part of the provision of scholarships	11	3.3
They should involve the community members since they know their needs	12	3.6
Total	329	100.0

**Source: Akyem Field Study, 2015**



As can be seen in Table 9, various views have been put forward as being the reasons for which they should be involved in the CSR activities. The reasons adduced are broadly categorised as follows:

1. to enable monitor the on-going projects 27.1%;
2. should involve the community members in the decision making process 49.5%
3. transparency to avoid rejection 3%
4. contribute immensely to the success of the projects 13.4%
5. to be part of provision of scholarship 3.3%
6. know their needs 3.6%

An examination of the spectrum of reasons put forward by the respondents in the communities point to the fact that they believe that they have a stake in the projects and their success. The main feeling as expressed by 49.5% of the respondents is that they want to be part of the decision making process. Obviously, this points to the view that the current structure for their participation in the CSR process is not satisfactory enough.

Similar sentiments were expressed in the focus group discussions (FGD) for the youth in Mamaaso and Abirem, we sought to find out, among other things, the views of the youth regarding their level of satisfaction with the CSR projects that Newmont carries out and whether they felt they were involved in the process of planning and implementation of the projects. To the question ‘why should community members be



involved in CSR activities by Newmont?’ we got the following response in Mamaaso....

If they want to develop our community, we would have to tell them what we want. By so doing, we will put up projects that would benefit us. So our involvement like that of Foundation projects will ensure that the projects we want are constructed. If we are involved, they are certain things we the community members can do to reduce the project cost and ensure quality work. (Focused Group Discussion, 10<sup>th</sup> September, 2016)

What is suggested in this response is that the youth in Mamaaso felt they were stakeholders in the social responsibility projects and as such it was important they were involved for the projects to benefit them. There was also the feeling among the youth at the focus group discussion that their involvement in the process could ‘reduce the project costs and ensure quality.’ How they would ensure that the project costs were reduced and with quality assurance was investigated by asking whether they had expertise in project costing. The answer that was provided at Abirem was demonstrative of what the youth’s thought was regarding project cost reduction strategy. The Abirem youth did suggest two approaches to reduce project costs, namely: (a) non-payment of sitting allowances to committee members; (b) constructions of schools and healthcare centres should be done directly by the community members through communal labour. In the words of one participant who was at the focus group discussion forum at Abirem...



Newmont consults the Elders and the few people who have gone to school or support their activities. For the majority of the (community) members, they are only informed when the projects are about to begin. In most cases, we hear Newmont is undertaking a project without any formal consultation

Apparently, the youth felt being marginalised in favour of the selected ‘educated persons and elders who benefit from the projects that are undertaken.’ The youth in Abirem also added that....

the contractors from the community relate well with Newmont. But for the majority who are suffering because Newmont disrupted our farms and work and paid small compensation and for those who are unemployed, they do not participate in Newmont community meetings.

It was obvious from the views expressed by the youth in the two communities (Mamaaso and Abirem) in which we held the focus group discussions that they were not satisfied with the degree of their involvement in the rolling out of the CSR projects.

Besides the mode of their involvement in the processes for the direct CSR projects, the expectation of the youth was high about employment opportunities that the Company could provide them. But here again, their expectations were not being met. In response to question that sought to find out whether they were benefiting from the job opportunities that existed, a participant at Mamaaso pointed out that ‘only people in the community are employed. The committees bypass us and take people who are



not natives.’ Similar lamenting expressions were heard in Abirem as a female participant at the forum could not hide her disgust about how they are being ‘fooled about jobs that never come.’

What is noted about these views as expressed in the cross sectional survey and the focus group discussions is that there is a certain level of discontent among the people regarding their participation in a CSR process in which they feel they are stakeholders. This does not bode very well for the Company that has the object of providing inclusive and participatory CSR services, to as to legitimise their operations.

#### **4.4.2 Views of the Formal Institutions involved in the CSR activities of Newmont**

The Birim North District Assembly (BNDA) is the local government unit in the Newmont Akyem mining area. The BNDA is the main decentralised governmental structure that is responsible for the development of the communities in its area of jurisdiction. Hence, the BNDA is well integrated into the activities of the NAKDEF through the opportunity of representation by the District Development Planning Officer and the District Engineer. In the typical rural setting in which the Newmont mining activities are done, the role of Ministry of Education acting through the District Directorate of the Ghana Education Service is important in the CSR activities that seek to improve access and quality of education.



Similarly, with healthcare, which is another prime focus of the Newmont CSR projects the role of Ghana Health Service (GHS) of the Ministry of Health is important in the district. Hence, the Ghana Health Service's District Health Management Team (DHMT) provides the technical link for the CSR health care services. The views about the extent of their involvement in the NAKDEF CSR projects are important; to enable us assess the effectiveness of the participatory CSR model that Newmont has set up. As indicated in the preceding section the CSR architecture creates space for representation of the District Assembly and technical bodies in the district. The views as captured about the scope of their participation in the CSR projects were provided through key informant interviews.

The Development Planning Officer of the BNDA provided us some insight about their engagement with Newmont in the CSR projects that are rolled out. The Planning Officer indicated that the District Assembly by the Local Government Act was responsible for 'the development of all the communities that fall under its scope.'

He continued that ...

The DA ensures improved standard of living including increased access to education and health; food security, improved income, increased access to social infrastructure. Because the DA cannot provide all the needs of the people, support from other organizations and institutions is key. The CSR projects and programs put up by Newmont directly support the DA to deliver



on its mandate. That is why the DA sees the partnership with Newmont very beneficial. So in effect, Newmont is helping the DA to improve the lives of its citizens.

The views about the relationship that exist between Newmont, as CSR service provider, and the BNDA is extensively quoted here to enable us come to terms with the positive feeling the District Assembly has about the complementary support they receive from Newmont.

And from the GHS/DHMT we sought through another interview with the District Director of Health Services the level of their engagement with Newmont CSR activities. When the Director was asked whether they had good relationship with Newmont, this was his response ...

Yes we have a very cordial and effective relationship with Newmont. Our staffs are represented in most Newmont committees and projects. We also meet with them occasionally to share beneficial information. So our relationship is quite strong.

GHS is mandated among other things, to ensure improved health and increase access to quality health services in the Birim North District. All the investment Newmont has done in the health sector – infrastructure, education, ITN distribution, counseling, etc. – are all geared towards delivering on our mandate. Our collaboration with Newmont has been extremely beneficial. The





support we have received from them has not only increased access, it has improved delivery of health services.

*“Ghana Health Services (GHS) and Department of Social Welfare (DSW) continued to provide health education and counselling services as well as psychosocial and family life support. Beyond counselling and education, the mental health team of GHS provided specialized, household level treatment and sensitization to the mental health patients and their caregivers. During the year under review, GHS, per the memorandum of understanding (MOU) focused on health issues at the household level including mental health support. DSW on the other hand, provided psychosocial support, family life counselling, child maintenance support and encouraged households to focus on their livelihood”*(Maborawa Programme Annual report, 2016., p. 11).

The views of Director of the Ghana Education Service of the BNDA were also heard about their level of involvement and the kind of relationship that exists between their respective outfits. The views of the Director were gathered through interview. When Director in a response to similar question about the nature of their relationship with Newmont answered as follows:

Newmont is critical about sustainability and GES play a key role in ensuring sustainable community development. In that regard, we work with Newmont in every stage of their educational interventions. We initiate projects together and together ensure that those projects and programs are implemented as planned. In the very early stage of the mine development, thus prior to mine construction, in consultation with GES Newmont rolled out Schools engagement programme among the impacted communities. GES is always



part of every educational intervention. GES tells how schools are to be designed and the type of facilities required. It is based on our suggestions that Newmont award contracts.

From the responses that were received from the three actors in the CSR projects, it appears these formal institutions do not only have good relations with Newmont in the delivery of the CSR projects but they are also very much involved in the execution of the projects from their conception, planning and implementation.

#### **4.4.3 Contrasting Views between the Youth and Formal Institutional Bodies Relating to CSR**

Whereas the formal institutional bodies displayed positive relationship and indicated that they were involved adequately in CSR projects, same views did not come from the youth groups that were involved in the focus group discussions in Abirem and Mamaaso and the views as captured by the cross-sectional survey. This contrasting view about the level of participation is problematic. This is because the youth and the rest of the population in the host communities are the real targets of CSR projects. The feeling of disconnect by the general population could, therefore, undermine the very essence of the CSR activities, which are meant to foster sustainable development in the area beyond the lifespan of the mines. The youth, which is potentially the most boisterous segment of the population, could act to undermine the legitimising role the CSR activities are supposed to play in the area; if the structures for their participation



in the process are not explained and/or opened to them for their enhanced participation.

#### **4.5 CSR Projects in the Akyem Mining Area**

The various CSR projects in the communities are done to realise specific development needs of the people. The object of the CSR according to the Social Responsibility Agreement (SRA) is to enable NAKDEF act in providing CSR services to the people in the host communities such that could add value to the lives. The outcomes of the CSR projects could range from short to long term. The extents to which such impacts are made partly depend on the level of participation in the planning and implementation of the projects. It is through the process of community participation that identified needs of the people can be mapped out and addressed. And as indicated the CSR projects have short term to long term goals that are designed to deal with issues that are identified. For instance, the mining activities by Newmont had deprived people their lands and farms that served as sources of livelihood. And in some cases, like Resettlement a whole community had been displaced that required resettling, with a corresponding restart of their social and livelihood activities. In such circumstances, immediate CSR services had been made to cater for immediate needs of housing and provision of social and economic infrastructure as well as by providing alternative livelihood sources.



Thus, four communities covered in this study the provision of CSR services meant to cater for the immediate needs of the people like the establishment of alternative livelihood sources. The ownership argument for project sustainability supports the view that communities identify projects as addressing their needs when they made part and parcel of the planning and implementation processes.

Many CSR projects have been implemented in the host mining companies. The list of projects that have been named by respondents to have being provided includes the following:

#### **4.5.1 CSR Projects in the Communities**

The evidence derived from the field clearly indicates that all the host communities covered in this study have benefited and continue to benefit from the CSR projects that Newmont has carried out. Here, we classify the CSR projects into the following categories:

- Food ration
- Educational and Human Resource Development
- Alternative Livelihood sources – Animal husbandry and reestablishment of farms
- Roads – community and feeder roads
- Social Infrastructure –Community centres and ICT centres



- Health care provision – outreach programmes and building of health care centres
- Potable water for communities
- Cultural and Heritage support

#### **4.5.2 Food Ration and Alternative Livelihood Support**

Like all mining activities Newmont work in Akyem area has had a negative effect on the people. The effect is obviously more discernible on the lives on the poor and vulnerable in the communities. To deal with this, the Newmont CSR activities seek to provide social protection to the community members in two broad ways; (a) food ration and (b) alternative livelihood systems. These CSR activities are mainly targeted social protection measures designed to identify the people in need for assistance.

The food ration is a targeted social intervention designed to provide food items for the poor and elderly, captured through the Mobrowa programme in all the communities that are covered by the Newmont CSR activities. The food ration is a bi-weekly intervention by which food items like grains, beverages, sugar and tinned fish are given to the cohort of the people that had been identified for support. The identification of the people who need this social support is done by the Community Social Responsibility committees and partnering implementing organisations.

*“Increase the preparedness and capabilities of an estimated vulnerable households to mitigate anticipated food insecurity and enhance long-term resilience through effective*



*maintenance of Agricultural Improvement and Land Access Program (AILAP) farms and supply of food ration” (Moborowa Annual Programme report, 2016, p.. 5).*

This support for the poor and the vulnerable elderly in the communities appears to be appreciated by the youth. The evidence of this support was shown in the focus group discussions in Abirem and Mamaaso. In Mamaaso, for instance, when the issue of the food ration came up, one lady said ‘...we appreciate the effort of Newmont in helping the elderly people with food. It helps them very much.’ Similarly, a lady participant at Abirem expressed warm sentiments about how the ‘rice that is usually given my grandmother helps her.’ A male participant added at the forum that ‘some of the poor especially the aged households are being given maize, beans, dried fish, palm oil and gari for them to have food.’ It appears that clearly the youth at the focus group discussions in the two communities are pleased with the food ration CSR intervention.

The other form of social protection interventions for the communities take the form of alternative livelihood system. As we have indicated repeatedly in this study, the mining activities of Newmont have affected and dislodged many a people of their sources of livelihood. As farms and agricultural lands came under the mining concessions granted Newmont, the peoples’ livelihood sources came under stress. Notwithstanding, payment of compensation to the affected people, the loss of land and livelihood has been and continue to be a source of discontentment for the people. It is for this reason that Newmont has paid special attention to providing alternative sources of livelihood for the affected people in their respective communities. This has



been done under the Agriculture Improvement and Land Access Programme (AILAP).

*“The content of the farm support includes provision of labor support (financial and facilitation), provision of planting inputs (seed maize, plantain suckers and cocoa or oil palm seedlings) and agrochemicals (fertilizer and insecticides), extension support and capacity building, especially in produce post-harvest handling and loss prevention”.*(Moborowa Programme Report, 2016, p.,7)

The main aim of the AILAP is to provide alternative livelihood projects to the people whereby the affected people are assisted to establish animal and crop farms. For the cases of animal husbandry Newmont provides such animals small ruminants like goats and sheep and also fowls. Besides providing the animals, the CSR assistance is also extended to cover housing for the animals and extension services that are paid for by Newmont. The effort is to make the intervention a sustainable source of income for those involved.

And for the others in the communities, the CSR assistance takes the form of helping them to re-establish their crop farms. As a predominantly crop farming communities, the assistance provided by Newmont’s CSR projects in this direction is conceived as being laudable by the people. The assistance has help is replanting cocoa trees (which is the main cash crop in the area) and also food crops like plantain, taro cassava and maize. These food crops are also sold to supplement family income. Again the



NAkDEF hires extension officers that assist them. It is partly for the assistance provided the people through the alternative livelihood systems that the responses captured in the cross-section survey indicate that the people were interested in the activities of Newmont. As indicated I one of the comments made by a respondent in the cross section survey at Ntronang, 'Newmont is helping us re-establish our farms through the AILAP.' It needs to be said again that the CSR provided under alternative livelihood system is targeted to address the concerns of those directed affected or exposed by the activities of the mining activities.

#### **4.5.3 Educational and Human Resource Development**

As espoused in the Social Responsibility Agreement (SRA), it is a cardinal objective of Newmont CSR projects to add value to the lives of the people through education and human resource development. The impact of this intervention is to be felt in the medium to long term. As a result the NAKDEF has instituted scholarship schemes for secondary and tertiary students to cover deserving students that come from the host communities. In this respect funds are allocated for this purpose by the Board of the NAKDEF. The committees in the various communities submit names of the prospective applicants to the NAKDEF for consideration and the award to deserving applicants. However, for the purposes of equity, the awards are spread to cover candidates from all the communities and to also provide for gender equity.





In addition to this the NAKDEF constructs educational facilities and also equips them with teaching and learning materials. The existing schools are also periodically supplied with teaching and learning materials so as to improve both access and quality in education in the communities. The materials that are provided the schools include textbooks, computers and furniture. Some of the beneficiary institutions are in Abirem. At the FGD in Abirem it was pointed out by the participants that....

Newmont's presence has transformed this community. When we compare when Newmont was not here and now, we can see an improvement. We are grateful to Newmont on their infrastructural support.

Being the capital of the Birim North District Assembly (BNDA) respondents in the survey and in the FGD were apparently excited about the number of CSR interventions that they had benefitted from and the list of projects that were mentioned to be done or on-going are as follows:

1. Scholarship (secondary and tertiary students)
2. Animal husbandry and farm re-establishment
3. Tarring of town roads
4. The Water System
5. Community centre
6. ICT centres
7. Construction of school blocks (Primary and JHS) furniture and books
8. Feed road construction (Abirem to Adausena)
9. Abirem Hospital renovation, construction of theatre, and supply of equipment
10. Construction of Community Centre (on-going)



## 11. Livelihood Programs (AILAP) Food ration

Similar CSR projects were mentioned in the other communities like Ntronang, Resettlement and Mamaaso.

### **4.5.4 CSR Support for Traditional Leaders and Preservation of Cultural Heritage**

In addition to the community wide projects there are other CSR projects that are meant to support the traditional and cultural heritage of the people. The people of Birim North District Assembly belong to Akyem ethnic group which forms part of the larger Akan ethnicity in Ghana. The Akan ethnic groups are distinct in their adherence to traditional chieftain system that is traceable through matrilineal line of inheritance. In their traditional social and political structure plays a central role in the preservation of order.

The mining activity poses a threat to the social and political arrangement of the society given the fact centres are invariably centres for immigrant activities. Immigrants who come with different cultural backgrounds tend to pose challenges to the traditional order in the typically rural social settings. To avoid potential hostility through the undermining of traditional values the Newmont CSR arrangement has set ahead funds to support the traditional cultural values and the structures. In this respect, the CSR projects are meant to assist the traditional governance structures and the leaders. Thus, a fraction of the Newmont CSR budget is earmarked for the traditional leaders to renovate or construct palaces. Also part of the CSR support for the traditional leaders are meant for the procurement of chieftain regalia including



traditional drums. Through this CSR intervention it is expected that the traditional cultural values of the people will be preserved, in spite of migration of other ethnicities into the area. Thus the support of the traditional rulers in the Newmont CSR scheme in the Akyem area is very evident. In an interview with a traditional leader in Ntronang, we posed the question ‘Tell us the extent to which Newmont CSR activities help your traditional administration?’ He opened up to tell us how the annual support from Newmont has helped them ‘to renovate the palace and to buy new regalia for the stool.’ And in response to same question in Mamaaso, a traditional elder disclosed that through the support of Newmont, a new ‘befitting palace’ has been built for the chief.

#### **4.5.5 Newmont CSR Projects and Acceptability in the Communities**

The objectives of the CSR activities by Newmont, like other mining companies, entail the creation of environment for legitimising its operations in the area. In the case of Newmont, the effort has been a strategy of pursuing a participatory approach, which will bring community members into the scheme of planning and delivery of CSR projects. The architecture that has been designed to actualise these objectives seem to be lost on some sections of the community, especially the youth, as evidenced in their reservations in the discussions above.

Notwithstanding this, however, we sought to find out about the disposition of the community members towards CSR projects. The reasons that were adduced by



respondents for being the benefits their communities had derived from Newmont operations are captured in Table 10.

**Table 10: Reasons why the community benefit from the operations of Newmont**

	Frequency	Percent
Provision of social amenities	245	74.5
Provision of employment	28	8.5
Enjoyment of Sec School scholarship	20	6.1
Provision of ICT centres	23	7.0
Affected farmers are the people who benefit from them	13	4.0
Total	329	100.0

**Source: Akyem Field Study, 2015**

As will be seen in Table 10, various reasons have been put forward by respondents in the four communities covered by the cross section survey for benefits the



communities had derived from the operations of Newmont. It is the view of 74.5% of the respondents that it is because Newmont provides them social amenities. And for those who ascribe the benefit to employment constitute 8.5 % while those who think it is due to the scholarships they provide, constitute 6.1%. Other reasons given as being the benefit to the communities are the provision of ICT centres and benefits for affected farmers, which respectively 7.1% and 4.0%. Thus it is shown that the people in the host communities feel their communities had had some benefits from Newmont CSR activities.

#### 4.5.6 CSR Projects and the Acceptability of Newmont in the Area

From the cross section survey that was carried out we sought to find out whether the CSR projects in the communities have actually led to the acceptability of the Company in the area. The responses are shown in Table 11.

**Table 11: Influence of CSR projects in accepting activities of Newmont Company**

	Frequency	Percent
yes	258	78.4
no	71	21.6
Total	329	100.0

**Source: Akyem Field Study, 2015**



It is shown in Table 11 that 78.4% of the respondents did mention that the provisioning of CSR interventions have resulted into a better acceptability of the Company in the area. It should be mentioned also that 21.6% of the respondents did indicate in the negative.

It will be seen that generally the respondents felt that their communities had benefitted something from the Newmont CSR projects. This thereby made the people to indicate that this has led to acceptability of Newmont operations in the area. Finally, we sought to find out whether the CSR interventions were going to produce long term benefits to the people. The need to find this out springs from the declared intention of Newmont that seeks to add value to the lives of the people to bring about sustainable development. But the declared goals of the Company must be shared by the affected people; and in this respect we asked whether they think the CSR projects will lead to long term benefits to the community. The responses to that inquiry are captured in Table 12.

**Table 12: CSR projects leading to long term benefit to the company**

	Frequency	Percent
Yes	246	74.8
No	39	11.9
Do not know	44	13.4
Total	329	100.0

**Source: Akyem Field Study, 2015**



It is shown in Table 12 that 74.8% of the respondents are of the view that CSR projects will have long term benefits for the communities. However, those who have had negative prognosis of the CSR interventions leading to long term benefits constitute 11.9%; and for those who ‘do not know’ comprised 13.4%.

#### **4.6 Identified Challenges that Inhibit Community Participation**

Notwithstanding the general favourable reckoning of the Newmont CSR activities, we tried to find out the challenges that the people, as the stakeholders, have in the implementation of the projects. We have pointed out that the cardinal factor as espoused by Newmont is the element of participation. It is indicated in the responses that were gathered in the focus group discussions for the youth that there is some disgruntlement among them regarding their involvement in the processes.

The effort in this section is to find out how the community members feel about their participation in the CSR projects. The information gathered in response to questions on the subject matter is derived from key informant interviews, focus group discussions and from semi-structured questionnaires. The responses here are also juxtaposed against the declared CSR policy objectives of Newmont in the Akyem area.



#### 4.6.1 Noise Pollution from Blasts and Quaking Effects

One complaint that was persistently brought out as a challenge for the coexistence of the Newmont and the communities is the issue of noise pollution resulting from the blasts at the mines and with its subsequent quaking effects on the houses. In all the communities, they complained about the blast and its effect on their buildings. It was pointed out by participants in FGD in New Abirem that....

the blasting is causing serious cracks to our buildings. We have asked them to repair it for us but they said no, citing the fact that the cracks is not from their blast. However, before they came our houses have been here for ages without a crack. So what has really changed? (Focus Group Discussion, 10<sup>th</sup> September, 2016).

The unavoidable blasting of rocks in the operations of the mining company and the resultant effects has been a source of conflict between Newmont and the people in the communities. The denials of the Company as being responsible for the cracks in the buildings have not helped matters. This has thus remained a challenge for Newmont to deal with if the Company's relationship with the people will not be ruined.

Another source of environmental complaint from the community members is the pollution that emanates from dust. At Mamaaso it was pointed out that dust from the Newmont's operations has affected the quality of rain water, as 'the rain water is unwholesome because of the air pollution emanating from their activities.' Rain water has been a traditional source of potable water but with dusty fog that results from mining activities, the rain water becomes coloured. And this is not a case that would





easily be managed by the mining company, as the people are bitter about losing it. The CSR interventions that provide community pipe borne water does not seem to adequately deal with their concerns.

#### **4.6.2 Newmont and Employment for Indigenes**

One of the most critical challenges that Newmont face in the Akyem mining area is the issue of employment that the Company offers the indigenes. As a large mining concern there is a huge expectation among the youth that there were employment avenues for them. In fact, it appears from the discussions that emerged from the FGD that the youth saw employment in Newmont as an entitlement, given the fact that it is their communities that bore the brunt of the negatives associated with the mining activities. But contrary to their expectations the Company has not been able to employ the many indigenous job seekers that were available. The complaint as captured in the FGD in Resettlement summarises it as follows:

Newmont is not employing us the Resettlement community members. After promising us that every household would have a member working with them, they never fulfilled that promise. They used that to deceive us to agree to be resettled. Just a few people are currently working with them. Even if you manage to get contractor employment, it is just casual or short term period and you are home again. We don't have a farm, no business, to job, nothing. Newmont only employ strangers and their own people. After all, they have the land so they do not care about our plight.



The non-availability of jobs for the youth has become a vexed issue in the communities. This is especially the case because youth unemployment in the country is a disturbing case and hence the natural expectation that once there exists some opportunities in the mining sector the indigenes should be prioritised for such opportunities. The youth disclosed at the FGD that they had been promised jobs at the start of the mining operations but that does not seem to be the case in delivery. They therefore accused Newmont of 'bad faith' in dealing with the indigenes in so far as employments were concerned.

And in Ntronang a 26 year gentleman retorted in an apparent state of anger that:

Newmont is not employing us. Simple! All the promises they made about employment were never fulfilled. If they were engaging us, why are so many youth in town this morning? It is not that we are lazy. They have refused to employ us. What they do is that they bring their people and give them the jobs. Such people have not lost anything to Newmont yet they are benefitting. Is this fair? They always use skills as an excuse but we also have the skill. They are a number of the youth who are electricians, masons, drives dump trucks and other heavy equipment. Others are university, polytechnic and other tertiary graduates yet we are home. Why? Does Newmont want us to demonstrate against them? Newmont has neglected us. (Focused Group Discussion, 10<sup>th</sup> September, 2016).

While this may be seen as a case of finding somebody to blame for the mishaps of the youth, it is also important to note that it would be in the overall interest of Newmont



to minimise these feeling among the youth. This is particularly the matter because the youth fall with the cohort of the population that can foment trouble in the area.

#### **4.6.3 Negative Social and Economic Effects**

One other factor that the community members identified as being caused by Newmont's mining activities in the area is the emergence of higher prices for goods and services in the area than was the case before the onset of the mining activities. Apparently, the higher level of monetisation of the local economy as a result of the enhanced purchasing power of the workers in the mining and related activities has caused disaffection among a section of the population that lack the purchasing power. The unemployed youth in particular are the losers in the new local economic environment.

According to the groups, there are also social problems associated with the emerging economic situation. Female sexual workers have migrated into the communities to provide services to the workers. In addition to the emergence of commercial sexual activity in the area is also the disturbing cases of teenage pregnancy as the workers take advantage of the vulnerability of the young girls. This has caused some antagonism between the indigenous male youth and migrant male Newmont workers. An interview of the District Director of Health Management Team confirmed the higher incidence of teenage pregnancy, even though he was unable to provide a definite statistics to back the claim. A female participant at the FGD at Abirem did



point out that many young girls were ‘dropping out of school due to pregnancy.’ It could be argued though this observation remains anecdotal at this point, since no scientific study exists to make contrast between the prior situation and what exists now.



## CHAPTER FIVE

### Discussion of Findings, Conclusion and Recommendations

#### 5.1 Discussion of Findings

The indications of the findings of the study are that Newmont has established an elaborate CSR mechanism for the host mining communities. This is done through the Social Responsibility Agreement (SRA) with all the stakeholders. To actualise the objectives of the SRA the Newmont Akyem Development Foundation (NAkDEF) was institutionalised with foundation from Newmont. A Board and operational office with management is also established to cater for the social responsibility needs of the communities. Amponsah-Tawiah and Baah-Dartey (2017); IFC (2012) makes similar revelations on structures embarked by extractive industries in managing CSR interventions aimed at community development as an attempt in addressing issues of “one size fits all”.

A hierarchical order of committees from the community level to the NAkDEF provides the channel for the communication of the needs of the people for the attention of the Board of NAkDEF. Again it is indicated by the stakeholders that the Birim North District Assembly (BNDA) and the District Directorate of the Ghana Education Service and that of the Ghana Health Service are well involved in the activities that have to do with the Newmont’s social responsibility services. The BNDA is primarily responsible for the development of the communities within its jurisdictional area and hence plays a leading role in directing the NAkDEF in indicating the development needs of the people. The Ghana Education Service and



the Ghana Health Service directorates in the BNDA respectively assist the NAKDEF and other implementing partners in the rolling out of educational projects and health care services. This affirms the position and discussions on the contribution of CSR through mining companies in supporting government efforts in the delivery of development interventions projects and economic contribution in local communities (Garvey & Newell, 2004; Popa & Salanta, 2014; Todaro and Smith, 2009; World Bank, 2010). “Engagement with CSR can help to develop capacity within public policy and regulatory institutions, to free up existing resources, and to leverage additional resources through partnership” (United Nations, 2010. p..7)

The findings point out that whereas the formal state institutions are favourably disposed to Newmont’s approach to the delivery of the CSR development projects, the youth and a cross section of the community members do not think they are adequately involved in the processes leading to the delivery of the services. The discontent of the youth about their marginalisation in the processes for the rolling of the projects was very evident at the focus group discussion forums. This affirms the position made by Peck & Sinding (2003) regarding the mixed results associated with CSR interventions. Further consideration of this finding leads to affirm the position by Mzembe & Meaton (2003) where they consider CSR initiatives not reflecting stakeholders’ expectations. Also, the disagreement on the concept and its implementation generate issues on increasing cost of firms and triggering conflict among interest stakeholders (Lin, et al., 2015). The broad definitions and generalisation about CSR (United Nations, 2007) in contemporary times still leaves



much for further consideration for precise understanding in the concept that will lead to desired results.

Nonetheless, it is found out that the people appreciate the projects that have been rolled so far. Dergisi (2009) in his study of assessing the role of CSR on Community Development confirms that, Community stakeholders appreciate CSR interventions but also have characteristics of making available some resources in the execution of such development projects. Like Dergisi (2009), the study revealed that the people's concern about CSR interventions was that the cost of these projects could be reduced if they the youth, for instance, were involved. Their contention was that the project costs could be reduced through communal labour. Projects undertaken within CSR include alternative livelihood projects through the reestablishment of farms and the assistance given for animal husbandry. Food rationing was also identified by the people covered in the study as it was seen as a relief for the aged.

Other CSR projects appreciated by the respondents are the scholarship schemes for second and third circle students. The scholarship scheme is seen as investment into the future of the young people in the communities. No issues were raised against this particular intervention, even as other CSR interventions have had objections raised against the process.

Also CSR projects that have been provided in the communities include the provision of potable water, tarred community and feeder roads and ICT centres. The CSR



activities in the area also focus on sustaining the cultural heritage of the people and as such the traditional governance structures and the artefacts are supported. Amponsah-Tawiah & Baah-Dartey (2017) and Rockson (2009) reveals similar projects undertaken by the extractive industry in their CSR activities.

Notwithstanding the efforts made by Newmont to enhance the participation of the people in the CSR activities it is evident that there is a dichotomy in the ways in which the participation processes are rolled out. Whereas, the responses to questions posed to officials of the formal institutions in the BNDA suggest satisfaction and faith in the participatory approach adopted by Newmont, same was not the case from the responses from the youth in the focus group discussions and even from the cross section survey. The reservations of the youth, and the general population point out that the objective of eliciting the legitimacy for the operations of Newmont in the area is not being achieved. Issues of stakeholders and activities of participation by different community actors remain contested issue as identified in this study. This may not be surprising as similar conclusions have been highlighted on issues regarding the impact of CSR in the face of other problems posed by mining companies (Ofosu-Mensah, 2011; Peters, 2013; Rockson, 2009). Thus, a number of challenges have been identified as being undercutting the realisation of the objectives of Newmont's CSR in this study.

These challenges, as found out in the study, include the inability of Newmont to employ the teeming youth in the communities. The youth complained about 'bad





faith' in respect of Newmont as they felt that they were being discriminated against in terms of employment. Another, challenge that was identified was about moral degeneration in the area as sex workers invade the communities. This is coupled with 'heightened teenage pregnancy' in the area which is blamed on the mining workers. The emerging conflicts between community youth and mine workers could be destabilising factor, which could undermine the peaceful environment that Newmont requires for its operations. Therefore, though CSR interventions are relevant in addressing social and environmental concerns (Bosch-Badia, 2017), the study also identifies challenges confronting host communities of Multinational companies revealed by Todaro and Smith (2009) that may affect the positive impact desired.

The last but not the least of the challenges that Newmont faces in the area is environmental in nature which confirms Peters (2013) assertion on the negative impact associated with either surface or deep mining. It is found out that the buildings in the communities have developed cracks which the people blame on the blasts that are associated with the mining activities. Related to the blasts is the issue of dust pollutants, which has affected rain water, for instance. The denial of responsibility by Newmont in this regard has brewed tensions and antagonism between the indigenes and the mining Company.



## 5.2 Conclusions

It could be said by way of conclusion that Newmont operations in the Akyem area is guided by intentions of providing CSR services that would involve the participation of the people and also create an atmosphere for enhancing the quality of life for the people. The structures for achieving the objectives for so doing are laid out and the projects that have rolled out are meant to remedy the negative impact of the mining activities on the people. The funding formula for the structures for the provisioning of the social services is spelt out in the Social Responsibility agreement (SRA) and it is being implemented by the NAKDEF. Projects undertaken through this mechanism include alternative livelihood projects, food rationing for the aged and the vulnerable, scholarship programmes, educational facilities, tarred roads, ICT centres and cultural heritage.

Though the local government institutions affirm fair participation in the delivery of CSR projects, there are however concerns by a section of the youth in the structures aimed at enhancing participation. Other unintended impact such as environmental and noise pollution, moral degeneration and community employment continue to affect the delivery of CSR projects in the study area. There is therefore a disconnect between Newmont's intentions and the nature of the participatory approach for the realisation of the CSR objectives and the ordinary people. The role of the ordinary people is legitimising the operations of Newmont in the area and therefore needs to be addressed through an improved means of communication than is currently the case. When this is done the contradiction that exists now about the appreciation of the



benefits of the CSR, on the one hand, and the discontentment about the process on the other hand may be resolved.

### **5.3 Recommendations**

The research recommends that the operatives of the NAKDEF and the chiefs in the communities should innovative means of reaching the ordinary people about the processes for making their inputs into the CSR delivery system. The feeling of betrayal on the part of the youth about their traditional leaders would be reduced if the processes involved are better illuminated for the appreciation of all.

Additionally, it is also recommended that NAKDEF and other CSR institutions established should be encouraged by Newmont to identify and achieve a sustained objective of stakeholder participation as key mandate and pillar in the delivery of CSR interventions in the project area. By this, successes of interventions could be monitored and evaluated by this objective of stakeholder participation in the delivery process.

There is the need for the company to continue to strive in addressing issues regarding environmental and noise pollution. On issues regarding morality and teenage pregnancy, it is recommended the company increase its social activities through NAKDEF with Ghana Education Service, Ghana Health Service and Youth Groups on reproductive health and adolescent healthy styles.



The following recommendations are made by the people to enhance the relationship between Newmont and the people; and in their delivery of CSR.

It is perceived by the ordinary people that the consultation and participation processes are hijacked by their leaders and as such it was recommended to Newmont management that...

What is important ... is that the community members, not only the leaders should be engaged extensively and consulted on time. We should have a say in what Newmont does in our community and Newmont should engage us in truth so that our relationship with Newmont would be beneficial.

It appears that one of the major concerns of the youth was the issues of unemployment and hence at both Mamaaso and Abirem FGD the youth recommend that ...

Newmont should engage us more and be frank with us. If there are employment opportunities, they should employ us. Again, they should set up other companies to create jobs for us.

From the Birim North District Assembly, it was recommended to Newmont that ...

The District Assembly should be given some autonomy to operate. For example, the District Assembly should be able to convene committee meetings on their own instance. Also, the District Assembly should also make inputs into the membership of the various committees.



Again from the perspective of the Birim North District Assembly, it was recommended that Newmont ‘should support some of the schools outside the communities they operate but within the Birim North District.’ This particular recommendation is meant to address the emerging disparity between the CSR communities and others in the District that does not come under this social responsibility intervention.

When all these recommendations are taken on board, the status of Newmont with the communities would be improved and the mutual benefit which the participatory approach seeks to realise would be achieved in a greater measure.



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## APPENDIX

### A) Questionnaire for Community Members

#### **Community Stakeholder participation in Corporate Social Responsibility Development Projects: A case study of Newmont Golden Ridge Resources, Akyem Project**

Dear Respondent, your assistance is solicited in this exercise that aims at studying the above subject. This is absolutely an academic exercise by an MPhil student of the University for Development Studies (Wa Campus). In undertaking this study we are guided by strict adherence to ethical standards that are laid out by the University. This means among other things that your consent for participation in the study would be sought. Your responses would be treated in confidentiality, which means that at no point would your name or responses be mentioned or transferred to any institution.

We trust that you would give us honest responses as it is possible. Thank you very much for your participation

#### Section A: Personal Profile of Respondent

1. Name (optional).....
2. Community.....
3. Sex [1] Male [2] Female
4. Age.....
5. Educational Level [1] No formal Education [2] Primary [3] Secondary  
[4] Tertiary
6. Occupation.....

#### Section B: Community Members as Stakeholders in Newmont Project in Akyem

7. Are you interested in the activities of Newmont gold mining project in the Akyem area? [1] Yes [2] No [3] Not quite



8. Kindly give reason(s) for the response given in question 7.

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9. Does the operation of the Newmont mining company affect your life or livelihood (source of income) in any way? [1] Yes [2] No

10. Does the community as a whole benefit from the operations of Newmont in the traditional area? [1] Yes [2] No [3] Do not know

11. What reason(s) do you have for the response given in question 10

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12. Are the community members employed by the company? [1] Yes [2] No

13. What is the feeling of the community members about the employment situation offered by the company? (Provide your response in the space)

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### Section C: Newmont Institutional Policies and Community Participation



14. How would you describe the relationship between Newmont and the community? [1] Excellent [2] Very Good [3] Good [4] Bad [5] Very Bad

15. Kindly give reasons for the response to question 14

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16. Do you find the mining activities of Newmont negatively affecting the environment of the community? [1] Yes [2] No

17. Kindly provide reason(s) for the response given in question 16.

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#### Section D: Factors Influencing Corporate Social Responsibility Projects

18. What specific corporate social responsibility (CSR) projects are undertaken by Newmont in your community? [1] School project [2] Health infrastructure [3] Scholarship Support for Needy students [4] Other (specify).....

19. Are the community members/leaders involved in the determination of the CSR project(s) in your community? [1] Yes [2] No [3] Do not know

20. If your response to question 19 is 'Yes' then skip to question 21, but if it is either 'No' or 'Do not know' then answer this question. Do you think it would



be proper to consult community members before undertaking Corporate Social Responsibility projects? [1] Yes [2] No

21. Kindly indicate in the space provided why community members should or should not be involved in the Corporate Social Responsibility projects that are undertaken by Newmont.

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22. Do the Corporate Social Responsibility projects undertaken by Newmont benefit the community members? [1] Yes [2] No [3] Do not know

23. Kindly provide reason(s) for the response given in question 22.

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#### Section E. Challenges and Recommendations

24. Do you find the current arrangement pursued by Newmont in the planning and implementation of Corporate Social Responsibility projects adequate in meeting the needs of the people? [1] Yes [2] No

25. Kindly provide reasons for the response given in question 24.

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26. Does the provisioning of Corporate Social Responsibility projects make you to better accept the activities of the company in the area? [1] Yes [2] No

27. Do you think the Corporate Social Responsibility projects would be of long term benefit to the community? [1] Yes [2] No [3] Do not know

28. Kindly provide reason(s) for the response given in question 27.

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29. What recommendation(s) can you provide to further improve the relation between Newmont and community members?

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## **B) Key Informant Interview**

**Community Stakeholder participation in Corporate Social Responsibility Development Projects: A case study of Newmont Golden Ridge Resources, Akyem Project**

Dear Respondent, your assistance is solicited in this exercise that aims at studying the above subject. This is absolutely an academic exercise by an MPhil student of the University for Development Studies (Wa Campus). In undertaking this study we are guided by strict adherence to ethical standards that are laid out by the University. This means among other things that your consent for participation in the study would be sought. Your responses would be treated in confidentiality, which means that at no point would your name or responses be mentioned or transferred to any institution.

We trust that you would give us honest responses as it is possible. Thank you very much for your participation

1. Can you kindly tell me the history of Newmont as a mining entity in Ghana, and its operations specifically in Akyem area in the Eastern Region?
2. Has the operations of the Company in the Akyem area encountered any conflicts/disagreements with the people in the communities in its catchment area?
3. What efforts have you done/put in place to establishment good relations/ neighbourliness with the communities?
4. As a mining entity you have engaged in some corporate social responsibility (CSR) activities, kindly say what is the motivation for doing so?
5. Would you please say what philosophy that drives you CSR activities? What I mean is what or not you consider the communities stakeholders or shareholders in your engagement with them?
6. How does this reflect in the planning and implementation of the projects that are carried out in the communities?
7. Besides the construction of physical infrastructure, do you engage in other activities that are meant to cater for the needs of the youth in the communities?
8. How do you synchronise your CSR activities with the development activities of the Abirem North District Assembly?
9. Should I understand that the CSR engagements are primary meant to satisfy contractual commitments with the government?
10. As a profit making corporate entity, what does it benefit you by undertaking CSR?
11. Is CSR meant to assuage the community members and thereby facilitate your operations without interruptions as it is often the case in mining communities in many developing counties?



12. Do you have something to say in concluding this conversation?



**C) Interview Guide for District Chief Executive of Abirem North District  
Assembly**

**Community Stakeholder participation in Corporate Social Responsibility  
Development Projects: A case study of Newmont Golden Ridge Resources,  
Akyem Project**

Dear Respondent, your assistance is solicited in this exercise that aims at studying the above subject. This is absolutely an academic exercise by an MPhil student of the University for Development Studies (Wa Campus). In undertaking this study we are guided by strict adherence to ethical standards that are laid out by the University. This means among other things that your consent for participation in the study would be sought. Your responses would be treated in confidentiality, which means that at no point would your name or responses be mentioned or transferred to any institution.

We trust that you would give us honest responses as it is possible. Thank you very much for your participation

1. Newmont as mining a company has been operating here for a number of years now, kindly tell us the kind of relationship between the company and the District Assembly.
2. As mining company, Newmont has been engaged in number of CSR in some communities within the jurisdiction of the Abirem North District Assembly. Can you share with us how these CSR projects fit into the development activities of the Assembly?
3. How does Newmont liaise with the Assembly before the CSR projects are implemented?
4. Besides the CSR projects how does the Assembly benefit from the activities of Newmont in your area?
5. Are there some challenges that need to be addressed in your relationship with Newmont?
6. What recommendations do you have to make to help improve your interaction with Newmont so that the communities will be developed fast those the joint efforts of the Assembly and Newmont?



**D) Key Informant Interviews for Traditional Leaders in the Beneficiary Communities**

Community Stakeholder participation in Corporate Social Responsibility  
Development Projects: A case study of Newmont Golden Ridge Resources, Akyem  
Project

Dear Respondent, your assistance is solicited in this exercise that aims at studying the above subject. This is absolutely an academic exercise by an MPhil student of the University for Development Studies (Wa Campus). In undertaking this study we are guided by strict adherence to ethical standards that are laid out by the University. This means among other things that your consent for participation in the study would be sought. Your responses would be treated in confidentiality, which means that at no point would your name or responses be mentioned or transferred to any institution.

1. Kindly tell us when Newmont started operating in your traditional area or community and whether or not you were consulted before their operations began.
2. How has been the relationship between the Company and community people since their arrival?
3. Have there been challenges and in which form?
4. What kind of engagement exists between the leadership of Newmont and the traditional leaders of this community in addressing challenges that you (people) face?
5. Newmont has undertaken some CSR projects in the areas in which they operate. Kindly tell us what project that has been carried in your community and tell us whether the traditional leaders were involved in its planning and implementation.
6. In your view does the project address your community needs?
7. Does the company give employment to the youth in the community?
8. In what way(s) can your engagement with Newmont be improved?



