Corporate Social Responsibility in Ghana

Kwesi Amponsah-Tawiah, PhD (Corresponding Author)
University of Ghana Business School
Department of Organisation & Human Resource Management
P.O. Box LG 78, Legon, Accra – Ghana
West Africa
Email: kamponsah-tawiah@ug.edu.gh, Phone: 00233546238672

Kwasi Dartey-Baah, PhD
University of Ghana Business School
Department of Organisation & Human Resource Management
P.O. Box LG 78 Legon, Accra – Ghana
West Africa
Email: kdartey-baah@ug.edu.gh, Phone: 00233209621292

Abstract

Corporate Social Responsibility (CSR) an ethical, non-legislative, non-forcing approach to promoting responsible behaviours within organisations employs the central route of persuasion which consists of thoughtful considerations of arguments to achieve desired results. Studies suggest that attitudes that change through persuasion are more likely to persist temporally, resist counter persuasion and are more likely to predict behaviour (Petty & Cacioppo, 1986). It is therefore worthwhile examining the usage of the CSR concept in Ghana particularly in the mining industry where it enjoys some popularity. This paper defined CSR as the strategic decision of an organisation to voluntary act upon the social factors that have the potential of militating against the fulfillment of corporate goals and examines the CSR concept in the Ghanaian mining industry. In Ghana the concept has tended to focus on the external environment to the neglect of the internal environment from where employees operate.

Key Words: Corporate Social Responsibility, Africa, Ghana, Mining Industry.

1.0 Introduction

Organisations by their very nature have responsibilities (i.e., economic, ethical, legal and social) assigned to them by law, shareholders and other stakeholders and the society at large (Carroll, 1979; Brummer, 1991; Peattie, 1992). These responsibilities they will have to diligently execute in order to ensure their continuous existence. In the academic and business literatures, often some of these responsibilities are discussed under the term Corporate Social Responsibility (CSR). CSR is a highly topical and debated subject. It has increasingly provided the focus for exploration of broad philosophical questions about the roles and responsibilities of companies and their relationships with the roles and responsibilities of governments and other stakeholders. Although everybody recognises that CSR is of growing concern in the current globalised economy, there is no sign of consensus on its definition, rules, structures or procedures. Some see it as not more than sound business practice (Guerra, 2002; IOD, 2003). Some suggest it is just a forum for the "business – society" interface (Lunheim, 2003; Waddock & Boyle, 1995). Others see it as a broader stakeholder consideration in business operations (Wheeler, Fabig & Boele, 2002; WBCSD, 2002).

Various terminologies have been associated with the concept. This is confirmed by a survey of CSR education in Europe, which found 50 different labels associated with CSR modules, 40 different labels for CSR programmes and a number of terminologies synonymous to it (Matten & Moon, 2004). The most popular terminologies which have become synonymous to the CSR concept are: business ethics, corporate citizenship, sustainability or sustainable development, corporate environmental management, business & society, business & governance, business & globalisation and stakeholder management. Reviews of CSR literature by Carroll (1999) and Garriga and Mele (2004) also reach similar conclusions regarding the multiplicity of aligned terms. Solomon (1991) argues that CSR is shared altruism or an act of philanthropy while the World Business Council for Sustainable Development (WBCSD) in its publication "Making Good Business Sense" gave a much broader outlook to the concept. They defined 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" (WBCSD, 2000:6).

Carroll (1983), also gives a broader outlook of the concept by defining it as "the conduct of a business so that it is economically profitable, law abiding, ethical and socially supportive…..to be socially responsible means that profitability and obedience to the law are foremost conditions when discussing the firm's ethics and the extent to which it supports the society in which it exists with contributions of money, time and talent" (1983: 608). Not only does the definition of the concept differ in scope but also in terms of regions or countries. According to the WBCSD report "Making Good Business Sense", Ghanaians see the concept as building capacity for sustainable livelihoods, respecting cultural differences and finding business opportunities in building the skills of employees, the community and government. The same report gives the Philippines definition of the concept as: "giving back to society". This is not different from the traditional United States definition which sees the concept much more in terms of a philanthropic model. Across Europe the concept is focussed much more on organisations operating their core business in a socially responsible way, complemented by investment in communities for purely business reasons.

The above definitions point to the divergent nature of the concept ranging from environmental concerns through empowering local communities to donating to charity, all of which, according to the European model, are in the interest of the business. This further affirms the struggle for a consensus in definition, sparking calls for a clearer definition of the concept (Kok, van der Wiele, McKenna & Brown, 2001; Blowfield & Frynas, 2005). Individuals, organisations and countries have defined the concept to reflect their national traditions, situations and peculiar challenges. However, of interest is the fact that the various definitions, though different in scope and focus, have a commonality of themes; ethics, employee issues, environment, governance and policy in the context of various stakeholders. Thus depending on the background of the individual, organisation or region defining the concept, emphasis will be placed on one or more themes to the disadvantage of the other components, which together make the concept meaningful.

The authors of this article after careful appreciation of the various definitions of CSR would define the concept as: "*the strategic decision of an organisation to voluntary act upon the social factors that have the potential of militating against the fulfillment of corporate goals*". Indeed, organisations are established to fulfill specific goals. However, in this modern day, it is becoming increasingly impossible to achieve the goals of organisations without taking into consideration other social issues which may appear not to have direct bearing on the operations of the organisation. Fulfilling regulatory requirements alone does not guarantee organisational success. Organisations also have the responsibility to examine their social environment, assess the impact their operation is having on it and vice versa. This is a sure way to guarantee success in today's market driven economy with its complexities and competition.

The UK Government's (2004) CSR report indicates that:"*Corporate Social Responsibility has moved from the margins to the mainstream, from the arena of charity to the arena of corporate strategy: the emphasis is no longer just on external giving but now on internal business processes, the focus is less on how companies give money away, to focussing on how companies make money.*" Thus the concept has moved from the realm of philanthropy (America being its origin) to becoming a business strategy. Friedman's statement: "the social responsibility of business is to increase its profit" as far back as 1970, which has been heavily criticised, is very relevant after 40 years. Indeed, not all business operations are geared at making profit but if the word "profit" could be understood as fulfilling corporate goals then Friedman's 1970 assertion should be applauded rather than condemned in the 21st century, for no organisation lives outside the global economy. Organisations exist in constellation of relationships with market and non-market forces impacting on their success or failure.

2.0 CSR in developing countries

Historically, the concept of CSR is alien in many developing countries and remains so in some countries even today. Many a times, donations are made en passant in the name of CSR without understanding what it means. Some organisations make donations either because they see their competitors doing it or because an official within the organisation wants to show off. CSR has not been part of the corporate agenda of many companies in the developing world. Admittedly, over the past ten years some countries in Africa have seen significant progress in the area of human rights and CSR- South Africa (Visser, 2005) and Kenya (Mwaura, 2004) can be singled out as two cases in point. However, the spread is not as encouraging as it is expected considering the abuse and neglect that characterise most regions that harbor natural resources and being exploited by many companies. The focus has always been more on environmental issues and philanthropy than on legal and ethical business practices.

This view is supported by a survey of South Africa's top companies, in which only 10% cited "abiding by laws and regulations" as their one principal motivation for pursuing corporate citizenship (Trialogue, 2004) A ten year review of CSR research focused on Africa and published in key CSR journals over the period 1995- 2005 revealed that : the volume of published research is still extremely low, most papers focused on business ethics, and most papers were on South Africa. Hence there is a great scope for expanding the amount of research on CSR in Africa, as well as improving the diversity of its content and its geographic coverage.

2.1 CSR in Ghana

In Ghana, the socialist orientation of her first president Dr Kwame Nkrumah gave the impression perhaps rightly or wrongly that State Owned Enterprises (SOEs) were able to solve societal problems. This, in a way limited corporate organisations' social obligations to the payment of taxes. However, in recent times there has been a clarion call on organisations to undertake social programs, as government alone cannot handle societal problems. This has affected the implementation of the concept in the country. CSR activities in Ghana are spearheaded by large scale multi-national companies. The multi-faceted problems of the country- low per capita income, weak currency, capital flight, low productivity, low savings etc. make it almost impossible for indigenous companies, most of which are engaged in the retail and in the production of primary commodities, to undertake social actions. Large scale manufacturing, telecommunication and mining companies such as MTN, Valco, Goldfields, and AngloGold have been instrumental in the social development of the country. However, just as it is globally, extractive industries whose operations have direct impact on the environment and local communities are always in the news for obvious reasons-they are either breaching some of the tenets of the CSR agenda or fulfilling them in earnest.

2.2   CSR related documents in Ghana

Until the year 2006 when the Ghana Business Code (GHBC) was launched through the collaboration of the Association of Ghana Industries (AGI), Ghana Employers Association (GEA) and the Ghana National Chamber of Commerce & Industry (GNCCI) to introduce and deepen the practice of CSR in business operations, there was no set norms to guide the conduct of business and acceptable standards with regards to the environment and anti-corruption in business. The GHBC, which is modeled along the lines of the United Nations (UN) Global Compact, focuses on the triple bottom line (profit, planet and people) as performance measures of businesses operating in the country. The GHBC has ten major principles all of which underscore the substance of CSR and are fashioned after existing laws in Ghana. Interestingly, organisations are not obliged by law to sign up to the GHBC. It is a voluntary measure, which allows the operations of organisations to be reviewed along four broad categories- human rights, labour standards, environment and anti-corruption. Member organisations are awarded certificate of good practice when their operations are found to be in line with the prescriptions in the GHBC. Due to its voluntary nature, not many organisations have signed up to it. Of the many Small & Medium Size Enterprises (SMEs) and large scale manufacturing industries that belong to the GNCCI and the AGI, less than 60 had signed up to the GHBC as at 01-04-2011. This is perhaps due to the fear of scrutiny that goes with the certification process and reflects the level of acceptability and appreciation of the concept in Ghana.

Similarly, the Ghana Extractive Industries Transparency Initiative (GEITI), established after the launch of the Extractive Industries Transparency Initiative (EITI) by the Prime Minister of the UK at the World Summit on Sustainable Development in September 2002 has as its core principles transparency and accountability. It serves as an avenue for promoting CSR in the extractive industry. However, the GEITI does not seek to address social and environmental concerns as well as human right abuses by companies, which come across to many CSOs and NGOs operating in the area as the fundamentals of the CSR concept. It is evident from the above that CSR in Ghana has just started with large scale multi-national companies especially those operating in the extractive industry leading the path. The concept in Ghana has become synonymous to the mining industry where there appear to be more environmental and human rights concerns, with a lot more interest groups calling for ethical, social and environmental responsibility from companies operating in the area.

3.0   CSR and the mining industry of Ghana

The exploration, extraction and processing of mineral resources are activities widely regarded as one of the most environmentally and socially disruptive undertaken by business (Peck & Sinding, 2003).Warhurst, (2001) observes that many of the environmental disasters and human rights incidents that have contributed to the growing public concern about the actions of companies over the last 40 years have taken place in the extractive industries.

There can therefore not be any meaningful discussion in the area of social and environmental responsibility without the mention of the extractive industry. It is always a key industry during discussions on social and environmental responsibility (Cowell, Wehrmeyer, Argust, Graham, & Robertson, 1999). This view is further heightened by the poor public opinion of the sector. Opinion on the sector is mainly influenced by concerns over environmental and social performance than by performance in areas such as product pricing, quality and safety (Rae & Rouse, 2001). According to an International Institute for Environment and Development (IIED) report, the mining and minerals industry is currently distrusted by many of the people it deals with on a day to day basis and has been failing to convince some of its constituents and stakeholders that it has the "social license to operate" in many parts of the world (IIED, 2002). The mining industry in Ghana has had some positive effects on the economy, providing support for the protection of the cultural heritage of the country (former Gold Coast), and enhancing community development through the provision of education, employment and other livelihood programs.

However, the operations of some mining companies have also had negative impacts. Mining in some communities has caused erosion of culture and break down of cultural values. It has deprived others of their traditional livelihoods through the pollution of river bodies and the environment and purchase of their farmlands. These and many others have placed the mining industry under the spotlight of Community Based Organisations (CBOs), Civil Society Organisations (CSOs) and other environmental Non Governmental Organisations (NGOs). Consequently, the mining industry in Ghana has begun using CSR as a basis for addressing the social and environmental problems associated with the industry.

CSR in the Ghanaian mining industry which started as a defensive and reactive measure to complaints from community members and the numerous civil society organisations operating within the sector has now become a proactive strategy of engagement. Mining companies operating in the country now have designated Community Relations departments, which are involved in a range of community development works such as the funding and supporting of community assistance programmes.

The nature of corporate responsibility in the mining industry of Ghana varies amongst companies and is dependent on the type of product mined, size of company, background of company and length of operation. All the companies adopt the same approach in pursuing their CSR agenda. The community development approach is the fulcrum around which the CSR agenda of mining companies revolve. Some of the companies have well established foundation funds in which they allocate a dollar per every ounce of product produced and 0.5% of their annual profit before tax. These resources are then used to support various community development activities such as the social investment support schemes, construction and establishing sustainable livelihood programmes.

The sustainable livelihood programmes also referred to as alternative livelihoods, has become fashionable particularly amongst large scale mining companies in Ghana many of who have made it a significant focus of their community development activities and strategies. Mining companies use these programmes to re-skill community members in alternative and sustainable livelihoods such as grass cutter farming, snail farming, and small cottage businesses as cane and basket weaving, the making of soap and pomade among others. These methods are adopted with the belief that it will help reduce communities' dependence on the mine for economic sustenance and will become self sustaining even after the mine closes.

Mining companies in Ghana not only focus on members of their immediate communities but also support national institutions. For instance, they have been providing support in the form of practical attachment and the provision of equipments and expertise to the staff and students of the University of Mines and Technology in Tarkwa. Goldfields Ghana limited one of the leading mining companies in Ghana continues to be a major sponsor of Ghana's national team- The Black Stars. A consortium of mining companies in the country (Newmont Ghana Gold Limited, AngloGold Ashanti Limited, Golden Star Resources and Goldfields Ghana) offered to build a plant at Tema at a cost of 40 million dollars to supply 80 megawatts of power to supplement the country's energy generation effort (Chamber of Mines, 2006). Mining companies in conjunction with the regional health directorate of the Western Region of Ghana have on annual basis been providing free voluntary counselling and testing on HIV to people living within the Wassa and Obuasi communities where they operate (Chamber of Mines, 2005). These are all significant activities being undertaken by mining companies in Ghana as part of their corporate responsibility. Mining companies in Ghana now report their environmental and social performances in their annual reports. Some companies have established monthly and quarterly newsletters which they use to report on their activities in the communities and other organisational activities.

This they do to show their commitment to ensuring transparency, honesty and good environmental practices, which are all characteristics of good corporate citizenship. Unfortunately, the focussing of CSR agenda on community development (external), with little or no attention given to very important issues such as the health and safety and quality of life of employees (internal) who operate under dangerous conditions to keep the mines in business does not make things any better as employees on the basis of their working and living conditions could also refuse to grant social license to their employers to operate in peace. It is a trite observation that the impact of work injuries on productivity reaches well beyond the workplace and includes a worker's inability to contribute to family and community. One therefore wonders the over-emphasising of the external environment to the neglect of the internal environment, when issues in the internal environment have direct bearing on the external.The resource drain model for instance, postulates a negative relationship between work and family. Specifically, the use of finite resources (time, energy & attention) in one life domain reduces the availability of these same resources for use in another life domain. The mining industry, which is not only a hazardous industry but also a strenuous one, reflects the dictates of the resource drain model. In fact some workers in the mines, especially those who work underground, work under very difficult conditions to keep their companies in business.

4.0 Conclusion

"Business ethics now seems to be imposing positive moral values on commercial enterprises. They are now required to perform duties which private persons are not expected to perform: that is, actions which go beyond the observance of basic and conventional rules, respect for property, contract and conventionally established rights. They are not merely to refrain from wrongdoing but are to act positively for the public good. The rationale for the imposition of such duties on corporations derives largely from the claim that their existence depends solely upon a grant of privileges from the state. It would seem that they owe something to society in return for this in addition to supplying wanted consumer goods and creating employment" (Barry, 2000: 68). It is evident from the above that CSR in Ghana has just started with large scale multi-national companies especially those operating in the extractive industry leading the path. The concept in Ghana has become synonymous to the mining industry where there appear to be more environmental and human rights concerns, with a lot more interest groups calling for ethical, social and environmental responsibility from companies operating in the area. Conspicuously missing in the CSR agenda of companies are concerns of the internal aspect of the concept, which speaks to such issues as occupational health and safety and quality of life of employees. It will therefore be insightful to conduct an empirical study to tease out employers and employees understanding of the CSR concept in Ghana.

References

Barry, N. P. (2000). *Business ethics* (1st Ichor Business Book ed.) West Lafayette, IN: Purdue University Press.

Blowfield, M., & Frynas, J. G. (2005). Setting new agendas: critical perspectives on corporate social responsibility in the developing world. *International Affairs*, *81,* 499-513.

Brummer, J.J. (1991). *Corporate responsibility and legitimacy: An interdisciplinary analysis*. Wesport CT: Greenwood press.

Carroll, A. B. (1979). 'A three- dimensional conceptual model of corporate social performance' *Academy of Management Review, 4,* 497-505.

Carroll, A. B. (1983). Corporate social responsibility: Will industry respond to cut-backs in social program funding? *Vital Speeches of the Day, 49*, 604-608.

Carroll, A. B. (1999). Corporate social responsibility: evolution of a definitional construct. *Business and Society, 38,* 268-295.

Cowell, S.J., Wehrmeyer, W., Argust, P.W., Graham, J. & Robertson, S. (1999). Sustainability and the primary extraction industries: theories and practice, Resources *Policy, 25,* 277-286.

EASHW. (2004). European Agency for Safety and Health at Work, Electronic Newsletter, OSH mail 44/2004. (Accessed, 04-04-2006).

Friedman, M. (1970), 'The Social Responsibility of Business is to Increase its Profits', New York Times Magazine, September 13th, 122-126.

The Ghana Chamber of Mines (2005). "The impact of mining on local economy". *Annual report of the Chamber mines*. Accra, Ghana.

The Ghana Chamber of Mines, (2006). Ghana chamber of mines factoid. Accra, Ghana.

Guerra, M.C.G. (2002). Community relations in mineral development projects. *The CEPMLP Internet Journal, 11,* 1-31.

Garriga, E., & Melé, D. (2004). Corporate social responsibility theories: Mapping the territory. *Journal of Business Ethics, 53*, 51-71.

International Institute of Economic Development, (2002). Breaking New Ground: Mining, Minerals, and Sustainable Development. Earthscan, London.

Institute of Directors (IOD), (2003). Business Opinion Survey.

Kok, P., van der Wiele, T., McKenna, R. & Brown, A. (2001). 'A corporate social responsibility audit within a quality management framework'. *Journal of Business Ethics, 31,* 285-297.

Lunheim, R., (2003). Operationalising corporate social responsibility. Visions of Ethical Business. Financial Times - Prentice Hall.

Matten, D., & Moon, J. (2004). "Corporate social responsibility education in Europe." *Journal of business Ethics, 54*, 323-337.

Peattie, K. (1992).Green marketing, Longman; London.

Peck, P., & Sinding, K. (2003). Environmental and social disclosure and data richness in the mining industry, *Business Strategy and the Environment, 12,* 131-146.

Petty, R. E., & Cacioppo, J. T. (1986). *Communication and persuasion: Central and peripheral routes to attitude change.* New York: Springer-Verlag.

Rae, M., & Rouse, A. (2001). Mining certification evaluation project – Independent certification of environmental and social performance in the mining Sector. A WWF-Australia discussion paper. Resources conservation program, Mineral Resources Unit (WWF Australia).

Solomon, R. (1991). Business Ethics. In: P. Singer (Eds.) *A Companion of Ethics*, 354-365. Basil Blackwell Limited.

United Nations Industrial Development Organisation (UNIDO), (2002).Corporate social responsibility: Implications for small and medium enterprises in developing countries. Vienna.

Waddock, S.A. & Boyle, M.E. (1995). Dynamics of change in corporate community relations. *California Management Review*, *37*, 125-140.

Waddock, S. A., &Graves, S. B. (1997). "The corporate social performance financial performance link." *Strategic Management Journal*, *18,* 303-319.

Waddock, S.A. & Boyle, M.E. (1995). Dynamics of change in corporate community relations. *California Management Review*, *37*, 125-140.

Wheeler, D., Fabig H., & Boele R. (2002). Paradoxes and dilemmas for stakeholder responsive firms in extractive sector: lessons from the case of Shell and the Ogoni. *Journal of Business Ethics 39*, 297–318.

Warhurst, A. (2001). Corporate citizenship and corporate social investment: drivers of tri-sector partnerships, *Journal of Corporate Citizenship, 1*, 57-73.