

**EFFECT OF CORPORATE SOCIAL RESPONSIBILITY ON COMMUNITY
DEVELOPMENT- A CASE STUDY OF ANGLOGOLD ASHANTI, OBUASI
MINE**

KNUST

BY

ALEXANDER ASUMAH

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DECLARATION

I hereby declare that this submission is my own work towards a Master's Degree in Business Administration (Strategic Management) and that to the best of my knowledge, it includes no material previously published by others nor material which has been accepted for the award of any other degree of the university, except where due acknowledgement has been made in the text.

Alexander Asumah (PG8365412)
 (Student) Signature Date

Certified By:
 Ms Mariama Zakari Signature Date
 (Supervisor)

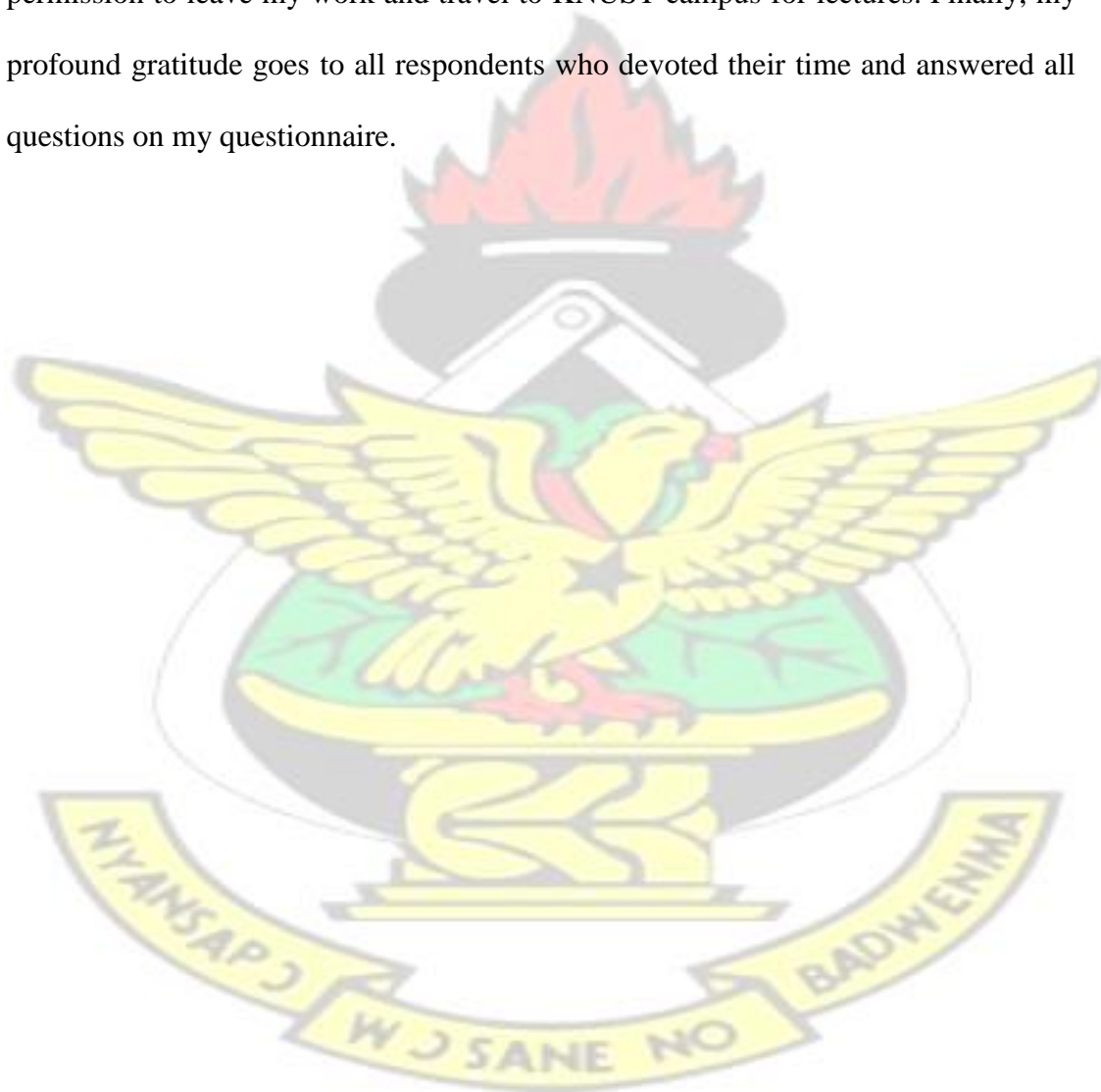
Certified By:
 Dr. Ahmed Agyapong Signature Date
 (Head of Department)

ABSTRACT

The study assessed the effect of corporate social responsibility on community development with a special attention to AngloGold Ashanti's operations in Obuasi and its environs. The study was a descriptive case study using both quantitative and qualitative approach. A sample of 288 was selected through a multi-stage sampling design. Data were collected using questionnaire and interview guides. Data was analyzed using SPSS version 20. Results from the study showed that the company carried out its corporate social responsibility to the Obuasi community and its environs. The major CSR activities mostly practiced by AGA includes provision of malaria control programmes ($M = 4.88$; $SD = 0.535$), provision of employment ($M = 4.52$; $SD = 0.962$), embarking on environmental issues ($M = 4.02$; $SD = 0.991$), and good drinking water to the community ($M = 4.00$; $SD = 0.857$). Again, the study showed that the state of community development in the communities were good/satisfactory (87%). The results of multivariate regression analysis showed that corporate social responsibilities has an influence on community development (adjusted R square = .464). The major challenges the company face in implementing CSR include financial constraints, interference from political and opinion leaders leading to abandonment of completed projects, and lack of support or commitment from community members. This therefore calls for the company to engage the communities, especially key stakeholders to identify and prioritize the needs of the community through public forums, allocation of budget for community development. In addition, lobbying for funds from government and nongovernmental agencies is to be employed, and that will ultimately improve CSR activities.

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DEDICATION

This work is dedicated to my wife, Yaa Konadu and my two daughters; Nana Ama Kwakyewaa and Maame Eluah.

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TABLE OF CONTENTS

CONTENT	PAGES
DECLARATION.....	ii
ABSTRACT.....	iii
ACKNOWLEDGEMENT.....	iv
DEDICATION.....	v
TABLE OF CONTENT.....	vi
LIST OF TABLES.....	xii
LIST OF FIGURES.....	xiii
LIST OF ACRONYM.....	xiv
CHAPTER ONE	
INTRODUCTION	
1.1 Background to the Study	1
1.2 Problem Statement	3
1.3 Objective of the Study	4
1.3.1 General Objective	4
1.3.2 Specific Objectives	5
1.4 Research Questions	5
1.5 Significance of the Study	6
1.6 Limitations of the Study	6

1.7 Scope of the Study	7
1.8 Brief Methodology	7
1.9 Organisation of the Study	8
CHAPTER TWO	
LITERATURE REVIEW	
2.1 Introduction	9
2.2 Corporate Social Responsibility	9
2.3 The Pyramid of Corporate Social Responsibility	11
2.3.1 Economic Responsibilities	12
2.3.2 Legal Responsibilities	12
2.3.3 Ethical Responsibilities	13
2.3.4 Philanthropic Responsibilities	14
2.4 Theories of Corporate Social Responsibility (CSR)	16
2.4.1 The Rational Theory	16
2.4.2 The Managerial Theory	17
2.4.3 The Utilitarian Theory	18
2.5 Corporate Social Responsibility Documents in Ghana	19
2.6 The Concept of Community Development	20
2.7 Community development Process	22
2.7.1 Community Preparedness	23
2.7.2 Bubbling Concerns	23
2.7.3 Stimulus	23

2.7.4 Initial Organisation and Involvement	24
2.7.5 Engagement and Issues Identification	24
2.7.6 Planning and Action on Priorities	25
2.7.7 Reinvestment	25
2.8 Corporate Social Responsibility (CSR) and Community Development	26
2.9 Role of AngloGold Ashanti in Community Development	28
2.10 Different Motivations for Engaging in Community Development	31
2.10.1 Economic Motivators	31
2.10.2 Ethical Motivators	32
2.11 Challenges in Practicing Corporate Social Responsibility	32
2.11.1 Lack of Community Participation in CSR Activities	32
2.11.2 Need to Build Local Capacities	33
2.11.3 Issues of Transparency	33
2.11.4 Non-availability of Clear CSR Guidelines	33
2.11.5 Lack of Consensus on Implementing CSR Issues	33
2.12 Conceptual Framework	34

CHAPTER THREE

RESEARCH METHODOLOGY AND ORGANISATIONAL PROFILE

3.0 Introduction	36
3.1 Research Design	36
3.2 Population of the Study	37

3.3 Sample Size Determination	38
3.4 Sampling Technique	39
3.5 Source of Data Collection	39
3.5.1 Primary Sources of Data	39
3.5.2 Secondary Sources of Data	39
3.6 Instrument and Procedure for Data Collection	40
3.6.1 Questionnaires for Households	41
3.6.2 Interview Guides for Managers	41
3.7 Ethical Consideration	42
3.8 Reliability of the Instruments	42
3.8 Data Processing and Analysis	43
3.9 Organisational Profile	43
 CHAPTER FOUR	
DATA PRESENTATION, ANALYSIS AND DISCUSSIONS	
4.0 Introduction	46
4.1 Demographic Characteristics of Respondents	46
4.1.1 Gender Distribution of Respondents	46
4.1.2 Age Distribution of Respondents	47
4.1.3 Marital Status of Respondents	48
4.1.4 Highest Level of Education	48
4.1.5 Length of Stay in Community	49

4.2 Analysis of Major Findings	50
4.2.1 Corporate Social Responsibilities of AGA	50
4.2.2 State of Community Development	55
4.2.3 Impact of CSR on Community Development	58
4.2.4 Challenges AGA Faces in Implementing CSR	50

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction	63
5.1 Summary	63
5.1.1 Corporate Social Responsibilities of AngloGold Ashanti	63
5.1.2 State of Community Development	64
5.1.3 Impact of CSR on Community Development	65
5.1.4 Challenges of AGA in Practicing CSR	65
5.2 Conclusions	66
5.3 Recommendation	67

REFERENCES	69
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APPENDIX	77
Appendix A: Questionnaire for Respondents	77
Appendix B: Interview Guide for Managers	81

KNUST



LIST OF TABLES

Table	Page
Table 3.1: Reliability of the Instruments	43
Table 4.1: Gender Distribution of Respondents.....	47
Table 4.2: Age of Respondents.....	47
Table 4.3: Marital Status of Teachers.....	48
Table 4.4: Highest Level of Education.....	49
Table 4.5: Length of Stay in Community.....	50
Table 4.6: Overall Descriptive Statistics of CSR of AngloGold Ashanti.....	53
Table 4.7: Type of Infrastructures that need Redevelopment.....	57
Table 4.8 Aggregate Impact of CSR on Development.....	59
Table 4.8 Multiple Regression Analysis	60

LIST OF FIGURES

Figure	Page
Figure 2.1: Pyramid of Corporate Social Responsibility	15
Figure 2.2: Conceptual Framework.....	34
Figure 4.1: How has AGA been relating with Society?.....	51
Figure 4.2: Perception on the State of Community Development	55
Figure 4.3: Redevelopment of infrastructures provided by AGA	56
Figure 4.4: Formulating of laws to raise the level of CSR activities of AGA.....	57
Figure 4.5: General Impact of AGA on Communit.....	58

ACRONYMS

AGA	: AngloGold Ashanti
AGI	: Association of Ghana Industries
Ashgold FC	: Ashanti Golfields Football Club
CD	: Community Development
CSR	: Corporate Social Responsibility
EITI	: Extractive Industries Transparency Initiative
EU	: European Union
GEA	: Ghana Employers Association
GEITI	: Ghana Extractive Industries Transparency Initiative
GHBC	: Ghana Business Code
GNCCI	: Ghana National Chamber of Commerce and Industry
M.C.H/FP	: Maternal Child Health/Family Planning
SMEs	: Small and Medium Enterprises
UK	: United Kingdom
UN	: United Nations
US	: United States

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CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Community development involves the coming together of a group of people in a community planning and acting together to bring about the satisfaction of their needs with a view to bringing about desirable change in the lives of the people through their cooperative efforts and by actively taking part in measures designed to improve their conditions of living (Adedokun, 2008). Community development process provides the opportunity of involving and motivating people of the community to define, identify, analyze and solve problems that they feel are important. Community Development therefore involves strengthening the capacity of individuals within the community to accomplish the community's set goals.

During the first development decades of the 1950s and 1960s, community development was actively promoted throughout the developing world as part of the state building process and as a means of raising standards of living by governments and by the United Nations through its affiliated institutions as part of independence and decolonization movements in Africa (Briggs and Mueller 1997). Community Development programmes received substantial support from governments and donor agencies. Therefore, many governments promoted development projects that aimed at environmental security, social renewal, and income generation (Cohen, 1996). The goals of these projects were to address the poverty, hunger, disease, and apathy that were endemic among the rural and urban poor (Bonye *et al* 2013).

In the context of a Ghanaian community development is usually described in terms of the well-being of the individual and the community or opportunities for improving

livelihoods. This is usually carried out by both the state and non-state actors such as parastatals, NGOs, multinationals etc. which includes AngloGold Ashanti. The development agenda of the state are carried out through the decentralization system of governance where most of the developments initiatives have to emanate from the grassroots whiles those from the non-state actors are carried through their corporate social responsibility.

There is a general belief in Ghana that poverty and lack of sustainable development in the mining communities have been caused by the behaviour and operations of the mining companies. Mining activities have had dire consequences on the environment and society and have impacted negatively on the social and economic character of mining communities (Boocock, 2002). Mining companies have also been accused of shirking their obligations to the communities in which they operate, thereby increasing the level of local poverty and vulnerability and struggle to access basic social services like health, water and education.

However, all organizations including mining companies have a corporate identity, which defines all the activities of the organization in public relation administration. It is however worth noting that many firms are conscious of the need to voluntarily integrate both social and environmental upliftment in their business philosophy and operations (Otubanjo, 2013). Whereas some companies have found a need that the environment in which they operate should be provided for because they have a direct impact on the attainment of the corporate goals, objectives and mission statement, others do not. These companies usually responds to the societal needs of the people by providing them with good drinking water, electricity, clinics, roads, places of convenience, national institutions and others. They provide employment in various forms to citizens in the surrounding communities which in the long run bring

development in the community. It is therefore eminent to conduct a study on the effect of corporate social responsibility on community development with a special attention to AngloGold Ashanti's operations in Obuasi and its environs.

1.2 Problem Statement

In Ghana, large-scale multiple-national companies spearhead Corporate Social Responsibility (CSR) activities. Large-scale manufacturing, telecommunication and mining companies such as AngloGold, Goldfields, Valco, and MTN have been instrumental in the social development of the country. The notion of corporate social responsibility is one of ethical and moral issues surrounding corporate decision making and behaviour, thus if a company should undertake certain activities or refrain from doing so because they are beneficial or harmful to society is a central question. The Ghana Chamber of Mines (GCM), an association of all corporate miners in Ghana, contends that the social investments its members make in the mining communities are their contribution towards improving the well-being of the people and facilitating community development.

However, mining has had significant impacts on the environment, especially on biodiversity, air and water quality, pollution levels as well as land degradation and health (Boocock, 2002). To make matters worse, some mining companies have even been granted mining leases to mine in forest reserves in Ghana. Regardless of the location, large areas of land and vegetation are cleared to make room for surface mining activities. The negative impacts of mining are compounded by the fact that the mining industry has been a major perpetrator of the continuing marginalization of indigenous communities, as this activity has alienated them from their land and livelihood resources (Aubynn, 1997).

There is no doubt that it is the local people who bear the brunt of all the environmental degradation that accompanies mining operations. Serious criticisms have been directed at foreign players who have been known to exploit legal loopholes and abuse both human rights as well as the environment. For example, the current mining law does not allow farmers enough say in authorizing their lands for mining activity, making it difficult to crack down on the rampant exploitation of the environment by mining industries. While the contributions of mining activities to economic development is well acknowledged, others contend that the gains from the mining sector to the economy is achieved at significant environmental, health and social cost to the communities in which they operate in and the country as a whole. These assertions are made nationwide. However, this current study tries to examine the impact of corporate social responsibilities of AngloGold Ashanti Obuasi Mine on community development in Obuasi Municipality. Conclusions drawn from this are expected to provide more evidence on AngloGold Ashanti's corporate social responsibilities on the Obuasi community.

1.3 Objective of the Study

The objective of the study has been divided into two: the general objective and the specific objectives.

1.3.1 General Objective

The primary objective of the study is to determine the effect of AngloGold Ashanti's corporate social responsibility on the Obuasi community.

1.3.2 Specific Objectives

In order to achieve this aim, the study addresses the following specific objectives which includes;

1. To assess the corporate social responsibilities of AngloGold Ashanti (AGA) Obuasi Mine to the community.
2. To determine the state of community development in Obuasi and its environs.
3. To assess the impact of corporate social responsibilities on community development in Obuasi and its environs.
4. To identify the challenges of AngloGold Ashanti in practicing its corporate social responsibility.

1.4 Research Questions

Based on these issues this study, which seeks to provide response to the primary question of what is the effect of corporate social responsibility on community development. This will be answered through the following sub-questions.

1. What is the corporate social responsibilities of AngloGold Ashanti (AGA) Obuasi Mine to the community?
2. What is the state of community development in Obuasi and its environs?
3. What is the impact of corporate social responsibilities to the development of communities in Obuasi and its environs?
4. What are the challenges of AngloGold Ashanti in practicing its corporate social responsibilities to the community?

1.5 Significance of the Study

Social issues deserve moral consideration of their own and should lead managers to consider the social impacts of corporate activities in decision-making. Many companies voluntarily integrate social and environmental concerns in their operations and interaction with stakeholders, but is this always the case for all other corporate bodies. It goes without saying therefore that corporate social responsibility is an issue

that has to be faced by every organization especially in the mining sector where their day-to-day activities can be detrimental to the communities in which they operate. Hence, the need for this study to highlights the many opportunities, benefits and challenges of corporate social responsibility being provided by these organizations and for that matter, AngloGold Ashanti, Obuasi mine.

Although various researchers have studied various aspects of community development, there has not been much attempt to study the effect of corporate social responsibility of a mining company on community development in Ghana. Finally, this study will augment the very little literature by providing more evidence on the effect of corporate social responsibility on community development, which will help in appropriate decision making by investors, Ghana Chamber of Mines (GCM) and other stakeholders, who need the information for their respective purposes.

1.6 Limitations of the Study

This study aimed at finding the effect of corporate social responsibility of AngloGold Ashanti, Obuasi on community development of Obuasi Township and the surrounding communities, hence the need to find a suitable data collection method to fulfil the objective of the study. It was impossible to have collected and analysed data from all the communities within the catchment area of AngloGold Ashanti's surface mining operations which extended to Kubi, near Dunkwa in the Central Region of Ghana. In addition, secondary data from AngloGold Ashanti's Community Development Department, under Sustainable Division of the company will be used to support the analysis.

1.7 Scope of the study

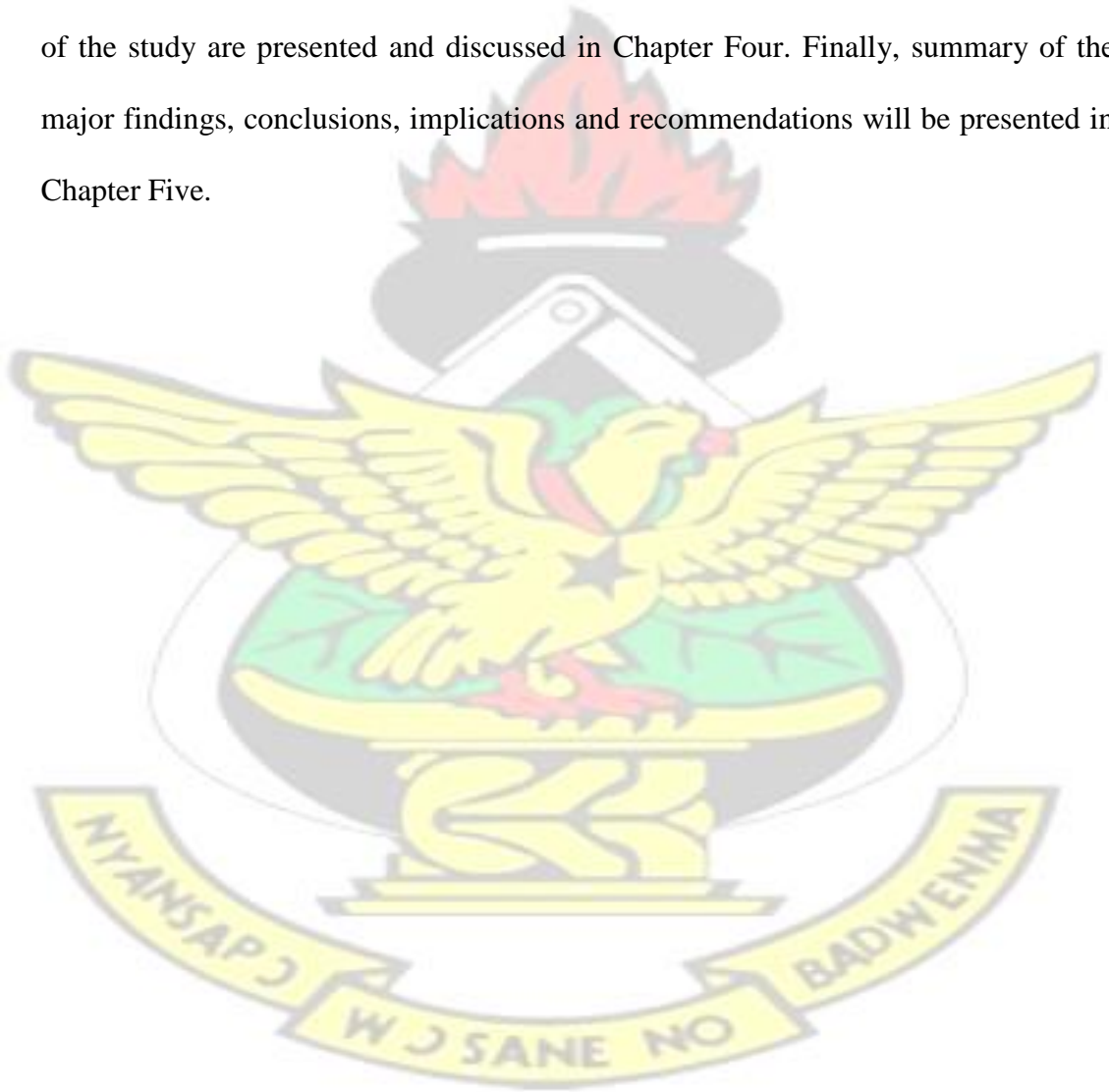
The study is focused on AngloGold Ashanti, a global gold mining and exploration company with a diverse portfolio of mining operations and projects on four continents, with more than 96% of the company's revenue derived from the sale of gold produced at its operations located around the world. AngloGold Ashanti Ghana operates the Obuasi Gold mine, which is an open-pit and underground gold mine, situated near Obuasi, in Adansi North District in the Ashanti Region of Ghana. The study will also focus on the corporate social responsibilities activities of AGA, state of community development, impact of corporate social responsibilities to the development of communities in Obuasi and its environs, as well as the challenges of AGA in practicing its corporate social responsibilities to the community.

1.8 Brief Methodology

The research design adopted for this study was descriptive case study design using both quantitative and qualitative method. It was found appropriate to use this method because it enabled the researcher to explore the situation on the ground of corporate social responsibility and community development. A multi-stage sampling procedure was employed to select participants for the study. Opinions of households and managers at AGA on the subject matter were sort using both open-ended and closeended questionnaire and interview guides respectively based on the research questions formulated to guide the study. The objectives of the study was analysed with frequencies, percentages, crosstabs, means, standard deviations, and other relevant statistical tools. Relationship between variables and assumed cause-effect relationships was tested using appropriate statistical tools in Statistical Package for Social Sciences (SPSS) version 20.

1.9 Organisation of the Study

This study is organized into five chapters. Chapter One forms the introduction, which focuses mainly on the background, the problem statement, objectives of the study, the research questions, significance of the study, the scope of the study and brief methodology. Review of the theoretical and empirical literature pertinent to the concern of the thesis will be presented in Chapter Two. Chapter Three provides the analytical tools study and data collection used to accomplish the objectives. The result of the study are presented and discussed in Chapter Four. Finally, summary of the major findings, conclusions, implications and recommendations will be presented in Chapter Five.



CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The literature review provides critical points of knowledge that has to do with the research topic (The effect of corporate social responsibilities on community development). It also includes a conceptual framework, which is relevant and appropriate to explain relationships between key factors, constructs or variables adopted to guide the study.

2.2 Corporate Social Responsibility (CSR)

Corporate social responsibility (CSR) is about how an organisation gives back to its stakeholders in an acceptable and sustainable manner. It involves the conduct of a business so that it is economically profitable, law abiding, ethical and socially supportive. It is a commitment to improve the wellbeing of a community through discretionary business practices and contributions of corporate resources. To be socially responsible then 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. CSR is about companies manage their business operations to produce an overall positive impact on society (Baker, 2011).

Many people have defined corporate social responsibility in recent times. Stoner *et al* (1996), for instance, defined corporate social responsibility as an action, which involves seriously considering the impacts of a company's actions on the society. Boones (1984) also defined corporate social responsibility as those management philosophies policies, procedures and actions that have the advancement of society

welfare as one of their primary objectives. Idowu (2008) argues that Corporate Social Responsibility practice is about how corporate entities in different political settings, economic contexts and cultural circumstances around the world understand, perceive and are indeed practicing the field of social responsibility. According to Holme and Watts (2000, p.8),

“CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large” (Holme and Watts, 200, p.8).

According to Macmillan (2005 cited in Keffas and Olulu-Briggs, 2011, p.11),

“CSR is a term describing a company’s obligation to be accountable to all its stakeholders in all its operations and activities. Socially responsible companies will consider the full scope of their impact on communities and the environment when making decisions, balancing the need of stakeholders with their need to make a profit” (an, 2005 cited in Keffas and Olulu-Briggs, 2011, p.11).

Chakraborty (2010) posited that corporate social responsibility policy function as a built-in, self-regulating mechanism whereby business would monitor and ensure their adherence to law, ethical standards and international norms. It could be argued that the motivation for engaging in CSR is always driven by some kind of selfinterest regardless of whether the activity is strategically driven for commercial purposes alone, or whether it is also partly driven by what appears, at least superficially, as altruistic concern (Moon, 2011). According to Forbes (2010), corporate social responsibility works in two ways. The company gives back to the society in turn,

people get to know about the company who helped them most and cater to their products and services. The practice of Corporate Social Responsibility is not uniform among all business entities but its objective of giving back to society is resonated across the various models employed by organizations. Otubanjo *et al.* (2008) argue that the core idea behind Corporate Social Responsibility (CSR) is the promotion of business orientation that takes stakeholder interests into account. CSR is driven by the philosophy that businesses are part of the society and as such ought to contribute positively to social goals and aspirations (Jones *et al* 2005). In this regard, some CSR proponents argue that businesses should be held accountable (Maignan *et al* 2005), not only for their economic responsibilities to shareholders, but also for the non-economic consequences of their activities on the society and the natural environment (Robins 2005). As a result, businesses have begun to accord high value and importance to responsible behaviour (Assadourian, 2006). There is mounting evidence indicating that firms now invest heavily and ceaselessly on CSR. For instance, in year 2005 alone, over \$US3.6 billion was committed voluntarily by business organizations to CSR activities (Phillips, 2006). Yet the amount of charitable and philanthropic contributions made by businesses to society continues to rise (Renz and Lawrence, 2005 cited in Olutayo, 2013).

2.3 The Pyramid of Corporate Social Responsibility

For Corporate Social Responsibility (CSR) to be accepted by a conscientious business person, it should be framed in such a way that the entire range of business responsibilities is embraced. Carroll (1996) suggested that four kinds of social responsibilities constitute total CSR: economic, legal, ethical and philanthropic.

Furthermore, these four categories or components of CSR might be depicted as a pyramid. To be sure all of these kinds of responsibilities have always existed to some extent but it has only been in recent years that ethical and philanthropic functions have taken a significant place. Each of these four categories deserves closer consideration.

2.3.1 Economic Responsibilities

Historically, business organizations were created as economic entities designed to provide goods and services to societal members. The profit motive was established as the primary incentive for entrepreneurship. Before it was anything else, business organization was the basic economic unit in our society. As such, its principal role was to produce goods and services that consumers needed and wanted and to make an acceptable profit in the process. At some point the idea of the profit motive was transformed into a notion of maximum profits, and this has been an enduring value ever since. All other business responsibilities are predicated upon the economic responsibility of the firm, because without it the others become moot considerations.

2.3.2 Legal Responsibilities

Society has not only sanctioned business to operate according to the profit motive; at the same time business is expected to comply with the laws and regulations promulgated by federal, state, and local governments as the ground rules under which business must operate. As a partial fulfilment of the social contract between business and society, firms are expected to pursue their economic missions within the framework of the law. Legal responsibilities reflect a view of codified ethics in the sense that they embody basic notions of fair operations as established by our lawmakers. They are depicted as the next layer on the pyramid to portray their

historical development, but they are appropriately seen as coexisting with economic responsibilities as fundamental precepts of the free enterprise system.

2.3.3 Ethical Responsibilities

Although economic and legal responsibilities embody ethical norms about fairness and justice, ethical responsibilities embrace those activities and practices that are expected or prohibited by societal members even though they are not codified into law. Ethical responsibilities embody those standards, norms, or expectations that reflect a concern for what consumers, employees, shareholders, and the community regard as fair, just, or in keeping with the respect or protection of stakeholders' moral rights.

In one sense, changing ethics or values pre-cede the establishment of law because they become the driving force behind the very creation of laws or regulations. For example, the environmental, civil rights, and consumer movements reflected basic alterations in societal values and thus may be seen as ethical bellwethers foreshadowing and resulting in the later legislation. In another sense, ethical responsibilities may be seen as embracing newly emerging values and norms society expects business to meet, even though such values and norms may reflect a higher standard of performance than that currently required by law. Ethical responsibilities in this sense are often ill-defined or continually under public debate as to their legitimacy, and thus are frequently difficult for business to deal with.

The business ethics movement of the past decade has firmly established an ethical responsibility as a legitimate CSR component. Though it is depicted as the next layer of the CSR pyramid, it must be constantly recognized that it is in dynamic interplay with the legal responsibility category. That is, it is constantly pushing the legal

responsibility category to broaden or expand while at the same time placing everhigher expectations on businesspersons to operate at levels above that required by law.

2.3.4 Philanthropic Responsibilities

Philanthropy encompasses those corporate actions that are in response to society's expectation that businesses be good corporate citizens. This includes actively engaging in acts or programs to promote human welfare or goodwill. Examples of philanthropy include business contributions to financial resources or executive time, such as contributions to the arts, education, or the community. A loaned-executive program that provides leadership for a community's United Way campaign is one illustration of philanthropy.

The distinguishing feature between philanthropy and ethical responsibilities is that the former are not expected in an ethical or moral sense. Communities desire firms to contribute their money, facilities, and employee time to humanitarian programs or purposes, but they do not regard the firms as unethical if they do not provide the desired level. Therefore, philanthropy is more discretionary or voluntary on the part of businesses even though there is always the societal expectation that businesses provide it. One notable reason for making the distinction between philanthropic and ethical responsibilities is that some firms feel they are being socially responsible if they are just good citizens in the community. This distinction brings home the vital point that CSR includes philanthropic contributions but is not limited to them.

The pyramid of corporate social responsibility is depicted in Figure 2.1. It portrays the four components of CSR, beginning with the basic building block notion that economic performance undergirds all else. At the same time, business is expected to obey the law because the law is society's codification of acceptable and unacceptable

behaviour. Next is business's responsibility to be ethical. At its most fundamental level, this is the obligation to do what is right, just, and fair, and to avoid or minimize harm to stakeholders (employees, consumers, the environment, and others). Finally, business is expected to be a good corporate citizen. This is captured in the philanthropic responsibility, wherein business is expected to contribute financial and human resources to the community and to improve the quality of life.

Figure 2.1: Pyramid of Corporate Social Responsibility



Source: Carroll (1996)

2.4 Theories of Corporate Social Responsibility (CSR)

Secchi (2007) has identified a group of theories based on the roles the theories confer to the organisation and society. These theories include the relational theory, the managerial theory, and the utilitarian theory.

2.4.1 The Relational Theory

Relational theory has a root from the complex firm-environment relationships. As the term implies, interrelations between the two are the focus of the analysis of CSR. Relational theory is further divided into four sub-groups of theories: 1) social contract theory, 2) corporate citizenship theory, 3) stakeholder theory, and 4) business and society.

Social contract theory refers to the fundamental issue of justifying the morality of economic activities in order to have a theoretical basis for analysing social relations between corporation and society. This approach of CSR is based on human rights, labour rights and respect for the environment. Hence, CSR is derived from the moral legitimacy the corporation achieves in the society and understanding about CSR is contained in the justification of social actions that legitimize the behaviour of the corporation.

Corporate citizenship theory strongly depends on the type of community to which it is referred. Fundamentally, it is about the relationship that a corporation develops with its stakeholders, and therefore, the former has to continuously search for commitment and engagement with the latter.

Stakeholder approach has been developed as one of the strategies in improving the management of the firm. These are supported by the work of Mitchel, Agle and

Wood (1997) where balances among the interests of the stakeholders are the emphases; and the work of Freeman and Phillips (2002) that considers fiduciary duties towards stakeholders of the firms. Stakeholder approach is also said to be a way to understand reality in order to manage the socially responsible behaviour of a firm. The stakeholder approach also considers a firm as an interconnected web of different interests where self-creation and community creation happen interdependently; and individuals behave altruistically.

Finally, the business and society approach is proposed to mean „business in society“ in which CSR emerges as a matter of interaction between the two entities. One of the measures of CSR is a person's obligation to consider the effects of his/her decision and action on a society. Another is the development of economic values in society. Stated in the form of a general relationship, social responsibilities of businesspersons need to reflect the amount of social power they have.

2.4.2 The Managerial Theory

The logic of managerial theory that emphasizes corporate management in which CSR are approached by the corporation internally (Secchi, 2007). This suggests that everything external to the corporation is taken into account for organizational decision making. Managerial theories stress that social responsibilities of businesses arise from the amount of social power a corporation has and the corporation is understood as being like a citizen with certain involvement in the community. Managerial theories have been divided into three sub-groups: 1) Corporate social performance (CSP); 2) Social accountability, auditing and reporting (SAAR), and 3) Social responsibility for multinationals.

CSP aims to measure the contribution the social variable makes to economic performance. Thus, the problem is that of managing the firm considering social and economic factors together. It is based on the assumption that business depends on society for its growth and sustainability. As conclusion, the managerial theory generates interests in the sense that CSR considers socio-economic variables to measure firms' socio-economic performance, as well as to link social responsibility ideology to business strategy. Secchi (2005) further elaborates that SAAR are strictly related to social performance contributions through accounting, auditing and reporting procedures. Firms are involved in SAAR activities for communication needs, to have better stakeholder involvement and for disclosure concerns. SAAR means a firm accounts for its action. By doing so, firms are controlled and regulated in their actions towards performing their core business while responsible to the relevant community. CSR for multinationals (MNCs) grows as a result of global competitions and challenges they faced. This aspect of managerial theory comes into being as a result of the responsibility the managers have to shoulder by defining useful tools about the CSR for the MNCs to survive in foreign countries.

2.4.3 The Utilitarian Theory

In the utilitarian theories the corporation serves as a part of the economic system in which the function is mechanical i.e. traditionally known as in profit maximization. CSR ideas emerged after a realization that there is a need for an economics of responsibility, embedded in the business ethics of a corporation. Hence, the old idea of laissez faire business gives way to determinism, individualism to public control, and personal responsibility to social responsibility. The utilitarian theory suggests that the corporation needs to accept social duties and rights to participate in social co-

operation. The utilitarian theory are grouped into two theories, namely, the idea of functionalism and social costs of the corporation (Secchi, 2007).

The functionalist theory, specifically advocates that the corporation is seen as a part of the economic system, which one of the goals is profit making. The firm is viewed as an investment, and investment should be profitable to the investors and stakeholders. Putting it from the internal point of view of the firm, CSR was coined as a defense tactic of the industrial system against external attacks because there needs a balance between profit making and social objectives for the economic system's equilibrium.

The social cost theory has a basis for CSR in which the socio-economic system in the community is said to be influenced by the corporate non-economic forces. It is also called instrumental theory (Garriga and Mele, 2004) because it is understood that CSR as a mere means to the end, which leads to the fact that the social power of the corporation is materialized specifically in its political relationship with society.

2.5 Corporate Social Responsibility Documents in Ghana

There was no set norms to guide the conduct of business and acceptable standards with regards to the environment and anti-corruption among businesses in Ghana until the year 2006 when the Ghana Business Code (GHBC) was launched. GHBC was launched in collaboration with the Ghana National Chamber of Commerce and Industry (GNCCI), Ghana Employers Association (GEA), and the Association of Ghana Industries (AGI) to introduce and deepen the practices of CSR among business organisations. The GHBC, which is modelled along the lines of the United Nations (UN) Global Compact, focuses on the triple bottom line (people, planet, and profit) as performance measures of businesses operating in the country. Interestingly,

organisations are not obliged by law to sign up to the GHBC. Due to its voluntary nature, not many organisations have signed up to it. Of the many Small and 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 due to the fear of scrutiny that goes with the certification process (Amponsah-Tawiah and Dartey-Baah, 2013).

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 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 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 (Amponsah-Tawiah and Dartey-Baah, 2013).

2.6The Concept of Community Development

Community development combines the idea of “community” with “development”. The key elements of community development are expressed to varying degrees in many definitions. “Development” is a process that increases choices. It means new options, diversification, thinking about apparent issues differently and anticipating change. Development involves change, improvement and vitality – a directed attempt

to improve participation, flexibility, equity, attitudes, the function of institutions and the quality of life. It is the creation of wealth – wealth meaning the things people value, not just dollars. It leads to a net addition to community assets, avoiding the zero sum situation where a job created here, is a job lost there.

Ismail (2009, p.5) generally defined community as:

“a group of people sharing a common purpose, who are interdependent for the fulfilment of certain needs, who live in close proximity and interact on a regular basis” (Ismail, 2009, p.5).

There are shared expectations for all members of the group and responsibility taken from those expectations. The group is respectful and considerate of the individuality of other persons within the community. In a community, there is a sense of community which is defined as the feelings of cooperation, of commitment to the group welfare, of willingness to communicate openly, and of responsibility to and for others as well as to one's self. Most important there exists community leaders who are responsible for the success of any community event, depending on the needs of the community, and the individual's own feelings. The community leaders are individuals who strive to influence others to take responsibility for their actions, their achievements, and the community welfare.

Community development (CD) refers to initiatives undertaken by community with partnership with external organizations or corporation to empower individuals and groups of people by providing these groups with the skills they need to effect change in their own communities. These skills are often concentrated around making use of local resources and building political power through the formation of large social groups working for a common agenda. Community developers must understand both

how to work with individuals and how to affect communities' positions within the context of larger social institutions (Ismail, 2009).

Community capacity is the combined influence of a community's commitment, resources and skills that can be deployed to build on community strengths and address community problems and opportunities (Aspen Institute 2000). Community vitality is the capacity of the local socio-economic system to survive and persist in generating employment, income, and wealth and to maintain if not improves its relative economic position. Community economic development is about identifying and harnessing local community resources and opportunities and stimulating sustainable economic and employment activity (Kenyon, 1994).

2.7 Community Development Process

The key to community development is facilitating a community in applying the principles to guide a flexible series of actions that are appropriate for the situation of the community. There is a trade-off between communities having clear plans for steps in the process and retaining flexibility and versatility. Considerable skill, confidence and judgement is needed to maintain an adaptable community-led process guided by the principles of community development (Cavaye, 2006). The sequence of key steps in a community development process is described below (Cavaye, 2006). These steps are not prescriptive, but they rather describe the usual stages that most communities go through during a versatile process of community development. Communities may not progress through all the steps and some may occur concurrently.

2.7.1 Community Preparedness

Communities need to have some of the key ingredients for a development process – motivation, local leadership, a sense of ownership. Not all communities are interested

in, or prepared for, undertaking a process of community development. At any one time, only a few communities may see the need, or have people motivated to organise and lead the community in development activities. Communities may have only a couple of the ingredients for success.

2.7.2 Bubbling Concerns

Community development processes develop from a situation where issues and concerns are bubbling around. People are concerned, enthusiastic, motivated, frustrated. Private troubles become public concerns as people share issues that matter to them individually. People may begin to see some advantage for them in community improvement. They also may have altruistic feelings of contributing to the welfare of the whole community.

2.7.3 Stimulus

Often, a stimulus brings the bubbling situation to a head. A local crisis, such as a mine closing or business leaving town sparks community action. A local leader, a local community group or several concerned citizens may galvanise community action. Outside input such as a visit by a community facilitator, hearing what another community has done, or a visit by local people to a conference may stimulate action. In prepared communities even an impassioned speech may turn concern to action.

2.7.4 Initial Organisation and Involvement

After a stimulus often the first step is an event that brings the community together, usually at a public meeting or forum. At this point, community representatives may invite a facilitator or resource person into the community to help with suggestions, information and the process itself. Some community members may have a clear idea

of what is needed or what they want to do. Others may simply want to do something to improve their community but are not sure of what to do.

2.7.5 Engagement and Issues Identification

Engagement of people occurs throughout a community development process, but it is crucial to actively foster involvement early in the process. There are several important aspects of engagement. First, it involves understanding the existing concerns of community members. This means identifying what people have passion for, what they feel community issues are, and how interested they are in being involved. Second, it is important to ask citizens how they would like to participate. They often choose participation opportunities that they are familiar with, often opting for traditional meetings and committees by default. Often this leads to a judgement about how prepared the community is to conduct a development effort, and how people would like to plan the process. Third, some community members may wish to pursue a particular idea they have passion for, such as a new business, streetscape or a shop local campaign. The process needs to allow these people to get started on acting on the idea even though not everyone may agree or it may not seem to be a priority.

2.7.6 Planning and Action on Priorities

Plenty of action has occurred so far. Local people have examined their community, explored ideas and options and selected some key issues to work on. Some community members may have been taking action on a particular issue from the very start. At this point community members will be prepared to create some outcomes on the issues they have prioritised. This involves the development of a strategy to progress particular issues. Strategies are a plan of action - patterns of actions, decisions and resource allocations to achieve an outcome. This range of action may include

networking, feasibility studies, reporting progress, data gathering, raising funds, conducting trials, publicity, working bees, negotiating funding and so on.

Strategies often involve a choice between a series of options then action, followed by more options.

2.7.7 Reinvestment

Community development never ends. Particular development initiatives have a lifecycle of initiation, expansion, maturity and conclusion. However, the close of a particular effort does not mean that the job of community vitality is done. Development, as a process of organisation, rethinking, decision-making and enhancing community capitals is on-going. Communities need to constantly be seeking to expand their resource base and their ability to manage change. This means on-going reinvestment of time and effort in the community and the fostering of new leaders and community motivation.

Ultimately, rural community vitality takes the form of a succession of specific initiatives such as business expansion, amenity improvement or training programs, driven by the underlying concern and motivation of community members. Communities need to be action-oriented and start on the ground work early. At the same time, they must avoid jumping to solutions and spend time exploring and rethinking issues. Community members must trade off following up on immediate concerns, with also addressing fundamental issues. They need to organise and structure a community effort while retaining flexibility and versatility. Communities must also reconcile the support of formal leaders and established culture with the need to retain informal leadership and grassroots ideas that may go against the norm.

2.8 Corporate Social Responsibility (CSR) and Community Development

Corporate social responsibility has to do with an organization going out of his way to initiate actions that will influence positively on its host community, its environment and the people generally. CSR helps to protect environment. Some of the world's largest companies have made a highly visible commitment to CSR, for example, with initiatives aimed at reducing their environmental footprint. These companies take the view that financial and environmental performance can work together to drive company growth and social reputation. This attitude can only serve to enhance the employment value proposition such as interest in "going green" gains traction (Towers Perrin 2009). Many non-profit organizations have been involved in learning and advocacy of environmental protection of CSR such as those reported by the United Nations. They are for example a) "Friends of the Earth" who highlights the environmental impact of some MNCs and campaign for stronger laws on environmental responsibility; b) "Green Peace Mission" is another example of CSR initiative that gives benefit to society and community in preserving the latter's rights towards reaping healthy environment (Wikipedia 2009).

Currently, in most developed countries, the debate is no longer whether it is important for corporate bodies to assimilate the concept of CSR or not, but the extent to which CSR principles can influence corporate decisions and practices and how business can best address its social responsibilities (Idemuia, 2007). According to the United States Social Investment Forum, over \$US1 trillion in assets are under management in the United States in socially and environmentally responsible portfolios (Hopkins, 2004). This shows the increasing commitment of corporations to contribute towards various aspects of social development. Khan and Atkinson (1987) conducted a comparative study on the managerial attitudes to social responsibility in India and Britain. The

study shows that most of the Indian executives agreed CSR as relevant to business and felt that business has responsibilities not only to the shareholders and employees but also to customers, suppliers, society and to the state.

A recent survey of over 7,000 companies in a report published by the Observatory of European SMEs indicated that 50% already carry out socially and environmentally responsible activities for the benefit of their external stakeholders (Observatory 2002). These activities were characterised as being local in scope, occasional in nature, and unrelated to business strategy - although some SMEs recognise the commercial benefits of improved relations with customers and the local community. A lack of awareness together with resource constraints is cited by SMEs to be the most significant barriers to social engagement (Observatory 2002). In particular, the recognition that in the future the most significant pressure on SMEs to adopt CSR practices is likely to come from their large business customers, which in turn could help SMEs cope with these changes through the provision of reward, training and mentoring schemes.

In a survey of CSR reporting in Asia, Chapple and Moon (2005) found that nearly three quarters of large companies in India present themselves as having CSR policies and practices. The EU green paper (2001) identifies two main dimensions of companies implementing CSR an internal dimension relating to practices internal to the company and an external dimension involving stakeholders. Verma and Chauhan (2007) found that roads, pollution and power are the major concern of corporate CSR activities as compared to least concern area, which is communication and education. Similarly, a survey conducted by CSM (2001), the perception of companies towards various parameters of CSR has been brought forward. The various dimensions of CSR valued by companies are national wealth, employment, environment and social

programme including health and literacy. Another study by Dutta and Durgamohan (2009) found that education takes the first place followed by health and social cause.

2.9 Role of AngloGold Ashanti in Community Development

The company provides employment in various forms to citizens in the surrounding communities as well as those outside the communities. It is on record that AngloGold Ashanti directly employs 7,656 employees and indirectly supports between 40,000 – 60,000 people.

AngloGold Ashanti responds to societal needs by providing schools, good drinking water, electricity, clinics, roads, places-of-convenience, national institutions and others. The Obuasi government hospital was built and furnished by the Company. To date many still patronize the services of the company's hospital as well. Currently, AngloGold Ashanti (AGA) is spending \$3 million in 3 years to fight malaria in Obuasi Municipality. The programme, inaugurated by the President of Ghana begun operations in April, 2006. The Programme has achieved a big success as the incidence of malaria has been reduced drastically. It is also worth noting that the 80 bed Edwin Cade Hospital is virtually free for all employees and their dependents (Plate 2). The people in the communities have access to the hospital. It serves as referral point for the several hospitals in the municipality and it also provides ambulance services to the people in the town. In addition, the company provided \$ 24,000 towards the setting up of Bryant Mission Hospital's Eye Clinic at Boete in Obuasi.

In the field of education, from 1994 until now, the company has spent over €2.4billion financing the construction of eight schools in eight rural communities in the Adansi, Amansie & Wassa Amenfi Districts. These include Sanso, Jimiso, Odumase,

Anyinam, Brahabebome, Binsere, Dadieso and Adubirem. Occasionally, the company provides material assistances, in the form of building materials, to construct new schools and renovate old school blocks. In 2003, the company provided roofing sheets and cement products worth ₵5.5million to assist the renovation of Kubi Primary School. Between January and May last year, the company provided 200 bags of cement and timber products worth over ₵20million to assist the construction of the New Bediem Community School Complex. Moreover, AGA financed the construction of a 40 room and 2 flat Student Hostel (Gold Hostel) as a residential facility for the School of Medical Sciences of the Kwame Nkrumah University of Science and Technology in Kumasi. In 2005, the company donated ₵5million to the Bosomtwe-Kwanwoma District Directorate of Education in support of the launching of “Read-A-Book-Week” Literacy Programme. In June 2005, AGA donated ten (10) slightly used computers and accessories valued at ₵20million to Odumase Primary/JSS School to promote computer literacy.

On apprenticeship programmes, it is on record that the Company runs an Engineering Apprenticeship Programme to train and impart employable skills to over 100 local artisans each year. Participants of the last batch of the programme passed out last year and more than 200 people, mostly from the locality benefitted from the scheme. On urban and rural development, the Company committed ₵250million into the Obuasi streetlights projects. To date, the company has procured over 2,000 treated poles and harvested over 10,000 raw poles from its teak plantations to assist some 36 rural communities in the Obuasi, Bekwai, new Edubiase and Mansonkwanta districts in their rural electrification projects at the cost of over ₵800million. Between January and May this year, at the cost of ₵75million,

AGA has procured 50 treated low tension poles to assist Kubi and Odumasi communities in their efforts to be hooked on to the National Grid under the „shep“ programme.

From 1992 to 2006, five (5) step down transformers were donated to six (6) communities in the Obuasi and Bekwai districts to assist in their rural electrification projects at the cost of over ₵200million. Two (2) communities namely, Sanso and Anyinam benefit from free electricity power supply from the company's VRA mains at an average annual cost of about US\$ 77,000 (₵734million) (AGA, Obuasi Mines Presentation 2006). As at 2006, the company had provided 102 water systems to a total of 92 communities in four districts at the cost of over US \$900,000. 70% of the number was provided as goodwill gestures; while the remaining 30% are restitutions for traditional sources of water impacted upon by the operations of the Company.

In extreme situations, the company assists in the repair of some broken down water systems to restore water supply. The benefits include less dependency on surface streams and less incidence of water borne diseases. Four communities namely, Ahansoyewdea, Anyinam, Anweam and Kirikiri are supplied with drinking water from the company's potable water treatment plants. The electrical power to the only potable water treatment plant for Obuasi municipality which is located at Odaso, about 35kilometres from Obuasi is being supplied and maintained by AngloGold Ashanti, Obuasi mine.

On several occasions the company provides its mining concessions to small scale miners from the surrounding communities to mine and guide them as regards safety methods of mining. About 90% of the company's sub-contractors and suppliers are picked from the communities. All its scrap metal dealers are community based. Most

of the top government officials (the municipal chief executive, coordinating director, high court judges, etc.) are living in the company accommodation free of charge. Last but not the least; AGA is the only private company to own a modern stadium, which is also used for local, national and international events. This private stadium is being used by the company's premier division club (Ashgold FC) with the chunk of its supporters coming from Obuasi and its environs. The football team and its activities serves as one of the main source of entertainment for Obuasi municipality and its environs.

2.10 Different Motivations for Engaging in Community Development

Contemporary researchers, Simchi-Levi and Kaminsky (2002) and Palazzo and Richter (2011) have classified motivators of community development into two categories, i.e. economic and ethical motivators:

2.10.1 Economic Motivators

The common debates on motivators for engaging in community development arise from the economic benefits derived from developing the community in which an institution operates. Friedman (1962) argue that engaging in community development is motivated only by corporate self-interest. Roberts (1992) believes that companies engage in CSR in a bid to prevent potential disadvantages such as significant interferences from regulatory bodies. Governmental interferences often appear in the form of economic disincentives, therefore leaves the firm no choice but to appear to care about the society in which they operate.

2.10.2 Ethical Motivators

Adams (1998) defines ethical reporting as “directly or indirectly with giving an impression of corporate ethical value”. A range of specific topics in ethical reporting

includes customer relations, community involvement, equal opportunities, investment policies, charitable and political activities and product safety. Communication regarding ethical considerations by means of CSR reporting take place in order for firms such as Anglo Gold Ashanti to present themselves as ethically concerned and therefore informing stakeholders such as the community in which they operate in, that they are socially responsible. Moreover, AngloGold Ashanti could gain or extend legitimacy and further repair or defend lost legitimacy (Whitehouse 2006).

2.11 Challenges in Practicing Corporate Social Responsibility

Simchi-Levi and Kaminsky (2002), Topalian (1984) and Zsolnai (2002) have cited in their different works that the following are challenges that transnational companies such as AngloGold Ashanti face in implementing their various community development strategies;

2.11.1 Lack of Community Participation in CSR Activities

There is a lack of interest of the local community in participating and contributing to CSR activities of companies. This is largely attributable to the fact that there exists little or no knowledge about CSR within the local communities as no serious efforts have been made to spread awareness about CSR and instil confidence in the local communities about such initiatives. The situation is further aggravated by a lack of communication between the company and the community at the grassroots.

2.11.2 Need to Build Local Capacities

There is a need for capacity building of the local non-governmental organizations as there is serious dearth of trained and efficient organizations that can effectively contribute to the on-going CSR activities initiated by companies. This seriously

compromises scaling up of CSR initiatives and subsequently limits the scope of such activities.

2.11.3 Issues of Transparency

Lack of transparency is one of the key issues brought forth by the survey. There is an expression by the companies that there exists lack of transparency on the part of the local implementing agencies as they do not make adequate efforts to disclose information on their programs, audit issues, impact assessment and utilization of funds.

2.11.4 Non-availability of Clear CSR Guidelines

There are no clear-cut statutory guidelines or policy directives to give a definitive direction to CSR initiatives of companies. It is found that the scale of CSR initiatives of companies should depend upon their business size and profile. In other words, the bigger the company, the bigger is its CSR program.

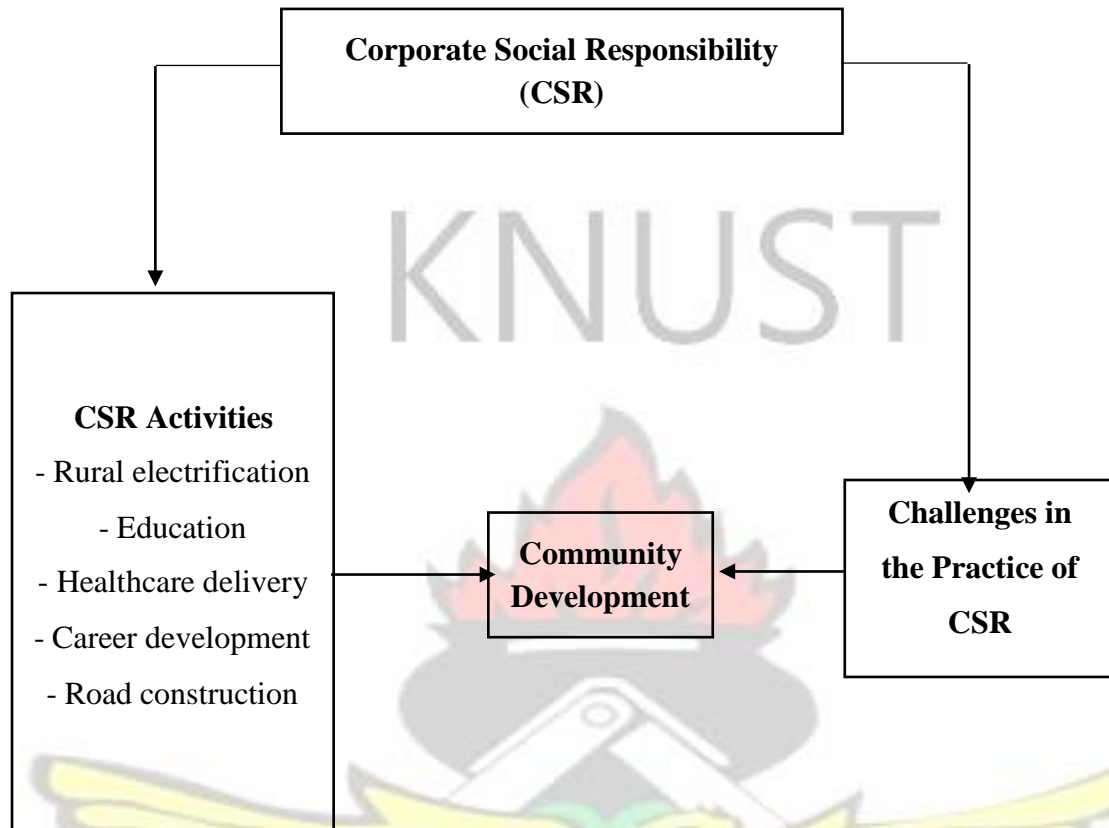
2.11.5 Lack of Consensus on Implementing CSR Issues

There is a lack of consensus amongst local agencies regarding CSR projects. This lack of consensus often results in duplication of activities by corporate houses in areas of their intervention. This results in a competitive spirit between local implementing agencies rather than building collaborative approaches on issues. This factor limits company's abilities to undertake impact assessment of their initiatives from time to time.

2.12 Conceptual Framework

The proposed research framework (Figure 2.1) has been created after a thorough assessment of the literature review. The conceptual framework proposes that corporate social responsibilities have an impact on community development.

Figure 2.1: Conceptual Framework



Source: Author's Construct, 2015

In this study, five (5) Corporate Social Responsibility (CSR) activities of mining industries have been chosen after a thorough review on related literatures. The five (5) CSR activities are rural electrification, education, healthcare delivery and sanitation, career development, and road construction. A closer look at the intermediate linkages theorized that CSR activities influence community development. However, there are some challenges that organisations face in the implementation of its corporate social responsibilities to the community, which can have an adverse impact on community.

The fundamental conclusions about the impact of corporate social responsibilities (CSR) on community development are prominent in mining industries. There is substantial evidence that mining companies need optimal scheme of CSR activities that will help in the development of communities in which they reside. It is the sole

responsibility of mining companies to pay special attention to CSR if they want to achieve excellent performance at the same time establishing good image in the society. It also important for managers to address the challenges they encounter in their implementation of CSR.



CHAPTER THREE

RESEARCH METHODOLOGY AND ORGANISATIONAL PROFILE

3.0 Introduction

This chapter presents the methodology of the study. Research methodology lays out the overall approach of an organised process for assembling valid and reliable information for the purpose of investigations. It is the systematic pattern of obtaining information from a population to understand a phenomenon and to generalise facts gathered from the population. It presents the study design, study population, sampling and sample techniques, data collection techniques and tools, source of data collection, ethical consideration, reliability of instruments, data analysis and organisational profile of AGA.

3.1 Research Design

Research design is the structuring of investigation aimed at identifying variables and their relationship to one another. This is used for the purpose of obtaining data to enable the researcher test hypothesis or answer research questions. It is an outline or scheme that serves as a guide to the researcher in his effort to generate data for his study. In this study, the research design used is the descriptive survey design using quantitative and qualitative approach. A descriptive survey research design is one in which the sample subject and variables that are being studied are simply being observed as they are without any attempt to control or manipulate them (Ojo 2003). The survey research design is aimed at discovering the inter-relationship between variables. It entails the collection of data through the use of questionnaires and interviews. This data collection method was chosen for the study because it allowed the data to be collected in a short period of time. Although, the time it takes to collect all the necessary data may take a day to a few weeks or more (Fraenkel and Wallen 2000).

3.2 Population of the Study

The study included all residents in Obuasi Municipality and its environs. The population distribution of the Municipality shows that about 48% of the population is in dependent age groups, that is between 0-14 years and 65 years and over and 52% constitute the potential labour force in the District. This gives age-dependency ratio of about 1:1 implying that every person in the working age group takes care of himself/herself and an additional person. There are more females than males. Male population constitutes 49.45% as against female population of 50.55%. The annual growth rate in the Municipality is about 4.0% resulting from migrants who are in search for jobs with the mining and other related companies. The population density of the area is 1,201 persons per square kilometres which is the second highest after Kumasi Metropolitan Area in Ashanti Region. This really puts a lot of pressure on socio-economic facilities and land for both housing and other economic activities. However, the target population for the study was household heads or their representatives aged 18 years and above in the selected communities and key informants (managers at the AngloGold Ashanti Obuasi Mine). This age group of people (18 years and above) was targeted because people in the group were among the economically active population in the study area.

3.3 Sample Size Determination

The size of the sample required for the study will depend on the nature of the population in the study area, the purpose of the study and the availability of resources. The sample size was determined using Fisher's formula of determining samples (Chandam *et al* 2004). The determination of the sample size is illustrated below:

$$n = \frac{Z^2 pq}{d^2}$$

Where; n = the desired sample size; z = standard normal deviation set at 1.96 to 95% confidence level; p = proportion of the target population that are aware of visitors interest in the community's tourism project; q = proportion of the target population that are not aware of visitors interest in the community's tourism project; and d = degree of accuracy required normally set at 0.05.

Let; $Z=1.96$, $P=0.65$, $q=1.00 - 0.75 = 0.25$ and $d=0.05$. The sample size „ n ' was therefore calculated as:

$$n = \frac{(1.96)^2(0.75)(0.25)}{(0.05)^2}$$

$$n = 288$$

The desired sample size of 288 respondents were used for the study.

3.4 Sampling Techniques

A multi-stage sampling procedure was employed for the study. . This means that the researcher employed a combination of various sampling techniques to obtain the final sample. The first stage of sampling involved selection of ten (10) communities purposively and this was done with the community workers in each zone (strata). All respondents from the 10 communities were then conveniently chosen to participate in the study. The reason behind this was to give the population equal opportunity of being selected for the study. For the sample for managers, the purposive sampling method was employed. Purposive sampling method is when a participant is chosen because he/she fits the purpose of the study (Durrheim and Painter, 2006). Ten (10) managers were purposively sampled because of the role they play in CSR activities in the company.

3.5 Source of Data Collection

The researcher adopted both primary and secondary data sources to collect information from the respondents.

3.5.1 Primary Sources of Data

The primary source of data is the information, which is collected by a researcher himself/herself through the use of questionnaire (Leedy and Ormrod, 2005). Structured questionnaires were given to the households in Obuasi community and managers in AGA to gather data on the impact of corporate social responsibility on community development.

3.5.2 Secondary Sources of Data

Secondary data is the information collected by a researcher who is not one of the original data creators for a purpose that may be different from that of the original purpose (Leedy and Ormrod, 2005). It was obtained from documentary sources such as articles, journals, reports, books, newspapers, and other research related to this study which served as both theoretical and empirical framework needed for the analysis of the data collected.

3.6 Instrument and Procedure for Data Collection

Data, according to Frankel and Wallen (2000), is referred as the empirical evidence or data that researchers carefully assemble based on specific procedures or rules. Collection of data, however, is needed by researchers to address research problems. Tools are the instruments used by a researcher to collect information from the target population to address a research problem.

All data collected occurred between September and November 2014. The instrument to be used for the collection of data for the purpose of this study is questionnaires and

face-to-face interviews. The questionnaires contain relevant questions for the purpose of this study. The data obtained from completed questionnaires were analysed and used. According to Miles (2001), a questionnaire is usually about asking people questions to find out what they think or know about something. The questionnaires were verbally administered in Twi and English. Four field assistants (senior high school leavers) were given one day's training in English and Twi languages to assist the researcher in the distribution and administration of the questionnaires.

To ensure that the study instrument is valid and reliable, as the quality of a research largely depends on the quality of the instruments used and procedures of collecting the data since the two essentials of a good research are validity and reliability, the researcher ensured that the questions designed are based on the following guidelines:

- The questions were formed in such a way as to make it easy for respondents to understand them.
- The questions asked were as few in number as necessary to produce the information required.
- The questions required answers that were very straight forward and precise in nature.
- The questions are directly related to the information required.
- The questions were such that could be answered honestly and without bias.

3.6.1 Questionnaires for Households

The questionnaire for the community was made up of three (3) sections consisting of 34 items.

Section A, which presents the background information of respondents, consists of 5 items including sex, age, marital status, highest level of education, and length of stay

in community. This section was used to provided demographic information about the kind of respondents whose views are being sought during the study.

Section B assess the corporate social responsibility of AngloGold Ashanti, Obuasi mine. It is made up of a close ended questions and a 5-point Likert-scale items.

Section C, the final section, deals with the state of community development in Obuasi and its environs. It consists of open and close-ended questions.

3.6.2 Interview Guides for Managers

The interview guide for managers was made up of three (3) sections consisting of 11 items.

Section A, presents the background information of managers. It provides information on the position of the managers and the number of years they have been serving the company.

Section B was structured to assess the corporate social responsibility of AngloGold Ashanti, Obuasi Mine.

Section C also deals with the challenges AGA faces in carrying out its corporate social responsibilities.

3.7 Ethical Consideration

Prior to data collection, ethical clearance was obtained from the School of Business and Ethics Control Board of the Kwame Nkrumah University of Science and Technology, who offered an ethical permit for the research. The researcher also obtained an introductory letter from the School of Business. This introductory letter helped the researcher to get the needed assistance and co-operation from the respondents. Participants were well informed on the objectives of the study. Informed

consent as asserted by Silverman (2006) is a „process of negotiation“ between the researcher and the study subjects, and not a „one - off action“. Participants were informed of the right to withdraw from the study or decline to any questions. Confidentiality was also guaranteed to the respondents by making sure that study they were not represented by their names.

3.8 Reliability of the Instruments

Cronbach's coefficient alpha reliability values were calculated for all the Likert scale variables involved in this study to assess the degree to which the items that make up the scales are all measuring the same underlying attribute. Nunnally and Bernstein (1994) recommends a value of 0.60 is considered as the lower limit of acceptability for Cronbach's alpha, however, values above .8 are preferable. Table 3.1 provides an indication of the average correlation among all the items that make up the scales for corporate social responsibility. It was shown that the Likert scale item for corporate social responsibility obtained a decent Cronbach's reliability alpha value of 0.899, which is more than the limit of acceptability(0.60).

Table 3.1: Reliability of the Instruments

Variable	Cronbach's Alpha	No. of Items
Corporate Social Responsibilities	.899	21

Source: Field Survey, 2014

3.8 Data Processing and Analysis

The statistical techniques employed in analysing data collected in this study will be descriptive statistics, mainly frequency distribution and percentages were used to ensure easy understanding of the analyses. Tables effectively order and summarize the

quantitative data. They are used to arrange facts and figures in columns and rows. These facts and figures can be systematically examined (Ojo 2003). In addition, percentages were used to show the distribution of respondents according to their responses by translating frequency counts into percentage. The collected data was accumulated, categorized and analysed keeping in mind the objectives of the study. The analysis was done with the help of statistical tools like Statistical Package for Social Science (SPSS) version 20, MS Excel etc. and interpretations of data are based on statistical generalization.

3.9 Profile of AngloGold Ashanti, Obuasi Mine

The AngloGold Ashanti mine, situated at Obuasi in the Ashanti Region, is located 300km northwest of Accra and 64km south of Kumasi. It is easily accessible by the Accra-Takoradi and Yamoranza-Ashanti-Bekwai inland roads (Foli 2004). A small airstrip built by AGA for light aircraft also links the area. The western rail-line network links the Obuasi area to the Takoradi harbour in the south.

AngloGold Ashanti, Obuasi mine started operations as a mining company since 1897. The then Ashanti Goldfields Company has passed through many phases since its creation in 1897. According to (AngloGold Ashanti, 2005), the mine was founded by three Cape Coasters – Joseph Biney, Joseph Brown and Joseph Ellis. It was officially incorporated and listed on the London Stock Exchange in 1897 by Edwin Arthur Cade (Obuasi Mines Presentation 2006). The aim for enlistment was to raise funds to expand and modernize the mine. The company was also enlisted on the London Stock Market. In the late 1960's, Lonrho, under the leadership of Tiny Rowland, took over the ownership and direction of the Ashanti Goldfields Company. In 1969, the ownership structure changed with the Ghana Government having a stake in the company for the first time in the history of the company. The government had a

20% stake in the company with Lonrho maintaining the remaining 80% (Obuasi Mines Presentation, 2006). The ownership structure changed again in 1975 after a coupe d'état. The government, together with Lonrho, agreed to increase Ghana Government's shares from 20% to 55%. To best serve the interest of the company, the technical management of the mine was placed under the minority shareholder (Lonrho), now Lonmin.

History was made in the history of Ashanti when Sam Jonah was appointed as the first African Managing Director in 1986 at the age of 35 (Obuasi Mines Presentation 2006). In 1994, the government sold 20-25% of its interest in share floatation and the company was listed on the London and Ghana stock exchanges. It was the largest floatation organised by any gold mining company. Each of the company's 10,000 employees received five free shares. In 1996 it was listed on the New York Stock Exchange and it became the first African Company to appear on Wall Street (Obuasi Mines Presentation, 2006). The merger was to create a synergy as well as to maximize the potential of the company assets for its shareholders and the stakeholders.

A merger with AngloGold addresses issues to secure the long-term future of Ashanti's assets. AngloGold will provide the expertise in deep level mining, especially in Obuasi. The merger will also create a company with the world's largest gold reserves and resource base. Ashanti was at the time of the merger operating the following mines; Obuasi, Bibiani, Iduapriem, Siguiri (Guinea), Freda Rebecca (Zimbabwe) and Geita (joint venture with AngloGold). It had explorative project in several African countries including Democratic Republic of Congo, Mali and others (Obuasi Mines Presentation 2006).

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CHAPTER FOUR

DATA PRESENTATION, ANALYSIS, AND DISCUSSIONS

4.0 Introduction

This chapter presents the presentation, analysis and discussions of data gathered from the survey. Issues discussed in this chapter include respondents' demographic characteristics and responses on corporate social responsibility of AngloGold Ashanti on community development in Obuasi Municipality and its environs. Data were presented in relation to the literature review and compared to the data collected from the field. The study achieved a response rate of 61%, thus 176 (consisting of 170

questionnaires and 6 interview guides) out of the distributed 288 instruments, were responded and returned by the respondents.

4.1 Background Characteristics of Respondents

Gender distribution of respondents, ages of respondents, marital status, highest level of education and the length of stay of respondents in the community, were chosen for the background characteristics of respondents for the study

4.1.1 Gender Distribution of Respondents

Table 4.1 below presents the distribution of respondents for the study. A sample of one hundred and seventy (170) respondents responded to the administered questionnaire. Table 4.1 below shows that majority of the respondents (62.9%) were males whilst 37.1% were females. As evidenced by the table (Table 4.1), the results show a sample relatively skewed in favour of male test subjects.

Table 4.1: Gender Distribution of Respondents

Gender	Frequency	Percentage (%)
Male	107	62.9%
Female	63	37.1%
Total	170	100%

Source: Field Survey, 2014

4.1.2 Age of Respondents

Table 4.2 below shows the age distribution of respondents. The mean age of the respondents was 31.98 with a standard deviation of 0.877. The study revealed that most of the respondents (48%) were below between the ages of 26 to 30 years. Fiftythree (53) respondents representing 21.2% were between the ages of 31 to 40

years, followed by those below 25 years (12.4%). Only fourteen (14) respondents representing 8.2% were 41 years and above as indicated in Table 4.2 below. Erickson (1994) labels age groupings into young adulthood (20-30), middle adulthood (31-45), and late adulthood (46 and above). According to these age classifications, the study maintains that most respondents were young adult.

Table 4.2: Age Distribution of Respondents

Gender	Frequency	Percentage (%)
Below 25 years	21	12.4%
26 – 30 years	82	48%
31 – 40 years	53	21.2%
41 years and above	14	8.2%
Total	170	100%

$M = 31.98$; $SD = 0.877$

Source: Field Survey, 2014

4.1.3 Marital Status of Respondents

Table 4.3 below presents the marital status of respondents. As evidenced in the table below, more than half of the respondents (58.8%) were single. This result can be attributed to the fact that most of the respondents in their young adulthood age (below 30 years). Nearly forty-five (45) respondents representing 26.5% were married, 7.6% were co-habited, 5.3% were divorced, whilst 1.8% were widowed as seen in Table 4.3 below.

Table 4.3: Marital Status of Respondents

Marital Status	Frequency	Percentage (%)
Single	100	58.8%
Married	45	26.5%
Divorced	9	5.3%

Widowed	3	1.8%
Co-habit	13	7.6%
Total	170	100%

Source: Field Survey, 2014

4.1.4 Highest Level of Education

The results from Table 4.4 captured seven (7) categories of educational background of the respondents namely basic education, secondary education, diploma in education, polytechnic (HND), General Certificate Examination (GCE) “A” Level, university, and no formal education. As illustrated in the table, majority of the respondents (94.1%) could read or write as compared to those who could not (5.9%).

However, only few of them had attained a highest level of educational background.

It was found that nearly half of the respondents (45.3%) had secondary education. Those with basic education (17.1%) and polytechnic followed this (HND) (13.5%).

University holders formed 10%, whereas GCE”A” Level holders and Diploma in Education holders formed 4.7% and 3.5% respectively. This depicts that most of the responses on CSR practices of AngloGold Ashanti will be tapped into the knowledge base of respondents with secondary education.

Table 4.4 Highest Level of Education of Respondents

Highest Level of Education	Frequency	Percentage (%)
Basic education	29	17.1%
Secondary education	77	45.3%
Diploma in Education	6	3.5%
Polytechnic (HND)	23	13.5%
GCE “A” Level	8	4.7%
University	17	10%

No formal education	10	5.9%
Total	170	100%

Source: Field Survey, 2014

4.1.5 Length of Stay in Community

Regarding the number of years respondents had spent in their community, the study revealed – as shown in Table 4.5 – that many of the respondents (68.8%) had spent more than ten (10) years in their respective community. About 16.5% had also stayed in their community for 5 to 10 years, whereas 5.3% had also stayed for 2 to 4 years. About 9.4% of the respondents indicated that they had stayed in the community for less than 2 years.

It is important to emphasize that the number of years the majority of respondents had stayed in the community would factor into the information they had contributed to this study. The length of years respondents had stayed in the community is a good indicator to suggest the possibility of them providing the requisite knowledge and expertise on issues concerning impact of corporate social responsibilities of AngloGold Ashanti to community development. This is also good to make inference about the CSR activities of AGA in Obuasi Municipality and its environs.

Table 4.5: Length of Stay in Community

Length of Stay in Community	Frequency	Percentage (%)
Below 2 years	16	9.4%
2 – 4 years	9	5.3%
5 – 10 years	28	16.5%
11 and above years	117	68.8%
Total	170	100%

Source: Field Survey, 2014

4.2 Analysis of Major Findings

In this section, results of the study are provided in relation to the research questions.

The questions that were answered in the study includes:

5. What is the corporate social responsibilities of AngloGold Ashanti (AGA) Obuasi Mine to the community?
6. What is the state of community development in Obuasi and its environs?
7. What is the impact of corporate social responsibilities to the development of communities in Obuasi and its environs?
8. What are the challenges of AngloGold Ashanti in practicing its corporate social responsibilities to the community?

4.2.1 Corporate Social Responsibilities of AngloGold Ashanti (AGA)

The first research objective of this current study was to identify the corporate social responsibilities of AngloGold Ashanti (AGA) Obuasi Mine to the community.

Respondents were also asked to indicate how the company has been relating with the society. Responses on this question are presented in Figure 4.1 below. Figure 4.1 below also depicts that majority of the respondents (92%) indicated that AGA has been relating well with the community, whilst only 6% stated otherwise. There were no response from three (3) respondents representing 2%. This finding further explains the commitment of the company in carrying out its CSR in order to improve the standard of living of the community. As depicted by Holme and Watts (2000), CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society.

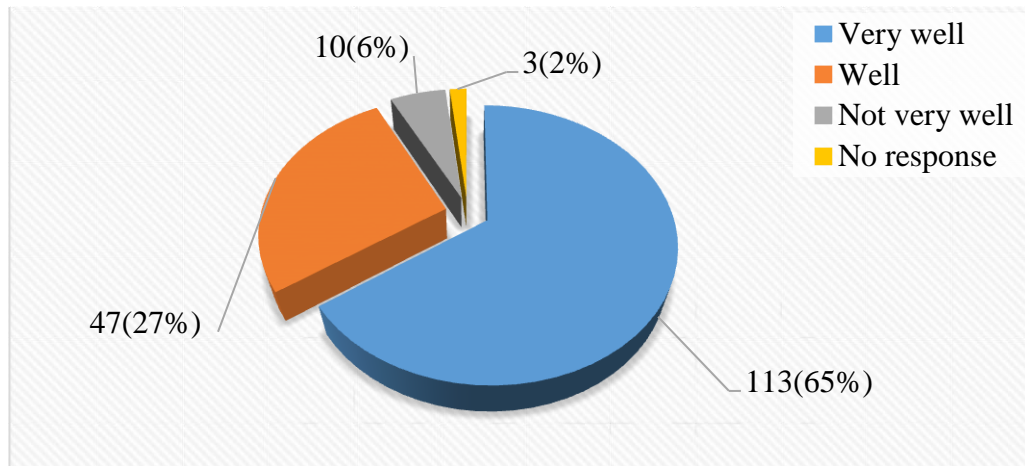


Figure 4.1: How has AGA been relating with Society? Source:
Field Survey, 2014

A more detailed study on the corporate social responsibility of AngloGold Ashanti is presented in Table 4.6. Twenty-one (21) items measuring corporate social responsibility of AngloGold Ashanti, Obuasi Mine were captured in this study. All the variables were measured using a 5-point Likert scale (1=strongly disagree to 5=strongly agree). The average mean for all the twenty-one (21) variables was 3.54. From the table (Table 4.6), it was noted that the company mostly carried out only 8 out of 21 CSR activities. These includes provision of employment ($M = 4.52$; $SD = 0.962$), material assistance for construction of new schools and innovation of old school blocks ($M = 3.65$; $SD = 1.046$), malaria control programmes ($M = 4.88$; $SD = 0.535$), good medical services ($M = 3.83$; $SD = 1.157$), environmental issues in the community ($M = 4.02$; $SD = 0.991$), provision of good drinking water ($M = 4.00$; $SD = 0.857$), cleaning exercises in the community ($M = 3.88$; $SD = 1.213$), and free electricity power supply ($M = 3.55$; $SD = 1.274$).

As observed by Otubanjo et al. (2008), the core idea behind CSR is the promotion of business orientation that considers stakeholder interest. In this current study it was found that provision of malaria control programmes to fight malaria, provision of

employment to majority of the citizens, embarking on environmental issues, and good drinking water to the community were the most commonly practices CSR activities which showed a relatively high mean values compared to other CSR activities. It is quite clear from Table 4.6 that the mean value for provision of open pit roads to link farming communities to markets, as well as good roads, and vocational training for females remained 2.92 (SD = 1.141), 2.94 (SD = 1.078), and 2.92 (SD = 1.294) respectively which show that respondents disagreed that these type of CSR are provided by the company. However, it can be asserted that the corporate social responsibilities activities utilised by the company includes employment, construction of new schools and renovation of old school blocks, malaria control programmes and good medical services, good sanitation and drinking water, as well as free electrification.

These results also agree with report from the Obuasi Mines Presentation (2006). According to the report, the company has spent over ₵2.4 billion financing the construction of schools in rural communities in the Adansi, Amansie & Wassa Amenfi Districts. These include Sanso, Jimiso, Odumase, Anyinam, Brahabehome, Binsere, Dadieso and Adubirem. Occasionally, the company provides material assistances, in the form of building materials, to construct new schools and renovate old school blocks. In 2003, the company provided roofing sheets and cement products worth ₵5.5million to assist the renovation of Kubi Primary School. Between January and May last year, the company provided 200 bags of cement and timber products worth over ₵20million to assist the construction of the New Bediem Community School Complex.

The report further depicts that the company is committed to assisting in the rural electrification. The company has procured treated poles and harvested over 10,000 raw

poles from its teak plantations to assist some rural communities in the Obuasi, Bekwai, new Edubiase and Mansonkwanta districts in their rural electrification projects. Also two (2) communities namely Sanso and Anyinam benefit from free electricity power supply from the company's VRA mains. Again, the company built the Obuasi Government Hospital. AngloGold Ashanti (AGA) is spending \$3 million in 3 years to fight malaria in Obuasi Municipality which was inaugurated by the President of Ghana begun operations in April, 2006. AngloGold Ashanti has also provided 102 water systems to a total of 92 communities in four districts at the cost of over US \$900,000 (Obuasi Mines Presentation, 2006). These findings implies how socially responsible the company is. Socially responsible companies, according to Macmillan (2005), consider the full scope of their impact on communities and the environment when making decisions, balancing the need of stakeholders with their need to make profit.

Table 4.6: Overall Descriptive Statistics of CSR of AngloGold Ashanti

CSR Activities	N	Mean	SD
AGA is the main source of employment to majority of the citizens	170	4.52	0.962
AGA donates learning materials such as books to schools in the community	164	3.36	1.182
AGA provides schools with computers to promote computer literacy	170	3.35	0.926
AGA provides material assistance for construction of new schools and renovation old school blocks	170	3.65	1.046
AGA provides the community new schools blocks	170	3.41	1.139
AGA provides scholarship beneficiaries to students in the community	170	3.10	1.013
AGA has renovated old school blocks in this town	170	3.45	1.120
AGA has built healthcare centres to promote healthcare delivery	170	3.47	1.265
AGA provides malaria control programmes to fight malaria	170	4.88	0.535
AGA provides good medical services to members of this community	170	3.83	1.157

The company is concerned with environmental issues in this community	170	4.02	0.991
The company provides good drinking water to the community	170	4.00	0.857
AGA embarks on cleaning exercises in the community	162	3.88	1.213
AGA has explore open pit roads to link farming communities to markets	170	2.92	1.141
The company has provide the community with good roads	170	2.94	1.078
The company sponsors youth development programmes	170	3.32	1.123
AGA runs apprenticeship programmes to train local people each year	170	3.51	1.473
The company provides vacationing training to females	170	2.92	1.294
AGA provides treated electric poles to assist rural electrification	170	3.08	1.122
Step down transformers have been donated to assist rural electrification	170	3.17	1.088
This community benefit free electricity power supply from the company	170	3.55	1.274

Source: Field Survey, 2014

4.2.2 State of Community Development

The second objective of the study was determine the state of community development in Obuasi and its environs. Figure 4.2 below shows the perception of the respondents on the state of community development. Nearly 64% of the respondents indicated that the state of community was satisfactory, whereas 23% indicated that it was good. There were twenty-three (23) respondents representing thirteen percent (13%) who posited that the state of community development was bad.

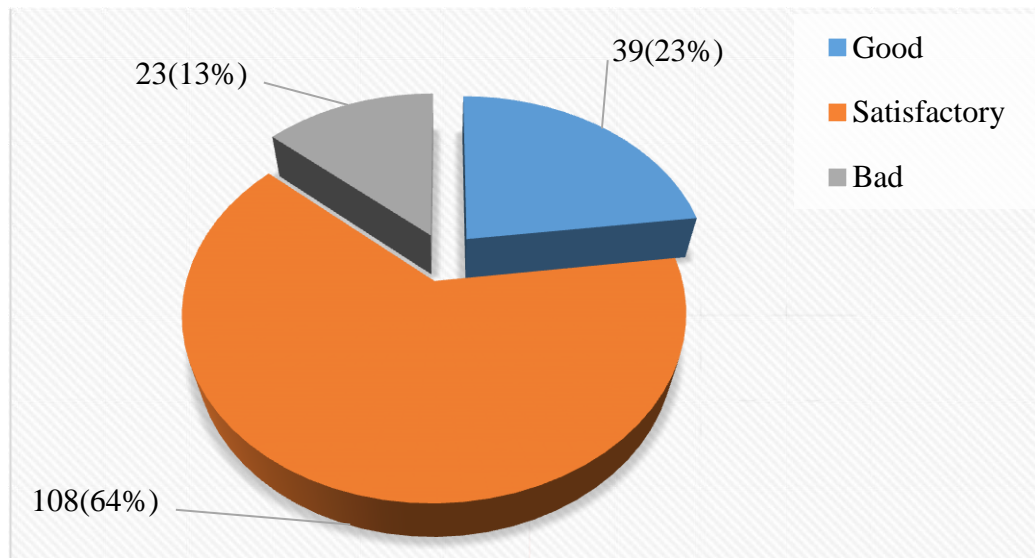


Figure 4.2: Perception of Respondents on the State of Community Development

Source: Field Survey, 2014

Though about 87% of the respondents perceived that, the state of community development was satisfactory/good, it was observed in Figure 4.3 that majority of them (72%), indicated that the infrastructures provided by AngloGold Ashanti, Obuasi Mine need redevelopment.

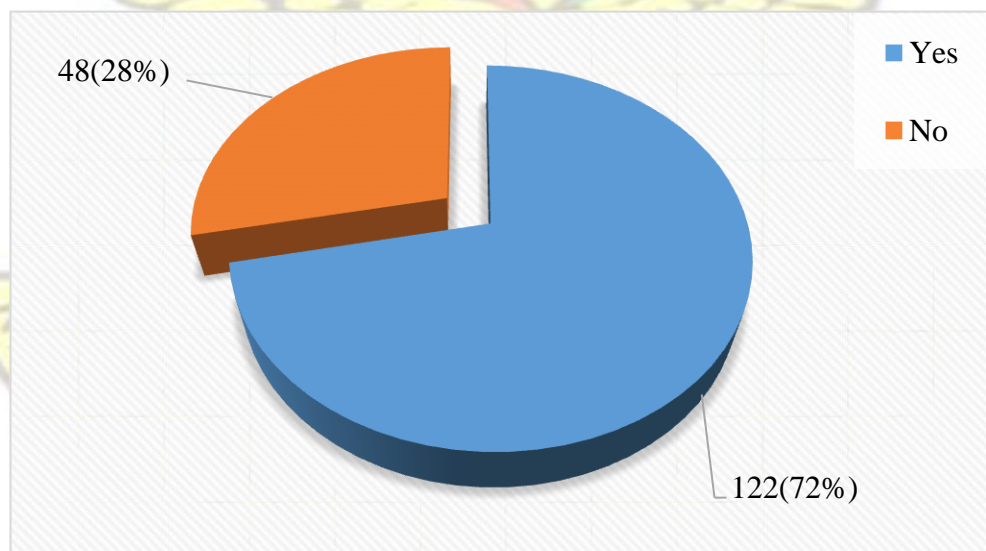


Figure 4.3: Redevelopment of infrastructures provided by AGA Source:

Field Survey, 2015

Respondents were asked to indicate the types of infrastructures that need redevelopment. The study captured six (6) categories of development that, according to the respondents, need redevelopment. Educational facilities (22.4%) and roads (21.4%) were the two major infrastructures that most of the respondents stated. Other types of infrastructures that were stated by the respondents includes healthcare delivery (11.2%), followed by public toilets and general sanitation (8.8%), human capacity development (4.1%) and market (4.1%). These results are illustrated in Table 4.7 below.

Table 4.7: Type of Infrastructures that need Redevelopment

Types of Infrastructures	Frequency	Percentage (%)
Public toilets and sanitation	15	8.8%
Educational facilities	38	22.4%
Roads	37	21.4%
Healthcare delivery	19	11.2%
Market	7	4.1%
Human capacity development	7	4.1%
Missing values	47	27.6%
Total	170	100%

Source: Field Survey, 2014

Figure 4.4 below shows that one hundred and twenty-eight (128) respondents representing 75% argued that the government should formulate laws to raise the level of social responsibilities of AngloGold Ashanti. Nearly 17.6%, on the other hand, do not think the government should formulate laws to regulate the CSR activities of AGA.

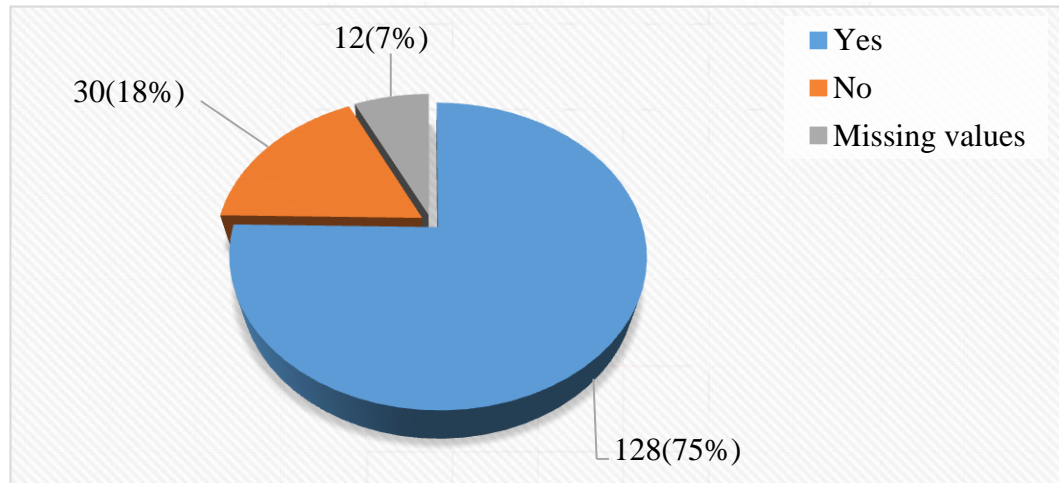


Figure 4.4: Formulating of laws to raise the level of CSR activities of AGA

Source: Field Survey, 2014

An assessment of the state of community development also revealed that majority of the study participants (81%) stated that the corporate social responsibilities of AGA has a positive impact on the community, whilst only 11% indicated otherwise as shown in Figure 4.5 below.

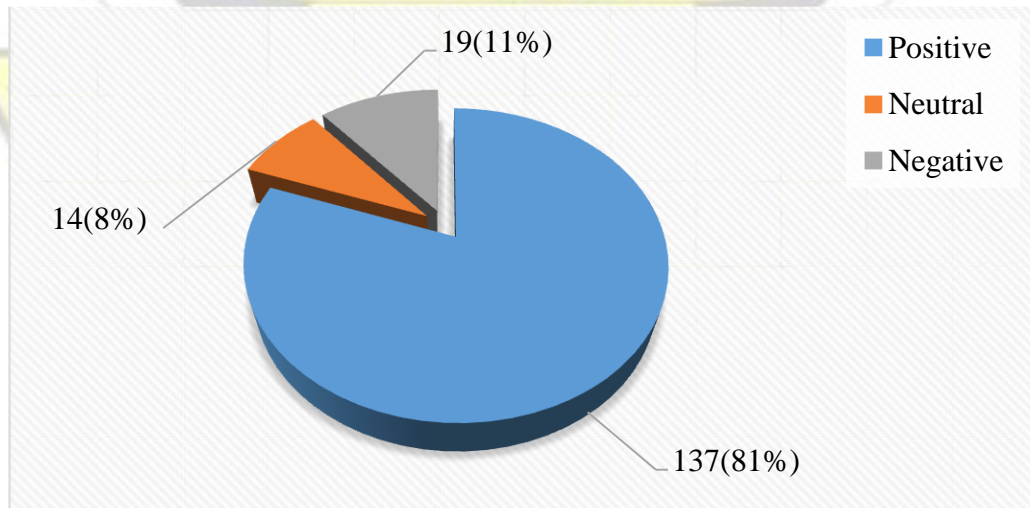


Figure 4.5: General Impact AGA has on the Community Source:

Field Survey, 2014

4.2.3 Impact of CSR on Community Development

Mining activities have had dire consequences on the environment and society and have negatively influenced the social and economic character of mining communities. However, it is also assumed that corporate social responsibilities of a company are related to the development of the community in which they operate. Table 4.8 and 4.9 below presents regression analysis of the impact of corporate social responsibilities on community development. Table 4.8 below a multivariate analysis, which evaluates the simultaneous impact of, corporate social responsibilities on the development of communities.

The results of multivariate regression analysis showed that the adjusted R square was .464, which indicates that 46.4% of the variances of the response variable – community development, is being explained by the model – corporate social responsibility. The result had an F-value of 21.52, and significant level of .000. The square of the multiple R, which had positive values depicted that variation in community development, can be attribute to the corporate social responsibilities of the company as shown in Table 4.8.

Table 4.8: Aggregate Impact of Corporate Social Responsibilities on Development

Model	R-Square	Adjusted R-Square	F	Sig.
1	.464*	.443	21.52	.000

*Predictors: (Constant), Corporate Social Responsibilities Dependent

Variable: Community Development

Source: Author's estimation from field data, 2014

Table 4.9 also shows the strength of influence that each of the six (6) corporate social responsibilities of AngloGold Ashanti, Obuasi Mine has on the dependent variable (community development). As shown in the table 4.9, all the independent variables (education, health and sanitation, roads construction, apprenticeship, electrification, and employment) have relatively small p-values (.000, .030, .002, .000, .002, and .001 respectively), and there is some evidence of a linear relationship between the corporate social responsibilities of the company and community development. However, there was a positive correlation between three independent variables (roads construction, rural electrification, and employment) on the dependent variable (community development). This implies that the provision of better roads, electrification, and employment by the company tends to positively influence development of the community.

These results correlate with assertions from several other researchers (Chapple and Moon, 2005; Verma and Chauhan, 2007; Dutta and Durgamohan, 2009). Verma and Chauhan (op cit.), for instance, posited that the corporate social responsibility of companies have an influence in the development of communities. They found construction of roads, pollution and power as the major concern of corporate CSR activities as compared to least concern area, which is communication and education. Similarly, a survey conducted by CSM (2001) indicated that CSR activities such as employment, environmental and social programme including health and literacy have an impact on community development.

Table 4.9: Multiple Regression Analysis: Impact of CSR on Community Development

	<u>Unstandardized Coefficients</u>		<u>Standardized Coefficients</u>		
	Beta	Std. Error	Beta	t	Sig.
Predictor (Constant)	2.170	.311		6.970	.000
Education	-.070	.019	-.487	-3.665	.000
Health and Sanitation	-.033	.015	-.214	-.2198	.030
Roads construction	.159	0.51	.492	3.131	.002
Apprenticeship	-.110	.014	-.589	-7.621	.000
Electrification	.073	.023	.304	3.106	.002
<u>Employment</u>	<u>.163</u>	<u>.047</u>	<u>.258</u>	<u>3.446</u>	<u>.001</u>

$R^2 = .464$; $F = 21.52$; $p < .000$

Dependent Variable: Community development

Source: Author's estimation from field data, 2014

4.2.4 Challenges of AGA in Practicing CSR

Responses presented and discussed under the research question three have been solicited from managers from the properties department because they know the real deal of the challenges in maintaining properties at AngloGold Ashanti Obuasi Mine. Six (6) managers out of the total targeted managers (10) responded to the study. Two (2) project managers, 1 senior community development officer, 1 community relations superintendent, and 2 sustainability managers were interviewed and their responses are discussed below. The study revealed that only 3 of the managers had worked with the company for between 4 to 7 years, whilst the rest had been with the company for more than 20 years. This implies that they had adequate information on the challenges the company faces in practicing corporate social responsibility.

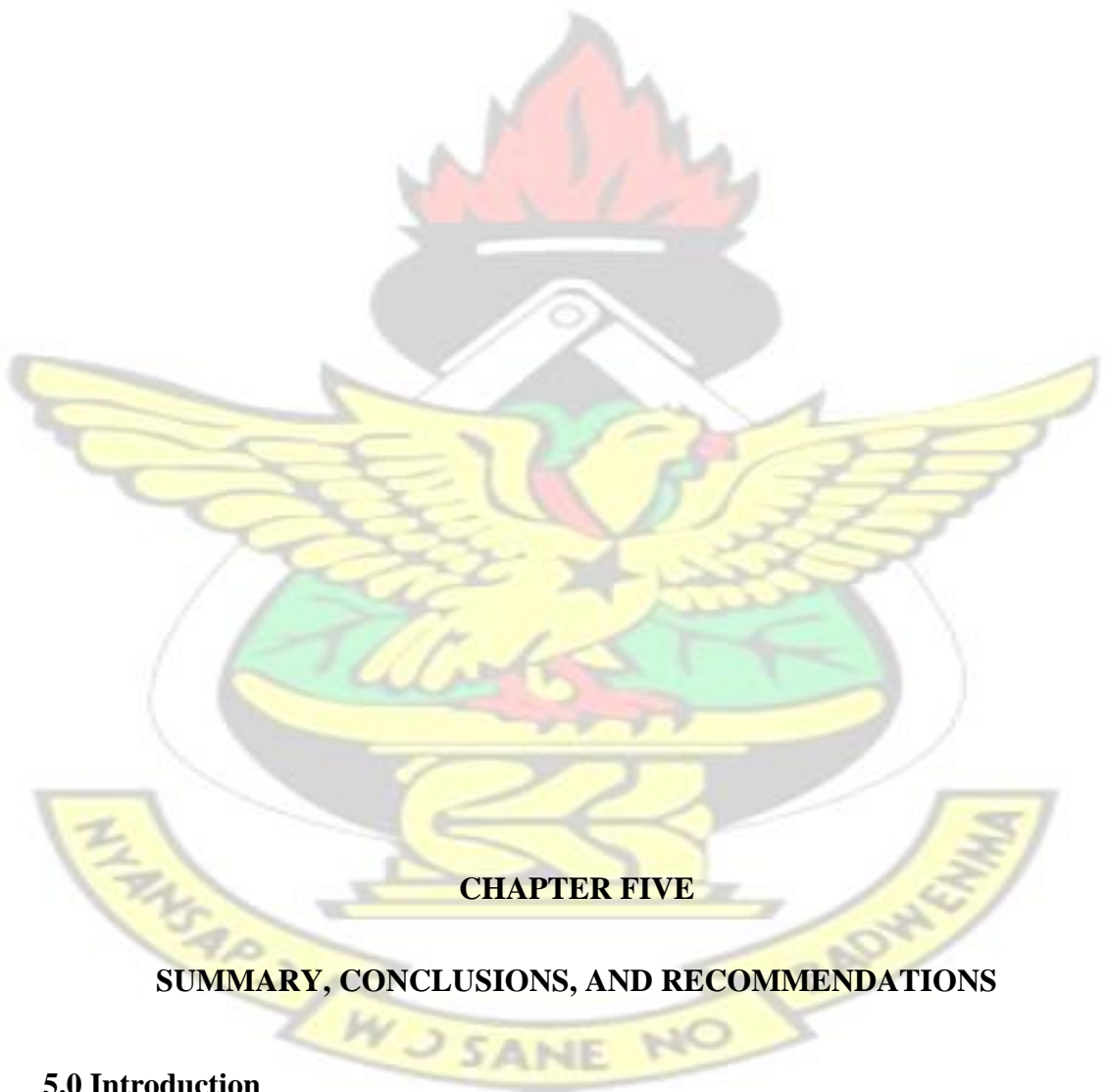
Results from the study found numerous factors that impeded the company's effective implementation of corporate social responsibility to the community. Some of these major challenges include financial constraints, interference from political, and opinion leaders leading to abandonment of completed projects, and lack of support or commitment from community members. Other important barriers to practice of CSR includes poor attitudes towards maintenance of project, poor management of facility, lack of ownership of projects by community members, low infrastructural development by government in the communities resulting in competition for AGA projects, insatiable desire for sponsorship and support, and over dependency of the company for all social needs. Similarly, Simchi-Levi and Kaminsky (2002), Topalian (1984) and Zsolnai (2002) have cited in their different works that the aforementioned factors impede companies in implementation of their various CSR activities.

The study further asked managers to indicate how the company resolve the aforementioned challenges to carry out its corporate social responsibility successfully. Most of the managers indicated that the company should engage the communities, especially key stakeholders to identify and prioritise needs of the community through public forums. One of the managers reported that:

“the company resolve its challenges by effectively engaging the community leaders in project needs assessment exercise as well as increasing community participation in the design and implementation of community development”

Other strategies indicated by the managers include allocation of budget for community development projects, lobbying for funds from government and nongovernmental agencies.

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CHAPTER FIVE

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

5.0 Introduction

This research study was aimed at establishing accommodation situation and property maintenance in AngloGold Ashanti Obuasi Mines. This chapter is divided into three sections. The first section presents the summary of results of the research study derived

from the selected areas of the research study in relation to the set objectives of the study. The second section gives the conclusions and whereas the last section suggests recommendations.

5.1 Summary of Major Findings

5.1.1 Corporate Social Responsibilities of AngloGold Ashanti, Obuasi Mine

A look into the corporate social responsibilities of AngloGold Ashanti (AGA) Obuasi Mine to the community revealed the company has been carrying out its corporate social responsibilities to the Obuasi Municipality and its environs. Majority of the respondents (92%) indicated that AGA has been relating well with the community, whilst only 6% stated otherwise. It was found that provision of malaria control programmes to fight malaria ($M = 4.88$; $SD = 0.535$), provision of employment to majority of the citizens ($M = 4.52$; $SD = 0.962$), embarking on environmental issues ($M = 4.02$; $SD = 0.991$), and good drinking water to the community ($M = 4.00$; $SD = 0.857$) were the most commonly practices CSR activities which showed a relatively high mean values compared to other CSR activities. Other important CSR activities carried out by the company includes material assistance for construction of new schools and innovation of old school blocks ($M = 3.65$; $SD = 1.046$), ($M = 3.83$; $SD = 1.157$), cleaning exercises in the community ($M = 3.88$; $SD = 1.213$), and free electricity power supply ($M = 3.55$; $SD = 1.274$). However, the mean value for provision of open pit roads to link farming communities to markets, as well as good roads, and vocational training for females remained 2.92 ($SD = 1.141$), 2.94 ($SD = 1.078$), and 2.92 ($SD = 1.294$) respectively which show that respondents disagreed that these type of CSR are provided by the company.

5.1.2 State of Community Development

An examination of the state of community development in Obuasi Municipality and its environs revealed that nearly 64% of the respondents indicated that the state of community was satisfactory, whereas 23% indicated that it was good. There were twenty-three (23) respondents representing thirteen percent (13%) who posited that the state of community development was bad. Though about 87% of the respondents perceived that, the state of community development was satisfactory/good, it was observed that majority of them (72%), indicated that the infrastructures provided by AngloGold Ashanti, Obuasi Mine need redevelopment, whilst 28% indicated infrastructures do not need redevelopment. Provision of educational facilities (22.4%) and roads construction (21.4%) were the two major infrastructures that most of the respondents stated. Other types of infrastructures that were stated by the respondents includes healthcare delivery (11.2%), followed by public toilets and general sanitation (8.8%), human capacity development (4.1%) and market (4.1%). The study further revealed that most of the participants (75%) argued that the government should formulate laws to raise the level of social responsibilities of AngloGold Ashanti. Majority of the study participants (81%) stated that the corporate social responsibilities of AGA have a positive impact on the community.

5.1.3 Impact of CSR on Community Development

The results of multivariate regression analysis showed that the adjusted R square was .464, which indicates that 46.4% of the variances of the response variable – community development, is being explained by the model – corporate social responsibility. The result had an F-value of 21.52, and significant level of .000. The square of the multiple R, which had positive values depicted that variation in

community development, can be attribute to the corporate social responsibilities of the company.

5.1.4 Challenges of AGA in Practicing CSR

Results from the study found numerous factors that impeded the company's effective implementation of corporate social responsibility to the community. Some of these major challenges include financial constraints, interference from political and opinion leaders leading to abandonment of completed projects, and lack of support or commitment from community members. Other important barriers to practice of CSR includes poor attitudes towards maintenance of project, poor management of facility, lack of ownership of projects by community members, low infrastructural development by government in the communities resulting in competition for AGA projects, insatiable desire for sponsorship and support, and over dependency of the company for all social needs.

The study further asked managers to indicate how the company resolve the aforementioned challenges to carry out its corporate social responsibility successfully. Most of the managers indicated that the company should engage the communities, especially key stakeholders to identify and prioritise needs of the community through public forums. Other strategies used by the company to resolve challenges in the implementation of CSR includes allocation of budget for community development projects, lobbying for funds from government and nongovernmental agencies.

5.2 Conclusions

Theoretically, this study has provided some empirical evidence on accommodation situation and property maintenance in AngloGold Ashanti Obuasi Mines. It is evidenced that AngloGold Ashanti (AGA) carried out its corporate social

responsibility to the Obuasi community and its environs. The major CSR activities mostly practiced by AGA includes provision of malaria control programmes to fight malaria, provision of employment to majority of the citizens, embarking on environmental issues, and good drinking water to the community. Other important CSR activities carried out by the company includes material assistance for construction of new schools and innovation of old school blocks, cleaning exercises in the community, and free electricity power supply.

Again, the study showed that the state of community development in the communities were satisfactory. However, there were some infrastructures, such as educational facilities, roads, healthcare delivery, public toilets, human capacity development and markets, that needed redevelopment. The results of multivariate regression analysis showed that corporate social responsibilities has an influence on community development. Results from the study found numerous factors that impeded the company's effective implementation of corporate social responsibly to the community. Some of these major challenges include financial constraints, interference from political and opinion leaders leading to abandonment of completed projects, and lack of support or commitment from community members. Other important barriers to practice of CSR includes poor attitudes towards maintenance of project, poor management of facility, lack of ownership of projects by community members, low infrastructural development by government in the communities resulting in competition for AGA projects, insatiable desire for sponsorship and support, and over dependency of the company for all social needs. This therefore calls for the company to engage the communities, especially key stakeholders to identify and prioritise needs of the community through public forums, allocation of budget for community

development, as well as lobbying for funds from government and non-governmental agencies, which will ultimately improve CSR activities.

5.3 Recommendations

The research has made several recommendations aimed at addressing the accommodation situation and property maintenance in AngloGold Ashanti Obuasi Mines. This would be achieved through the following measures:

1. AGA should liaise with community authorities to identify areas or opportunities available to them to better the lives of the people through the provision of some social amenities. This will go a long way to improve the general living standards of the people.
2. AGA should involve the community in the planning, formulation, implementation and evaluation of CSR projects. This will eliminate stakeholder conflict that arises in some communities.
3. Governments and local authorities should explore the areas where a certain amount of tax will be used by AGA to undertake community based projects such as schools, electricity, clean water, jobs and income generating activities. This can be in a form of tax exemptions. This will make AGA be more responsible in the area of work and contribute significantly to national development.
4. Last but not the least, Stringent and rigorous efforts at re-afforestation and other measures aimed at restoring back degraded lands to its original state after mining activities should be intensified by the Company. These will not only reduce the negative environmental and health impacts on the people but also land would be available particularly to farmers for agricultural purposes.

5. Adequate research work needs to be done on the impact of corporate social responsibility on community development in other areas of the country. This will help broaden the understanding of the role of mining companies play in the country.

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APPENDIX A

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECH-NOLOGY (KNUST)

QUESTIONNAIRE FOR RESPONDENTS

Dear respondents,

I am a student from the KNUST School of Business researching into “effects of corporate social responsibility on community development in Obuasi Municipality and its environs” as part of my academic work. All the information collected will be kept confidential.

Section A: Background Information of Respondents

1. Sex: (a) Male ☐ (b) Female ☐
2. Age: (a) Below 25 years ☐ (b) 26-30 years ☐ (c) 31-40 years ☐
(d) 41 years and above ☐
3. Marital status: (a) Married ☐ (b) Single ☐ (c) Divorced ☐
(d) Widowed ☐
4. Highest level of education:
(a) Secondary Education ☐ (b) Diploma in Edu (BDE) ☐ (c) Polytechnic
HND ☐ (d) University ☐ (e) Other (specify)
.....
5. Length of stay in community
(a) Below 2 years ☐ (b) 2-4 years ☐ (c) 5-10 years ☐ (d) 11-15 years
☐
(d) 16 years and above ☐

Section B: Corporate Social Responsibilities of AngloGold Ashanti Obuasi

Mine

6. How has AngloGold Ashanti been relating with the society?
(a) Very well (c) Not very well
(b) Well (d) Not well at all

Please indicate to the extent to which you agree or disagree with the following statements about **corporate social responsibilities of AngloGold Ashanti Obuasi Mine** in your area using the scales below.

1= Strongly Disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly

Agree

Preamble	1	2	3	4	5
7. The company is the main source of employment to majority of the citizens					
8. The company donates learning materials such as books to schools in the community					
9. The company provides schools with computers and accessories to promote computer literacy in the community					
10. The company provides material assistance for construction of new schools and renovation old school blocks					
11. The company provides the community new schools blocks					
12. The company provides scholarship beneficiaries to students in the community					
13. The company has renovate old school blocks in this town					
14. The company has built healthcare centres in the community to promote healthcare delivery					
15. The company provides malaria control programmes to fight malaria in this community					
16. The company provides good medical services to members of this community					
17. The company is concerned with environmental issues in this community					
18. The company provides good drinking water to the community					
19. The company embarks on cleaning exercises in the community					
20. The company has explore open pit roads as feeder roads to link farming communities to markets					
21. The company has provide the community with good roads					
22. The company sponsors youth development programmes					
23. The company runs apprenticeship programmes to train local people each year					
24. The company provides vacationing training to females					

25. The company provides treated electric poles to the community to assist rural electrification					
26. Step down transformers have been donated to this community to assist rural electrification projects					
27. This community benefit free electricity power supply from the company					

Section C: Community Development

28. What is the state of development in this community?

- (a) Good (c) Bad
(b) Satisfactory (d) Don't know

29. Do you think infrastructures provided by AGA need redevelopment?

- (a) Yes (b) No

30. If yes, please indicate the type of infrastructures that need redevelopment

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31. Do you think the government should formulate laws to raise the level of social responsibilities of AngloGold Ashanti?

- (a) Yes (b) No

32. What impact has AngloGold Ashanti had on the community?

- (a) Positive Impact (c) Neutral
(b) Negative Impact

33. Additional comments

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Thank you for your time. God bless you.

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APPENDIX B

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY
(KNUST)**

INTERVIEW GUIDE

Dear respondents,

I am a student from the KNUST School of Business researching into “effects of corporate social responsibility on community development in Obuasi Municipality

and its environs” as part of my academic work. All the information collected will be kept confidential.

Section A: Background Information of Respondents

1. What is your position?
2. How many years have you been working with the company?
.....

Section B: Social Corporate Responsibilities of AngloGold Ashanti Obuasi

Mine

3. How has AngloGold Ashanti been relating with the society?
 - (a) Very well
 - (b) Well
 - (c) Not very well
 - (d) Not well at all
4. Has AGA been involved in any projects/programmes in the community over the past 10 years (2002-2012)?
 - (a) Yes
 - (b) No
5. Please list the projects/programmes that AGA has been involved in the community over the past 10 years?
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6. What are the major purposes of the projects/programmes that AGA are involved in?

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7. How are communities selected for these projects/programmes?

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8. How has these projects/programmes affected the communities in which they are being implemented?

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Section C: Challenges of Practicing Corporate Social Responsibility

9. Are there factors that prevent the company from practicing its corporate social responsibilities to the community?

(a) Yes (b) No

10. If yes, please list the challenges that the company encounter during the implementation of its corporate responsibilities to the community

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11. How does the company resolve these challenges to carry out its corporate social responsibility successfully?

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Thank you for your time. God bless you.

