

Impact of Corporate Social Responsibility on Competitive Advantage: A Case of Newmont Ghana Limited

William Ohene-Adjei^{1*}, Pamela Amankwah²

¹*School of Business Management, Texila American University, Guyana, India*

²*Department Public Management, Kwame Nkrumah University of Science and Technology, Kumasi, Ghana*

Abstract

Corporate Social Responsibility has taken part in the operations of businesses, but there is a need for research on why CSR is and how advantageous it is for a firm in a competitive market. The paper investigated the use of CSR as a stronghold for firms in a competitive environment using Newmont Ghana Limited as a case study. The study further seeks to identify the impact of Newmont Ghana's CSR activities and its impact on both the firm's output and reputational image. These objectives are explored through the evaluation of the effect of Newmont Ghana's CSR activities. Using a purposive and convenient sampling method, 120 questionnaires, both open and close-ended questions, were distributed to the employees of Newmont Ghana across all levels. The questionnaires were collected and analyzed. The outcome showed that corporate social responsibility gives Newmont Ghana an advantage in positioning and diminishing of competitive attack in the market. Also, the results showed that Newmont Ghana's CSR activities have a positive impact on its reputation at both the local and national level. Also, CSR activities had a positive impact on its output as it draws in more investors and makes them perform better. The study recommended that firms should integrate CSR into their basic operations and to educate their employees on the firm's social responsibilities, the general public should be educated on the different duties of all other actors, and the topic should be expanded to include all firms in the mining industry in Ghana and how they benefit from CSR.

Keywords: *Corporate Social Responsibility, Competitive Market, Newmont Ghana.*

Introduction

Corporate Social Responsibility continues to become an occurring aspect of the basic operations of modern businesses, which stimulate many benefits. These strategic initiatives go a long way to contribute to the brand's reputation, firm's profit and increase positive public relations. Most firms incorporate CSR into their basic activities of the firm, blurring the voluntariness of the concept. For the World Bank, CSR is a pledge by corporations to help workers, their families, the local community, and society achieve sustainable economic growth in ways that are conducive for business and development to improve their life

quality [1]. Most factual literature highlights the corporate social responsibility voluntary concept. This means that participation is of the firm's own free will, and they are not forced or compelled. It depends on the firm to whether enlist their services at the local, national, or international level. In the modern world, some firm's see it as overly integrated in their activities, making it hard to ignore. This makes CSR a long-lasting factor of operations for the firm. For different people, CSR means various things [2]. The EU Commission (2002) says that CSR is a term through which businesses voluntarily incorporate environmental and social issues with their enterprises and in their engagement with stakeholders. CSR in a fast-

moving economy is mostly targeted towards addressing socio-economic problems of the country such as health care, education, poverty, and infrastructure. It becomes essential as the needs of the society are making it necessary for the corporate organizations to be sensitive to the happenings of their environment, thus insuring a good relationship between the firm and society. [3] highlights that corporate social responsibility has been identified as a necessary weapon to survive in a world competitive environment [4] also defined it as encompassing the relationship between business and the larger society.

Problem Statement

Newmont Mining Company has been undertaking corporate social responsibility (CSR) activities to improve the socio-economic conditions of communities within its operational areas with the intention of improving its brand image and organizational output. However, the extent to which the company is benefitting from CSR is not known to many in the academic arena. Research indicates that firms enter the mining industry to increase their competitiveness within the industry because the industry is driven by advanced competitiveness because of the appearance of new rivals, globalization, and advanced technology. In Ghana, several businesses are responsible for social matters by partnering with their workers to promote sustainable economic growth in different communities to improve the standard of living of the people. But how does the impact of this commitment of businesses serve to be beneficial to them in a competitive environment, especially in the case of the Newmont Mining Company? Kehinde and Banjo [5] argue that companies explore several ways of obtaining more benefits than their competitors in today's competitive environment but end up facing lots of challenges in meeting their objectives. Similarly, many studies have been conducted in the field of CSR, and a lot of literature has successfully been built up on the subject matter. However, these existing literature fails to

identify the influence of CSR as a competitive advantage for a firm, and many of the studies do not relate their studies to the mining sector of the economy as much focus was placed on the oil sector, making that the focus of their research.

The intent of the current research was to examine how the undertaking of CSR activities by Newmont Ghana Limited was impacting organizational competitive advantage to improve its image and output.

Limitations

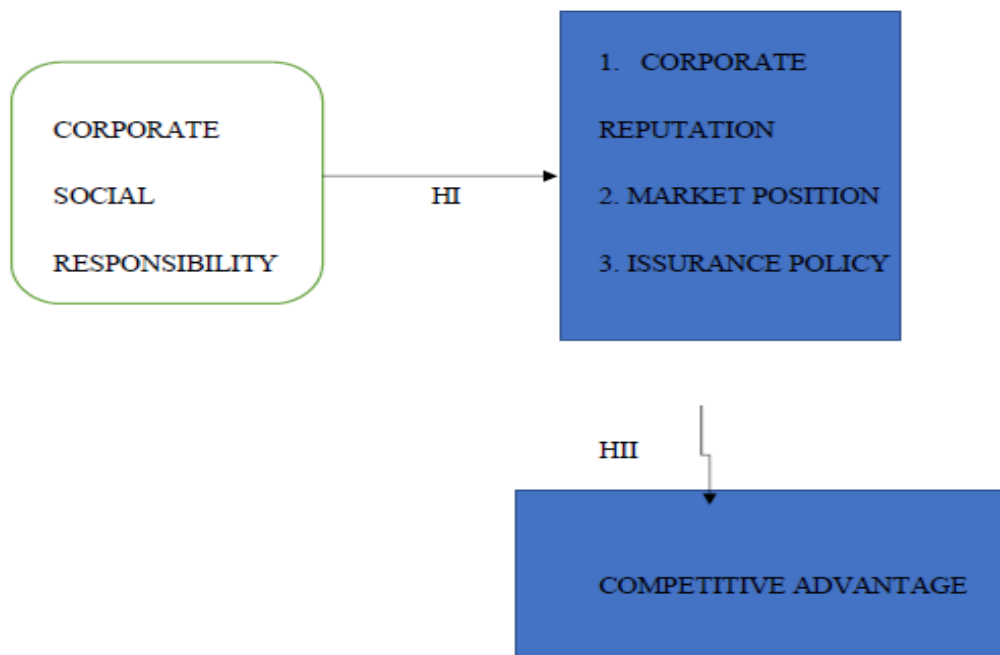
The study encountered a few constraints. One of such problems was meeting the appropriate sample size of the research. The size is large due to the large population of the employees and the error margin used. Some of them were reluctant to assist with answering the questionnaires, which affected the total number of respondents needed for the research. The researcher will put measures in place to explain the significance of the study and how it will go a long way to benefit them. And how it is necessary that they participate in it.

Research Objectives

1. The principal goal of the study was to examine the impact of Newmont Ghana's corporate social responsibility on its competitive advantage. Specifically, the study seeks to achieve the following objectives.
2. Find out the impact of Newmont's CSR activities on its image.
3. Investigate whether CSR has any impact on Newmont Mining Ghana's output.

The novelty of the Study

The research is expected to add to knowledge in the following areas. Firstly, the study will provide information about Corporate Social Responsibility in relation to corporate institutions, especially the mining sector of Ghana. Also, the various companies in Ghana can find ways to use CSR programs to their advantage in the competitive market using information that will be provided by the study.



Source: Author's Construct

Figure 1: Comprehensive Evaluation of Corporate Social Responsibility

Materials and Methods

Newmont Ghana Limited is a mining company in the Bono region of Ghana, approximately 307 kilometers northwest of the national capital city of Accra. It's located along the Sefwi Volcanic Belt in Ghana. It has two main mineral areas, Ahafo South and Ahafo North. Newmont Company is one of the biggest producers of gold in the world. It is involved in the acquisition, exploration, and development of minerals. The company consists of low, middle, and top-level management. The total number of employees at Newmont Ghana is estimated to be four thousand employees. Ontology, methodology, and epistemology are important to research, just as a foothold is essential to a house [6-8].

For analysis, the mixed method design was adopted. It incorporates elements both qualitative and quantitative methods, as the study issue is more well understood than either approach alone. This will involve close-ended questions, open-ended questions with both statistical and themes interpretation of the data

collected. The qualitative approach uses a variety of methods, and it is concerned with a comprehensive account of a unit [9-11]. Qualitative design is very attractive in that it can be used to enable respondents to elaborate more on their views. [12], contend that the qualitative research approach is useful when finding the causes and uncover descriptive distinctions among variables. It will enable them to disclose their thoughts without constraint and help in-depth understanding.[13], quantitative deals with the numeric description of attitudes or opinions of a population. The quantitative design will be used to quantify the problem by generating data into figures that can be used. The collection method is also easier and structured, which will make data analysis very easier.

Research design is the organization of research to define variables and their interrelationship. The research design provided the basis for data collection and analysis in line with the researchers' priorities is the organizing of investigation directed at identifying variables and their relationship to one another [13]. This is used in data collection to enable the researcher

to address research questions. In deciding how to research a problem, the researcher is confronted by different methods by which the work can be done as a good research design may produce erroneous conclusions. The case study is popular and widely used, that is, if the researcher decides to give focus to one thing at a time and gather in-depth information about them. Yin [14] also asserts that a case study deals with the investigation of contemporary problems within its real-life context.

The focus of the study, is on employees of Newmont Ghana Limited, a mining company in the Bono region of Ghana, approximately 307 Kilometers northwest from the national capital city of Accra. It is located along Sefwi Volcanic belt in Ghana. The study population is very large, consisting of top-level, middle-level management and supervisors of all the departments. The company has a population estimate of 2000 employees according to information from its website, which cuts across all its departments and levels of management.

The sample sizes reflect the number of responses that will be obtained and not necessarily the number of questionnaires distributed [3]. Using Yaro Yamane's statistical formula for finding the sample size of a population,

$$n = N / [1 + N (e)^2]$$

Where:

n = the sample size

N=finite population

e = margin of error

1 = unit or a constant

Using a population of 2000 employees with a margin of error at 0.05 and a confidence level of 95%, using the above formula, the sample size will be approximately 120.

$$n = 2000 / [1+2000(0.05)^2]$$

$$n = 120$$

For the first time, the researcher gathers primary data while secondary data is provided by others. Primary data is data in real-time, while secondary data is from the past. Primary data were collected with the use of questions at all

levels of management at Newmont, Ghana. Secondary data was mainly from government publications, journal articles, books, internet articles, and others. This information was used to support data collected from the employees of Newmont Ghana Limited.

The study combined both open-ended and close-ended questionnaires. Questionnaires were used because of the size of the population. The questionnaire was one of the primary sources of data for a study, and it comprises of questions that is presented to the respondents. Every respondent received an identical set of questions which made analysis easier. In addition, because of the nature of the company, the respondents were less reluctant to spend few minutes answering questions than long hours in an interview. The use of questionnaires is cost-efficient in relation to the sampling size and to allows anonymity.

Data was analyzed qualitatively and quantitatively. The open-ended questions were analyzed thematically; that is, the researcher examined the data to identify common themes that come up repeatedly, the close-ended questions were analyzed using Statistical Package for Social Sciences (SPSS) and excel. It was represented in the form of charts, tables, graphs, mean and standard deviation.

Results

Does Newmont Ghana Maintain Corporate Social Responsibility?

The results presented in Table 2 shows that 71.7 percent of the 120 employees who participate in the study acknowledge the engagement of Newmont Ghana in CSR. 28 respondents answered 'No,' representing 23.3 percent of the total. Only 6 respondents expressed uncertainty in response to the question, representing 5 percent. This depicts that Newmont Ghana Limited engages in Corporate Social Responsibility, and a significant number of 86 respondents of the total acknowledges that.

Newmont Ghana Gold Limited obviously played an important role in the advancement of communities around the Ahafo mine by indicating that in 2009 alone, it given almost US\$ 6 million in contracts to 99 local companies, promoting more than 400 jobs, not including direct mine jobs [4, 15, 16].

What do you Think of Newmont Ghana Engaging in CSR?

From Table 3, 26.7 percent, representing 32 respondents' views Newmont Ghana's CSR as necessary. 34 respondents representing 28.3 percent, see the company's CSR activities as compulsory. That is, the company is forced to implement CSR initiatives. Majority of the respondents representing 33.3 percent of the total, view it as beneficial. That is, the results are favorable for the company.

The reason that Influenced their View on Newmont Ghana's CSR Activities

From Table 4, the majority of the respondents representing 27.5 percent, identified that whether the CSR initiatives of Newmont Ghana will contribute to the development of the community or not will determine if it is beneficial to the firm. 30 respondents viewed that whether it improves the firm's image or not will influence how beneficial it is. 20 percent of the respondents choose how it will affect the output of the firm, 7.5 percent choose how it is expected of the firm, 15 percent choose how it promotes the social responsibility of the firm, and 5 percent choose the advantage it will give the firm in a competitive market.

Do you Agree that CSR Activities gives your Company a Better Market Position?

In Table 5 majority of the respondents, 74, which is more than half of the total, agree that the corporate social responsibility of Newmont Ghana grants it a better market position. A total of 32 respondents representing 26.7 percent, said they disagree with the notion that CSR offers a firm a better position in the market. And 11.7 percent of respondents expressed their

uncertainty of whether they agree with the statement or not. The difference in the value of the 'YES' response to 'NO' shows that majority of the employees at Newmont agree that Newmont Ghana has a better market position because of their CSR initiatives. A study by [6] analyzed firms that are using CSR as a positioning strategy and the extent to which they are successful. The study found out that CSR does impact their credibility market, and it is somehow successful in positioning a brand. According to [4], to extract premium prices and expanding new markets, the business must create and place goods with the social and environmental appeal.

Do you agree that your Company's CSR Activities Diminishes Impact of Competitive Attack?

55 percent of the total agreed with the statement that CSR activities serve as a protective barrier around the business, Table 6. It decreases that firm's competitive attack threats. In addition, 31.7 percent of the respondents disagreed with it as not being able to decrease competitive threats. With the response of uncertainty, 15 respondents, representing 12.5 percent to the total, it proves that most employees agree that CSR is a protective barrier.

Effect of Newmont's CSR Activities on its Reputation

The analysis of the literature shows a strong connection between CSR and corporate credibility. CSR value can have a positive impact on the credibility of the business, according to [17], building product awareness among consumer and stakeholder groups. Companies are turning increasingly to CSR to make a difference and to build a positive brand. To determine the effect of Newmont's CSR activities on its reputation, either positively or negatively, respondents were asked a series of questions of which they are supposed to indicate the level of agreement and disagreement with

each statement. Newmont Ghana Gold Limited obviously played an important role in the advancement of communities around the Ahafo mine by indicating that in 2009 alone, it has given almost US\$ 6 million in contracts to 99 local companies, promoting more than 400 jobs, not including direct mine jobs [6].

Discussion

Effect of CSR Activities of Newmont on its Reputational Image

The study results found out that, corporate social responsibilities of Newmont Ghana Limited have a positive impact on its image. It has given them a good public image locally and international in Ghana. The study revealed that, the staff of the company most seek employment with because of its attitude towards societal problems; this gives them access to skilled labor in every aspect. The staff of Newmont Ghana identified that CSR activities are a good reputational tool for the company as people see them as good because of what they do. In addition, the study revealed that CSR activities serve as an assurance policy whenever the company encounters a problem. The activities of Newmont will be able to secure them in case something that can harm the company. According to [18], [19], investing in internal stakeholders, such as staff, has a positive and important impact on company performance. A strong CSR reputation can help recruit better work candidates, retain them once they have been recruited, and sustain employee morale that improves productivity and competitiveness [20].

Effect of CSR on Newmont Ghana's Output

The study showed that the Corporate Social Responsibility of Newmont Ghana contributes to its output positively. From the study, it was revealed that Newmont Ghana draws in skilled labor. That is, it helps Newmont to recruit and retain better work candidates who can improve the company's productivity. It also contributes to its output by drawing in investors who are

attracted to their CSR activities. It boosts the growth of investors, which contributes immensely towards Newmont's output.

Impact of Corporate Social Responsibility on Competitive Advantage

The study revealed that corporate social responsibilities have a positive impact on competitive advantage for a firm in a competitive market. The study indicated that CSR gives the firm a better market positioning in a competitive market. In addition, it diminishes the impact of a competitive attack on a firm in a competitive market.

Equations

The sample sizes reflect the number of responses that will be obtained and not necessarily the number of questionnaires distributed [6], [21]. Using Yaro Yamane's statistical formula for finding the sample size of a population,

$$n = N / [1 + N (e)^2]$$

Where:

n = the sample size

N=finite population

e = margin of error

1 = unit or a constant

Using a population of 2000 employees with a margin of error at 0.05 and a confidence level of 95%, using the above formula, the sample size will be approximately 120.

$$n = 2000 / [1 + 2000(0.05)^2]$$

$$n = 120(1)$$

Conclusion

Incorporate practices the idea of CSR has become increasingly popular, and consumers expect businesses almost to be socially responsible. Although CSR is extremely relevant for businesses, its participation in these activities has traditionally not been a lucrative approach. CSR can only be applied in enterprises of the 21st century. As with any effective management technique, a CSR process includes a vision and encouragement of high-level management and integration at all levels. CSR gives enterprises

the opportunity to pursue other fields of profitability in today's dynamic environment. Customers have become very sophisticated and conscious of their environment against the view that corporate organizations, by means of corporate-related social responsibility programmes, make it important for these corporations to return to society. While the benefits of CSR stretch for a long time, it offers organizations even more intangible advantages. Such advantages include client satisfaction, brand recognition, stronger corporate image, market share, and presence in the community.

The study results emphasized the impact of corporate social responsibility on the competitive advantage at Newmont Ghana Limited. These was awareness of corporate social responsibility by the staff of Newmont Ghana Limited. It was acknowledged that Newmont Ghana Limited has participated in a lot of social activities in the host community. CSR is a firm's strategy to fulfill business objectives and goals while acknowledging that Newmont Ghana Limited has resorted to using its social responsibilities to its advantage in a competitive market.

Recommendation

This segment proposes an action that academia, business organizations, and stakeholders, as well as consumers, take into consideration as regards corporate social accountability.

The concept of corporate social responsibility is broad, and it deserves a lot of attention and commitment from corporate organizations. This gives them the opportunity to think much more than the intangible benefits they could derive from corporate social responsibility. Corporate

organizations, over a period, can benefit from other advantages that are provided to society only through goods and services.

Corporate firms should educate their employees, reason as to why they undertake CSR activities. They can integrate it in their day-to-day operations. From the study, more than 30% of the respondents were not aware as to the motive behind Newmont Ghana's interest in social activities. And others were not aware whether Newmont Ghana Limited was maintaining CSR projects or not.

Also, corporate organizations should step up efforts to educate the public on the different duties of all the other actors. This will encourage the public to demonstrate awareness and appreciation of these organizations' efforts and contributions. The only way a firm can benefit from its CSR is when the projects are undertaken are of the interest of the people. That is when they can also reap their benefit. In the preparation, formulation, execution, and assessment of CSR initiatives, the corporate firm should involve society to provide for what they need. This reduces disputes between stakeholders.

We recommend that more studies should be carried out in the academic and business discussions to determine whether corporate social responsibility can be a source of competitive advantage, not just for the firm but for the mining industry. This will help to generalize the results through all of Ghana's mining companies. There should also be more studies to measure the level or extent to which these CSR systems have influenced the community and the value generation for the company.

Table 1: Employment Duration of

Respondents		Frequency	Percent
Valid	0-3 Years	47	39.2
	4-7 Years	46	38.3
	8-11 Years	11	9.2
	11 Years and above	13	10.8

	Total	117	97.5
Missing	System	3	2.5
	Total	120	100

Source: Field Survey, 2020

Table 2. View on Newmont Ghana Engaging in CSR

	Frequency	Percent
Necessary	32	26.7
Compulsory	34	28.3
Voluntary	13	10.8
Beneficial	40	33.3
Total	120	100

Source: Field Survey 2020

Table 4. Reason for the Way CSR is Viewed

	Frequency	Percent
Contributes to community development	33	27.5
Improves the firm's image	30	25
Increases its output	24	20
It is expected of the firm	9	7.5
Promote social responsibility of the firm	18	15
Gives the firm an advantage	6	5
Total	120	100

Source: Field Survey 2020

Table 5. Whether the CSR Activities of the Firm Gives it a Better Market Positioning

	Frequency	Percent
Yes	74	61.7
No	32	26.7
Neither yes or no	14	11.7
Total	120	100

Source: Field Survey 2020

Table 6. Whether CSR Diminishes Competitive Attack

	Frequency	Valid percent
Yes	66	55.0
No	38	31.7
Neither yes or no	15	12.5
Total	120	100.0

Source: Field Survey 2020

Competing Interests

The author declares that they have no competing interest.

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