

# Accounting on Social and Environmental Reporting in the Extractive Industry of Ghana: Perspective of Mining Staffs

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## Abstract

This paper studied the benefits, drivers and challenges of social and environmental reporting in the mining sector using Newmont Ghana as a case study. Respondents were surveyed to determine their perceptions on issues pertaining to social and environmental accounting and reporting while archival study was done using their annual reports and other documents between the period of 2009 and 2015. Based on descriptive statistics and Kendall Coefficient of Concordance, the study revealed that the level of disclosure increased during the period. The major benefits of social and environmental reporting were community support and cost savings, its key drivers were stakeholder pressure and the extent of regulations and challenges as fear of unknown and limited appeal of the report. The study recommends that firms must report on their social and environmental activities even if it is negative.

## Keywords

Social and Environmental Issues, Mining, Extractive Industry, Newmont Ghana Limited

Received: May 31, 2017 / Accepted: July 24, 2017 / Published online: August 28, 2017

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## 1. Introduction

No longer can a business say that it exists simply to generate shareholder profit. Business aspirations reach beyond the financial dimension to encompass contributions to a broader set of societal goals, including those focused on environmental and social responsibility imperatives as stressed by [1]. Business and society are interpenetrating systems, in that each affects and is affected by the other. There are a lot of discussions on social and environmental reporting on almost all kinds of organisations by both the academicians and practitioners due to its adverse implications on the society at large if not managed. Accounting information disclosures are imperative to build the trust among various stakeholders through better reporting of transparency.

A study by [2] indicated that social and environmental reporting can be used as a communication channel to inform stakeholders on the key issues on the environment by a company activities and how it is managing those issues. A study by [3] shows that there has been an increase in social and environmental reporting by organisations which was good for stakeholder education. The study further indicated that either a large volumes or scanty information was reported but even with that the users of this information found it difficult to interpret which can be attributed to lack of commitment to its stakeholders. [4] asserted that most organisations are now reporting their operational activities interactions on the natural environment. Stakeholder's demands and expectations on accounting on social and environmental reporting have forced many organisations to response to this call.

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[5] indicated that due to global environmental challenges on sustainability, there has been a wakeup call for most organisations to use disclosure as a tool to improve stakeholder accountability. Studies by [6] and [7] stressed that stakeholders' needs and expectations have been one of the reasons why there have been an increase in social and environmental reporting which in itself gives the organisation's leverage in terms of getting the support from the community for sensitive projects. [8] also extended the discussion by stating that competitiveness, operational cost reduction and ability to attract potential quality employees who align to the organisation's philosophy were among some of the several benefits of disclosing relevant information to interested stakeholders. Most of the studies on the topic have been conducted more on the developed countries such as [9], [10] and [2], but scanty on the developing countries as reported by [11].

[12] explained stakeholders as groups and individuals who can affect or are affected by the achievement of an organisation's mission. A stakeholder is someone who has an interest (stake) in the organisation, which may be direct or indirect interest as well as active or passive, known or unknown, recognised or unrecognised. Responsibility issues, conflicts, and successes revolve around stakeholder relationships. [13] advised that building effective relationships with key stakeholders is considered one of the more important practices of business today. [14] suggested that understanding stakeholder attributes in terms of power, legitimacy and urgency will provide companies with vital information on how to deal with and manage stakeholders. This will help companies to uncover the needs of stakeholders and how they relate to the company and its interests. [15] indicated that in stakeholder engagement it is imperative for organisations to know how to communicate with their stakeholders, know their interest, managed the conflict between the stakeholders and that of the organisation and more importantly there must be in place policies, procedures and principles to guide the relationship. [14] further indicated that the degree to which a firm understands and addresses stakeholder demands can be referred to as a stakeholder orientation.

[16] explained the concept of social and environmental accounting as the process of communicating the social and environmental effects of organisations economic actions to particular interest groups within the society. [17] portrays it as a way to deal with reporting a company's activities which focuses on the requirement for the distinguishing proof of socially applicable conduct, the determination of those to whom the organisation is responsible for its social performance and the improvement of proper measures and reporting methods. Along these lines social responsibility accounting tends to concentrate more with the quest for supportability as stated by [18]. The general targets of social

and environmental reporting as indicated by [19] are to decide and measure the net social commitment of the organisation on a periodic basis. Then again, while social accounting is specifically worried with articulating the social effects of organisations, environmental accounting as indicated by [20] is fundamentally a subset of social responsibility accounting. It concentrates on the cost structure and environmental performance of an organisation. [21] asserted in their study that there has been a massive increase in terms of trend in social and environmental reporting globally.

[22] indicated that several companies used their annual reports as a communication medium to disclose its social and environmental activities so as to ensure transparency which had impacted positively on its reputation. [19] found that social and environmental disclosures are particularly driven by firm size, industry type, and level of profitability among others. A study by [11] indicated that social and environmental reporting of companies in Kenyan Stock Exchange has been in the increased due to reputation enhancement. [23] suggested that accounting on social and environmental reporting could deliver real business benefits. In some countries there are no mandatory requirements for firms to disclose information on their environmental performance, however, organisations, which voluntarily disclose information on their social and environmental performance report a number of reasons as indicated by [24]. [25] suggested that some of the drivers of social and environmental reporting were the desire to comply with the legal requirements, economic rationality considerations, accountability and responsibility beliefs, compliance, community expectations, attraction of ethical investment funds, and the opportunity to win reporting awards. However, organisations' desire to legitimise their operations was considered to be one of the major motivations and was embraced by many researchers such as [26], [25], [27], [24], and [28].

Reporting has been touted as an important communication tool which ensures greater transparency and wins stakeholder commitment in business today even though it is largely voluntary and primarily driven by pressures in the external environment [2]. The call for environmental and social disclosures emanated in the early 2000's and has consistently been on the rise. This is particularly so for listed companies and this has also influenced standard setting as there is always a call for quality corporate reporting [29]. Several studies including the study of [3] has shown that there has been an increase in the quality and effectiveness of the social and environmental information reporting by organisation making it more relevant than it used to be. There are several incentives or drivers influencing the level of disclosure of a firm's social and environmental issues. [10] indicated that corporate disclosures were driven by economic incentives,

public pressures and institutional theory. [4] suggest that larger, more profitable in environmentally and socially sensitive industries sometimes disclose such information because of legitimacy. A study by [30] revealed that less indebted companies with dispersed ownership characteristics were more likely to make voluntary environmental and social disclosure which has a link with its corporate performance. In addition to the company's size, proprietary costs, information costs and media visibility determine corporate environmental reporting [9]. [16] identified transparency, accountability and sustainability as the basis of social and environmental challenges by organisations.

As a mining company and its dependence on the environment and how its operational activities also affect the environment made it the right choice for this study. Reporting on these issues are not only good for reputation enhancement but also can play a significant role in the performance of the organisation, based on this the study delved into the drivers, benefits and challenges of environmental and social reporting by Newmont Ghana from staff perspective and the annual reports.

## 2. Methodology

### 2.1. Design of the Study

Research design is an important component of any research study as it drives the subsequent stages of the study. The study design comprises of survey, case study and archival strategy. [31] indicated that within the context of research design, two major fundamental questions must be asked such as: What is going on (descriptive research)? and Why is it going on (explanatory research)? When the unit of analysis is a quantitative data type, the research methods are usually experimental, survey, or case study as suggested by [32]. [33] indicated that surveys collect information from people using interviews or questionnaires composed of written questions. Surveys are arguably the most used tool for social scientists, market researchers, and a variety of others looking for information regarding people's attitudes, behaviours and experiences. Surveys are useful for studying the world as it is—not as we think it is, not as we think it should be, but how it actually is. The survey design solicited information from the respondents to find out what is going on so far as social and environmental reporting of Newmont Ghana and why it is still going on to unearth the underlying assumptions of that organisational thinking.

[32] proposed a research design typology in a top-down approach as research ideology, research strategy, research methods and research techniques. This study adopted the Strang's research design typology where the research ideology was pragmatism where the interpretation of the researcher is

key, the research strategy was mixed data approach, the research method was a cross-sectional survey which has an advantage of obtaining useful data in a relatively short period of time and a case study; and finally the research technique in terms of data collection was questionnaire and archival documents, descriptive statistics made use of mean, standard deviation, frequencies and percentages whiles Kendall Coefficient of Concordance was used to ranked the indicators.

Case study research designs or approaches can be based on their function, characteristics, or disciplinary perspective. One's selection of a research design is determined by how well it allows full investigation of a particular research question as indicated by [34]. Case studies focus on one (or just a few) instances of a particular phenomenon with a view to providing an in-depth account of events, relationships, experiences or processes occurring in that particular instance as suggested by [35]. This study adopted the case study method but used a single case study approach and its focus was discovery led where the study described and discusses the social and environmental issues of Newmont Ghana Limited.

Archival research is a nonexperimental strategy that involves studying existing records. These records can be historical accounts of events, census data, court records, published research articles, or any other archived information as indicated by [36]. The study did an archival research by studying the social and environmental issues on its reporting in the Annual Reports and other documents as stored in the official website of Newmont Ghana Limited and that of Ghana Chamber of Mines. It is important to state that archival research is purely descriptive in nature.

### 2.2. Sampling Approach

A Multi-Stage sampling procedure was used to select the company and sample the respondents for the study. At the first stage, a company to be selected must be a member of the Ghana Chamber of Mines which is the main minerals body in the industry in Ghana which represents the collective interest of companies involved in mineral exploration, production and processing in Ghana. The Ghana Chamber of Mines has five broad categories of membership, namely Represented, Pre-production, Contract mining, Exploration and Affiliate categories. The second stage is to select a company under the Represented category which has a population of nine companies as indicated in Table 1, the study focused on this category where companies are into commercial production. The third stage selected Newmont Ghana Limited purposively based on its good standing by November 2016; award winning company for the Maiden Ghana Mining Industry Awards in 2015 in the category of Safe mining and also further investigation on the social and environmental issues from the company's official website justifies the selection.

**Table 1.** Members of Represented Category.

<b>Mining Company</b>	<b>Site Location</b>
Adamus Resources Limited	Nkroful, Western Region
AngloGold Ashanti Limited	Iduapriem, Western Region
Asanko Gold Ghana Limited	Esaase, Ashanti Region
Chirano Gold Mines	Bibiani, Western Region
Ghana Manganese Company Limited	Nsuta, Western Region
Golden Star Resources	Bogoso/Tarkwa, Western Region
Newmont Ghana Limited	Kenyasi/Akyem, Brong Ahafo/Eastern Regions
Gold Fields Ghana Limited	Tarkwa, Western Region
Perseus Mining (Ghana) Limited	Ayanfuri/Nanankwa, Western Region

Source: Ghana Chamber of Mines, 2016

Newmont Ghana Limited has two sites location which are Kenyasi in the Brong Ahafo Region while the other site is the Akyem site. The study finally selected the Akyem site for the study which is a bit young in terms of operational life time as compared to Kenyasi site. The site has a workforce of 1450 of both employees and contractors as at December 2015 from the company official website. The intention is though subjective but its defense is that Akyem site will benefit from the learning curve of Kenyasi site on social and environmental issues. Finally a quota was given to the selected departments for the study where respondents were picked for the study as indicated in Table 2. In all the targeted sample size of the study was fifty (50) representing 56.8%. The respondents captured in the sample were due to their knowledge on social and environmental issues and their readiness to volunteer to respond to the questions on the questionnaires

**Table 2.** Composition of Respondents.

<b>Theme</b>	<b>Relevant staff size</b>	<b>Respondents</b>
Operations	25	20
Administration	20	10
Finance	18	10
Environmental	25	10
Total	88	50

Source: Author's construct, 2016

## 2.3. Instrumentation and Data Gathering

Data collection is at the heart of all research. This study made use of primary and secondary sources of information through questionnaires and annual reports/company documents respectively.

### 2.3.1. Questionnaire

Questionnaires have been successfully used for a number of years in many studies and recent advances in knowledge about questionnaire methods and data entry technology have made them even more effective. Questionnaires can be administered in person, both individually or in groups, or mailed out. They are most often associated with survey research. The primary data was collected from the relevant staff of Newmont Ghana Limited for the study through self-administered questionnaires.

According to [37] a self-administered questionnaire can be used only when the phenomena of interest can be conceptually and operationally defined in a way that permits a written self-report to be given and the phenomena are in fact available to the respondent for self-report. The justification of using self-administered questionnaire was to protect the anonymity of the respondents especially those in institutional setting, it is also a less reactive method of collecting data than others and finally the respondents are literate and have a fair understanding on the social and environmental issues under discussion.

A structured questionnaire was employed as the data gathering technique. The questionnaire consisted of four sections. Section A contains the respondents profile; Section B to Section D contained seventeen (17) items on sectional themes such as benefits, drivers and challenges of social and environmental reporting. A five Likert Scale was used to measure these pertinent constructs of the questionnaire. Fifty (50) copies of self-administered questionnaires were submitted to the sampled respondents.

### 2.3.2. Archival Documents

The secondary data was the extraction of the annual reports of Newmont Mining Corporation Consolidated Accounts for the period of 2009 and 2015. In addition to the annual report, this study examines press releases, stakeholder's engagement, social corporate responsibility reports and environmental documents. The extraction comprises the Chief Executive Message to the Shareholder, Item 1 Business segment under environmental, Item 7 on Management discussion and analysis of consolidated financial condition and results on operations, under the environmental segment and Notes 5 and 30 of the annual reports. The justification of using the annual report is on the premise that it is produced on a regular basis, is required by legislation and is produced by all companies, thus making comparisons relatively easy. It has also been suggested that the annual report is the major medium for a company to promote itself.

## 2.4. Statistical Analysis

Descriptive statistics was used to analyse the data with the

aid of Statistical Package for the Services Solution (SPSS) version 14.0. Descriptive statistics such as frequency table, mean values and standard deviation were used to present the benefits, drivers and challenges of the social and environmental issues with an extension to the Kendall Coefficient of Concordance ( $W$ ) analysis was used to rank the items identified as benefits of social and environmental disclosures.

## 2.5. Reliability Analysis

Reliability refers to the extent to which a scale produces consistent results if the measurements are repeated a number of times. Almost eighty percent of the questionnaire employed for the research was a 5-point Likert scale. Coefficient alpha scores obtained for each theme are reported in Table 3.

**Table 3.** Scale Reliability.

Theme	No. of items	Cronbach Alpha
Benefits of social and environmental reporting	7	0.976
Drivers of social and environmental reporting	6	0.967
Challenges of social and environmental reporting	4	0.977
Total number of items	17	

Reliability analysis as indicated by [38] is the determination of obtaining the proportion of systematic variation in a scale, which can be done by determining the association between the scores obtained from different administrations of the scale. Thus, if the association in the reliability analysis is high, the scale yields consistent results and is therefore reliable. All values are within the acceptable range and greater than the cut-off point of 0.70 suggested by many researchers. This shows the reliability of the scale for internal consistency of this study.

## 3. Results and Discussion

This section discusses the demographics of the respondents, the benefits, drivers and challenges of social and environmental reporting.

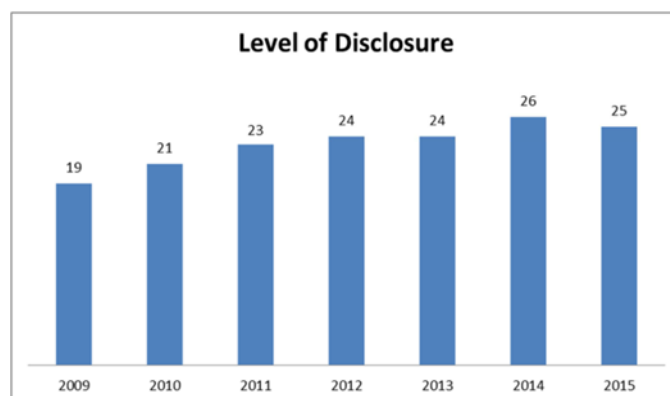
### 3.1. Demographic Information of Respondents

In all fifty (50) respondents took part in the study. The composition of the gender was 68% males and 32% females. Newmont Ghana Akyem site had 34% of the sampled staff within the age bracket of 30-39 years while 14% accounted for

20-29 years age bracket. This is an indication that Newmont Ghana has a youthful and energetic staff at this level considering their educational background as well. If management will keep them they have the prospect for working there for many years. Educational qualification is one of the key indicators to know the literacy level of the respondents. It is also an indication of whether the respondents have what it takes to answer the questionnaire without much guidance. The categories were First Degree, Masters Level and Professional certificate. It was revealed that 42% of the respondents had attained First Degree with Masters Level accounting for 30%. Those who have Professional Certificate from different disciplines representation was 28%. The working experience categories in terms of years show that 66% has a working experience between 3 and 6 years and over. It is an indication that in terms of what to do on the job they are supposed to have the competency to carry their duties with less supervision.

### 3.2. Level of Disclosure of Social and Environmental Reporting on Newmont

Large organisations are always expected to provide a report on how their activities are impacting on the environment.



**Figure 1.** Level of Disclosures.

The total number of disclosures both social and environmental was 19 out of a total 32. This increased to 21 in 2010 which represents 10.52% and a further increase to 23 in 2011. This shows that the level of disclosures keep increasing. In 2012, the total disclosure score was 24 which represent about 4.34% change in the previous year. The 2013 number of social and environmental disclosure was not different from that of 2012 as the total level of disclosure was 24. There was an increase in 2014 to 26. This represents a percentage increase of 8.3%. Finally in 2015, it dropped to 25 out of 32. The data as presented above shows the importance attached to social and environmental disclosures. Indeed social and environmental reports are very useful in stakeholder decision-making. Several stakeholders attach a great deal of importance to social and environmental reports especially firms in the extractive industry. It is therefore not surprising that Newmont continues to disclose a lot of information on its social and environmental activities. Social and environmental disclosures vary across countries and therefore the levels of reporting greatly influenced by the background of the company whether it is based in a developed country or developing country. Several studies have reported that companies from developed countries have very extensive social and environmental disclosures than their counterparts in developing countries such as [2] and [10].

Consistently social and environmental reporting have been on the rise with several organisations appreciating its role in growth and sustainability. Since the early 1990's several organisations have placed value on social and environmental reporting to the extent that most of them have mainstreamed social and environmental issues into their annual reports. This largely stems from the need to inform stakeholders on the impact of their activities on the society.

### **3.2.1. Chief Executive Officer/President Message to Shareholders**

This part of the annual report is critical as it shapes and shows the leadership commitment towards the direction of the company. It normally provides some informative data on the company's fortunes during the previous years and its prospects for the future for all readers and users of the annual reports as it goes beyond the shareholders. This is where the Chief Executive Officer communicates key messages such as vision of the company and any changes in strategy. The study was interested in reviewing the Chief Executive Officer's message to shareholders during the period on Newmont Mining Corporation intent and commitments on social and environmental reporting and most importantly stakeholders'

engagement.

Extraction from CEO message to shareholders, 2009 captured the completion of the community relationships review, which is a document to improve and implement standards and policies to further more sustainable relationship with host communities. 2014 message affirmed the essence of stakeholder engagement where the message stated that "Newmont believe that our ability to form effective relationships and partnerships with our host communities and governments are fundamental to our success. Newmont continued to build stronger systems to support stakeholder engagement and sustainable development". 2015 message stated that "effective stakeholder engagement helped Newmont secure a new Investment Agreement and build energy capacity in Ghana, both of which created the stability necessary for long-term investment".

The study points out that the statement made by the CEO/President on the community relationships review and stakeholder engagement in 2009, 2014 and 2015 respectively were a big call as Newmont Mining Corporation was keen and desired for mutual stakeholder engagement through community relationships by making sure that there must be an ongoing review to bridge the gap between the changing circumstances on the ground and that of stakeholders expectation. The message on community relationships review is in alignment with [13] where their study advised that building effective relationships with key stakeholders was considered as one of the more important practices of business today. Furthermore, [14] suggested that understanding stakeholder attributes in terms of power, legitimacy and urgency will provide companies with vital information on how to deal and manage their stakeholders.

The CEO's messages from 2010 to 2013 throughout placed much weight on stakeholder engagement and sustainability of its operations as indicated in the years. 2010 message indicated that mining was about people. "The safety of Newmont employees, the health and wellbeing of our communities, and the sustainability of our operations are more than critical success factors – they are each fundamental values upon which Newmont is built". 2011 message had "collaboration with communities and government in order to gain a deeper understanding of their needs; generate wealth for their communities; allow them to determine how to use resources for their benefit; and most importantly, be true to Newmont's word. 2012 message stressed that it was important "to maintain or regain the trust and support of our host governments and communities through industry-leading social and environmental practices". 2013 message indicated "sustainability and

external relations will continue to strengthen stakeholder relationships and raise social and environmental standards; and secure social acceptance in both current and prospective jurisdictions.

The study found it interesting from the CEO's messages on how Newmont Mining Corporation has integrated and collaborated with its stakeholders' engagement programs into the bigger corporate plans and goals. The study saw it as a good business practice adopted by Newmont Mining Corporation to support social activities to improve host communities well-being and the protection of the environment. It was good to know from the 2010 report that the safety and welfare of the employees were a top priority. It was encouraging and positive from Newmont Mining Corporation as in other jurisdictions the importance of the internal stakeholders was overlooked. This discussion confirms the studies of [6] and [7] where their study stressed that stakeholders' needs and expectations have been one of the reasons why there has been an increase in social and environmental reporting.

It is insightful to know that in the 2011 CEO's message to shareholders, it was stressed on collaborations with the communities. Newmont Mining Corporation intention to gain a deeper understanding of their needs was in the right direction. This brings about openness as it indicated that the corporation has the intention to share information with its stakeholders on the need to report environmental issues. The study looks at collaboration as an all inclusive with key stakeholders on major decisions concerning stakeholders' expectations. The study saw the stance adopted by Newmont Corporation as strategically proactive which will enhance further stakeholder relationship. Collaborative relationships can take the form in partnerships, committees, encouraging environmental and social responsibility among employees, suppliers, communities and regulatory agencies. The discussion aligned with [14] where their study noted that understanding stakeholder attributes in terms of power, legitimacy and urgency will provide companies with vital information on how to deal with stakeholders and its management. This will help companies to uncover the motivations and needs of stakeholders and how they relate to the company and its interests. This impinges on effective collaboration which confirms Newmont Mining Corporation direction for the future as initiated during 2011. Furthermore, [15] indicated that in stakeholder engagement it is imperative for organisations to know how to communicate with their stakeholders, know their interest, managed the conflict between the stakeholders and that of the organisation and more importantly there must be in place policies, procedures and principles to guide the relationship.

The study considered the 2012 and 2013 messages of the CEO to the shareholders as critical considering the statement "to maintain or regain the trust and support of our host governments and communities through industry-leading social and environmental practices". The message indicates a concern, is it that some of the host communities and governments in certain jurisdiction doubt the commitment by Newmont's on stakeholders engagement and social and environmental issues. This might be a learning curve from the previous years. The study suggested that as much as compliance is good, it is seen as a minimum requirement to avoid the financial cost of noncompliance. The study recommends that the way forward to regain trust with the host communities and governments is to integrate their stakeholder engagement activities with stakeholder's participation and involvements in issues concerning them. The study believed that one of the easiest measurements of reputation of an organisation is how stakeholders' perceive their operational activities. Business affects society and vice versa, which means financial performance must not be the only yardstick for success of an organisation. [1] indicated that contributions to a broader set of societal goals, including those focused on environmental and social responsibility imperatives must be part of what drives an organisation. [16] advised that it is important to communicate the social and environmental issues to the relevant stakeholders to give them assurances to win their trust and support. The discussion is aligned to the authors input which will go a long way to avert the mistrust of stakeholders of Newmont Mining Corporation.

### **3.2.2. Reclamation and Remediation Obligations**

Newmont's mining and exploration activities are subject to various state laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. Newmont Mining Corporation conducts their operations so as to protect public health and the environment and by making sure it comply with applicable laws and regulations in all material respects. Each operating mine has a reclamation plan in place that meets all applicable legal and regulatory requirements. Newmont's are involved in several matters concerning environmental obligations associated with former, primarily historic, mining activities. Generally, these matters concern developing and implementing remediation plans at the various sites. In addition to legal and regulatory compliance, Newmont have developed complimentary programs to guide their operations toward achieving environmental and sustainable development objectives.

Accounting for reclamation and remediation obligations

requires management to make estimates unique to each mining operation of the future costs Newmont Mining Corporation will incur to complete the reclamation and remediation work required to comply with existing laws and regulations. Any such changes in future costs, the timing of reclamation activities, scope, or the exclusion of certain costs not considered reclamation and remediation costs, could materially impact the amounts charged to earnings for reclamation and remediation. Additionally, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work

required. Future remediation costs for inactive mines are accrued based on management's best estimate at the end of each period of the costs expected to be incurred at a site. Such cost estimates include, where applicable, ongoing care, maintenance and monitoring costs. Changes in estimates at inactive mines are reflected in earnings in the period an estimate is revised.

The estimates associated with properties previously owned or operated by Newmont or its subsidiaries for such obligations are indicated in Table 4.

**Table 4.** Newmont Mining Corporation Reclamations and Remediation costs.

Year	2009	2010	2011	2012	2013	2014	2015
Reclamation (US \$ in Millions)	698	904	1070	1341	1432	1497	1553
Remediation (US \$ in Millions)	161	144	170	198	172	192	318

Source: Author's Compilation from various Annual Reports, 2016

The figures for the reclamation and remediation in Table 4 are from Newmont Mining Corporation Consolidated Financial Accounts which includes all subsidiaries globally. At December 31, 2009 and 2015, accrued for reclamation costs relating to currently or recently producing mineral properties have increased consistently during the period. However, remediation cost decreased in 2010 and 2013 whereas the other years showed increased as compare to previous year. The decrease of remediation as reported in 2010 and 2013 primarily due to delay in estimated spending for the future. This indicates the expenses for reclamation which is basically using the funds to restore the land to its natural or economically usable state for the host communities for other activities such as farming after the closure of the mine.

Mines can create environmental changes and possible disturbances to the environment as they exploit the finite mineral resources. Mining entities are required to usually perform some kind of environmental remediation such as the removal of residual materials, the dismantling and demolition of infrastructure. It must be stated that the associated cost of reclamation and remediation can be significant hence its accounting treatment for closure and environmental costs is therefore critical. It was not surprise to the study that the figures in Table 4 are huge considering the size of Newmont Mining Corporation. Newmont Mining Corporation intention towards social and environmental issues to a large extent agrees with ([26], [25], [27], [24], and [28]) where their studies revealed that most organisations desire to legitimise their operations was considered to be one of the major motivations on disclosure on environmental issues. Newmont Mining Corporations attitude as shown in Table 4 aligns with [17] where the study indicated that most companies disclose to make a

statement that there is a distinguishing proof of socially applicable conduct that separate them from others.

Newmont Mining Corporation on social and environmental issues as indicated in Table 4 shows its commitments and preparedness to comply with laws and regulations governing the mining operations. It has demonstrated in several reports beyond the annual reports to confirmed that it will be true to its word in the area of social and environmental issues. [4] stresses that the principle of IAS 37 is that closure and environmental costs are provided for in the accounting period when the obligation arising from the related disturbances occurs during mine development or the production phase. The study further indicated that it is not acceptable to use the incremental method whereby the entity accrues for the total future expected closure and environmental costs by gradually increasing the provision over the life of mine as these costs are based on the net present value of the estimated future costs to rehabilitate or restore the damage caused to date. The consistent increase in the reclamation expenses can be due to higher estimated unit costs of operations or the number of disclosures have increase due to expansion through exploration and possibility of several disclosures.

### 3.3. Benefits of Social and Environmental Reports

Companies like Newmont are expected to provide environmental reports because their activities impact directly on the environment. And this provides significant benefits which affects the operations of the company directly. Most stakeholders are increasingly interested in environmental and social impacts of organisations and therefore a social and environmental report serves as a very important marketing tool which can bring a lot of advantages to the company.



Studies have confirmed that there are numerous benefits associated with social and environmental reporting. In view of that the study sought to determine the benefits of social and environmental reporting to Newmont. The responses are presented in Table 4.

It could be observed that, the high mean value of (4.12) indicate that the respondents agreed that community support is the most important benefit to the company and build a harmonious relationship with them. Community support was really seen as corporate social responsibility which enhances the reputation of Newmont Ghana. Cost savings, compliance and enhanced reputation which has a mean value of (3.86, 3.78 and 3.68) respectively were among the key benefits that Newmont Ghana derived from accounting for social and environmental issues. This implied that effective compliance on regulatory issues directly saved

cost by avoiding litigations and payment of fees on non-compliance issues. The good news is that all of these contribute to the corporate reputation of Newmont Ghana which has a bearing on the profitability of the company. This result aligned with [23], [11] and [24] where their studies highlighted on numerous benefits associated with social and environmental reporting which includes increased in profit as well as enhancing organisational reputation. Firms are motivated because of their quest to satisfy regulations, profitability motives, accountability and compliance, community expectations and the desire to legitimize their operations as cited by ([26], [25], and [27]). In the last 40 years social and environmental reporting as well as accounting has grown significantly affecting the nature and approach adopted by these organisations with respect to their interactions with society [4].

**Table 5.** Descriptive statistics, Cronbach's Alpha and Coefficient of Concordance (*W*).

Item number and name	Mean	Standard deviation	Coefficient of concordance	
			Mean Rank	Ranking
Benefits of social and environmental reporting	<i>(W)</i> = 0.404			
1. Compliance	3.78	1.183	4.53	3 <sup>rd</sup>
2. Marketing and stakeholder relations	3.30	1.216	2.86	6 <sup>th</sup>
3. Cost savings	3.86	1.030	4.60	2 <sup>nd</sup>
4. Recruitment and selection	3.10	1.474	2.65	7 <sup>th</sup>
5. Enhanced reputation	3.68	1.019	4.13	4 <sup>th</sup>
6. Community support	4.12	1.023	5.47	1 <sup>st</sup>
7. Increased profit	3.58	.928	3.76	5 <sup>th</sup>
Cronbach's Alpha = 0.976				

Source: Author's computation, 2016

On the other hand, the low mean value of (3.10) is an indication that, the respondents disagreed that social and environmental reporting does not have a linear relationships with recruitment and selections activities of the company as new recruits or potential ones might not base their decision to work with Newmont solely on social and environmental issues. New recruits will base their decisions more on conditions of service than anything else.

The mean value of (3.30) was the second least of the seven items, though above the total mean of (2.50) also indicated that the respondents agreed that marketing and stakeholder relations were important and a critical benefit to the sustenance of the company. The finding was in agreement with [8] where their study indicated that by disclosing social and environmental information, organisations stand to benefit in several ways including enhanced reputation, community support, competitiveness, employee quality, reduction in operational costs and others.

Consistently more organisations are seeing social and environmental reports as a more viable marketing tool than just a compliant tool. This is because the lives of people

living in the community where companies operate changes on daily basis as a result of the operations of these firms. Several stakeholders are making informed decisions as a result of some of these published reports. It is therefore not surprising that Newmont Ghana also takes delight in reporting to its stakeholders the social and environmental performance. In fact efforts to inform stakeholders of an organisation's social and environmental performance are now essential to the survival of companies especially in the extractive industry.

### 3.4. Drivers of Social and Environmental Reporting

A social and environmental reporting trend has been changing over the years. Organisations have now decided to report on the environmental and social impact of their activities on the host community. Literature has highlighted several factors driving the desires of organisations in this endeavour. In this section, the study examined the factors driving Newmont Ghana social and environmental reporting as indicated in Figure 2.

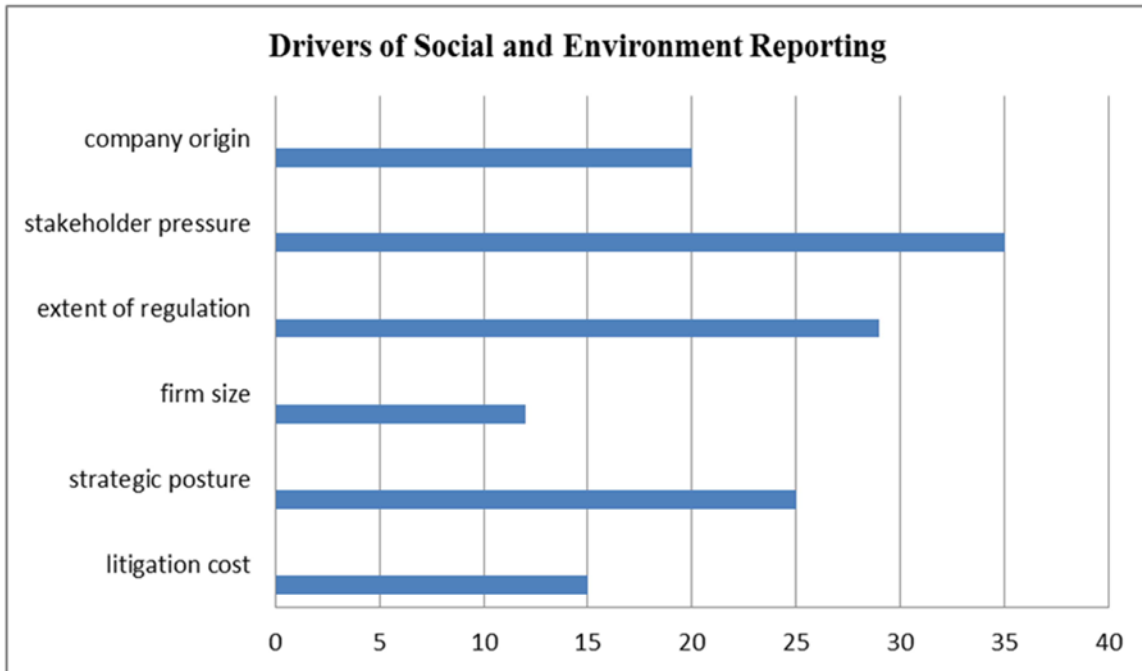


Figure 2. Drivers of Social and Environmental Reporting.

Source. Field data, 2016

Figure 2 indicates that most of the respondents suggest that Newmont is driven to disclose its social and environmental performance because of stakeholder pressure. The respondents believe that stakeholder pressure is a very significant factor when it comes to social and environmental reporting. This implies that if organisations are given pressure by stakeholders such as suppliers, creditors, customers, host community and others, organisations are likely to respond by publishing their environmental and social reports. Newmont Ghana Limited has identified its stakeholders and how it engages them. The second driver in terms of social and environmental reporting was regulations governing the operations of Newmont. For instance, there are a number of regulatory standards that Newmont must comply with hence it will continue to report these issues.

Strategic posture undertaken by Newmont so as to differentiate itself from its competitors was a driving force. The respondents indicated that Newmont represent a strong brand in the mining sector and it must therefore behave as such. The costs associated with protracted litigation can be very high and detrimental to the operations of organisations and therefore it is important for organisations to try as much as possible to avoid. Respondents revealed that the social and environmental performance reporting at Newmont is driven by the costs associated with litigation. This shows that the continuous reporting on social and environmental issues associated with the operations of Newmont can significantly reduce the cost associated with litigation because the

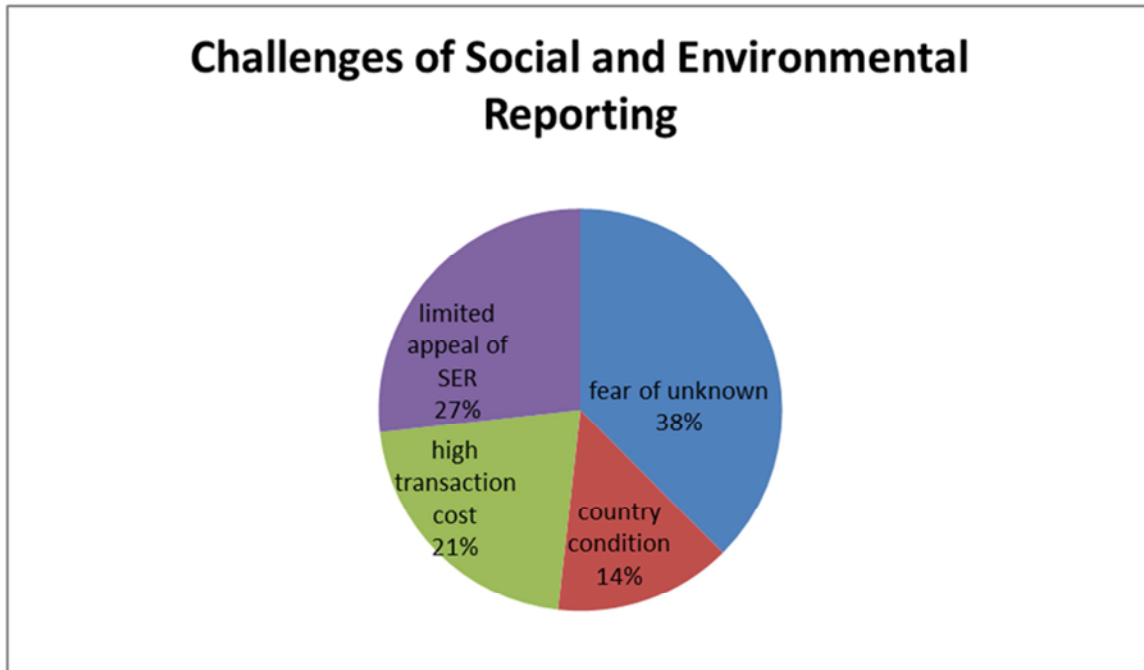
company will be more transparent in its dealings or operations. Respondents revealed that the origin of Newmont also affects the level of disclosures as companies from developed countries disclose extensive information about their operations whereas their counterparts in developing countries do not. It was further revealed that Newmont Ghana has adopted this approach because of its size. The responses are not too different from literature position as it aligned with studies of [21] and [13] as it was revealed most companies are driven by political cost, firm characteristics, information asymmetry and litigation cost. Some companies also use annual reports as a primary source of disclosing social and environmental issues. This is an indication of the importance firms attach to such information and the fact that companies are now focused on ensuring transparency in their activities as this has an impact on their reputation according to [22].

### 3.5. Challenges of Social and Environmental Reporting

Though some organisations are willingly disclosing their social and environmental performance, some of them still find it difficult to disclose due to a number of challenges some of which are normally beyond their control. In view of this, respondents were asked to indicate the challenges that account for their inability to disclose their social and environmental performance. From the respondents 38% of the respondents indicated that they do not disclose fully their

environmental and social performance because of the fear of unknown. In some countries, social and environmental disclosures are not compulsory and therefore firms are not forced to disclose their performance though they may be willing. The fear however is that governments are likely to

take advantage of the situation to impose tax on companies which are not performing well on their disclosures. Studies have confirmed that voluntary disclosures may lead to the imposition of taxes even when there are no regulations as noted by [25].



**Figure 3.** Challenges of Social and Environmental Reporting.

Source: Field Data, 2016

Another challenge that attracted the attention of a lot of respondents was the issue of the relevance or use of the report. As many as 27% of the respondents noted that due to limited use of environmental and social reports some important issues are sometimes not disclosed. When stakeholders see the reports as relevant and can affect their decisions, firms will be forced to disclose everything about their activities provided it is within the confines of the law. 14% of the respondents indicated that some of the conditions pertaining in the country does not motivate the company to disclose all of its activities pertaining to the environment. Some issues are not regulated by law and therefore the firm cannot be forced to disclose it though it has a great impact on the society. Another issue that affects the level of disclosures is the issue of transaction cost. It attracted 21% of the respondents. Organisations spend a lot putting together report that reflects the social and environmental aspects of their operations and therefore when the regulations are relaxed, they turn to overlook these issues. A number of developing countries are now taking keen interests in the operations of companies with respect to their impact on the environment and society as a whole as stated by [19], [39] and [17].

## 4. Conclusion and Recommendation

One of the most pressing issues relating to mining is environmental, a concern for the mining entities. There is even a greater emphasis lately on the environmental issues of mining, it is not with money spent but also in increased awareness of the need to demonstrate that a mining entity is committed to social and environmental issues. This has almost becomes the standard hence many mining companies now reports on social and environmental issues affecting their operations as part of their operating and financial review in their annual reports, some even goes beyond this to prepare separate reports on sustainability and corporate social responsibility initiatives.

The study has shown that social and environmental reports are very useful in stakeholder decision-making and therefore stakeholders attach a great deal of importance to social and environmental reports especially firms in the extractive industry like Newmont. Companies in the extractive industry rely extensively on the environment which implies that any negative impact can consequently damage their reputation.

Again social and environmental reporting presents a complete disclosure of an organisation's social and environmental performance to stakeholders who have key interests in their activities. There is a convergence of the survey results from the staff perspective on social and environmental reporting and that of Newmont Mining Corporation initiatives and programmes on social and environmental issues. This is a confirmation that Newmont Mining Corporation has a planned and deliberate programme to sensitize its staff and have roll out programmes on social and environmental issues that are target led for the departments, committees, various jurisdictions and at the corporate level to check whether the targets were met, almost met or were not met.

The study has revealed the extent to which firms such as Newmont can benefit from disclosing environmental and social performance to its stakeholders. It is pretty clear that there is a linear relationship between social and environmental reporting and that of stakeholder engagement and reputation enhancement. It can therefore be concluded that firms that disclose their social and environmental performance are likely to legitimise their operations and improve its profitability. Companies with high disclosure levels tend to benefit from the trust of stakeholders especially the community in which they operate particularly when they are done voluntarily. It is pretty clear that increased disclosures leads to a reduction in regulatory cost and can improve the competitive position of the organisation.

Though companies are voluntarily disclosing information on their social and environmental performance, a further look at the regulations regarding social and environmental disclosures will be in the right direction. There is therefore the need for intensive legislative reforms to back social and environmental reporting such that companies will be forced to even disclose the negative aspects of their activities. Incentives should also be made available to companies that voluntarily disclose their environmental and social performance. Transparency and trust are keys to building a lasting relationship with stakeholders. This can be achieved through the disclosure of social and environmental performance. It is therefore recommended that firms make sure issues about their environmental and social performance are not hidden from their stakeholders.

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