Corporate social responsibility (CSR) perspectives of leading firms in Ghana

Dan F. Ofori and Robert E. Hinson

Dan F. Ofori and Robert E. Hinson are Lecturers in the University of Ghana Business School, University of Ghana, Legon, Ghana.

Abstract

Purpose – *Corporate social responsibility (CSR) research has blossomed in this new millennium. This has been due to: the increasing concern expressed by policy makers about corporate social responsibility; the pressure exerted on firms to demonstrate high ethical standards; and for developing countries, the increasing demands on their firms exporting to Europe and other western countries to document adherence to high ethical standards in order to be competitive. This study sought to ascertain and document the extent of recognition, nature and content of socially responsible actions by firms located in Ghana.*

Design/methodology/approach – *The study used a sample of companies listed in the Ghana Club 100 database, an annual ranking of the most prestigious firms in Ghana. The study adopted an in-depth, exploratory and comparative approach in examining the CSR issues from the perspectives of local versus internationally-connected firms in Ghana.*

Findings – *The key findings of the study were that, although local companies are familiar with the concept and do, indeed, practise some amount of CSR, they subscribe less to the contemporary notion of CSR; they are less strategic, less moral and ethical in their approach to CSR. Thus, internationally-connected Ghanaian firms seem to have a better grasp of the various dimensions of CSR and how these could be used to business and strategic advantage.*

Research limitations/implications – *Future research indications might be the fashioning of a CSR typology for Ghanaian firms and an investigation of the relationship between CSR and financial performance.*

Originality/value – *Reports findings in the first nation-wide study carried out in the area of CSR and will interest academics and practitioners working in and on the area.*

Keywords *Corporate social responsibility, Ghana, Transnational companies, Small to medium-sized enterprises*

Paper type *Research paper*

Introduction

The field of corporate social responsibility has grown considerably over the last decade. Many businesses are becoming more active in contributing to society now than used to be the case. Corporate social responsibility (CSR) issues are now being integrated into all aspects of business operations and explicit commitment to CSR is made in the visions, missions and value statements of an increasing number of companies all over the world. CSR reports issued usually go beyond profit maximisation to include the company's responsibilities to a broad range of stakeholders including employees, customers, community and the environment.

Stakeholder demands on businesses have increased at such a dramatic rate that, given the immensity of these pressures, large and small firms find it increasingly difficult to avoid assuming their corporate social responsibility (CSR).

The authors wish to acknowledge the financial support received from the DANIDA Centre for International Business at the University of Ghana Business School.

However, corporate social responsibility has long been a contentious issue not only among management theorists but also among practitioners. Indeed, Sloan (1964) stated that, ''. . . the strategic aim of a business is to earn a return on capital, and if in any particular case the return in the long run is not satisfactory, then the deficiency should be corrected or the activity abandoned for a more favourable one.'' This appears to be the overriding goal of business.

The myth that firms have only one overarching goal within society (i.e. shareholder wealth maximisation) has, however, clearly become obsolete. A more balanced, value-based and integrative perspective has evolved (see Anderson, 1998; Holliday *et al*., 2002). Value-based social dynamics are important not only because CSR may help organisations to attract talent (e.g., Greening and Turban, 2000; Turban and Greening, 1997) but also because CSR can make a meaningful contribution to financial performance and organisational effectiveness.

Social responsibility is a major component of strategy formulation. Typically, a company's corporate strategy sets out the main areas that define the company and its business – helping the company in deciding what it wants to do and how to achieve results. This process has two major planks, the formulation and the implementation of corporate strategy. In formulating its corporate strategy, the company identifies its purposes, its opportunities and threats, strengths and weaknesses, the values of the people who make the choices and its obligations to society.

A socially responsible business is one that takes steps to adopt business practices and policies that go beyond minimum legal requirements and contributes to the welfare of its key stakeholders. A company that adopts CSR therefore, formulates a comprehensive set of policies, practices and programmes that are integrated into the business operations and decision-making processes throughout the company. The key dimensions of CSR are customers, employees, business partners, communities, and investors. CSR is therefore how to manage these responsibilities.

Each company responds in its own unique way to CSR issues. The degree and extent of their response is influenced by factors such as the specific company's size, the particular industry, the firm's business culture, and stakeholder demands and how historically progressive the company is, in engaging in CSR. While some companies focus on a single area like the environment, others aim to integrate CSR in all aspects of their operations. However, for proper implementation it should be aligned with the company's specific corporate objectives and core competencies. Social responsibility is fundamentally a philosophy about the relationship of business and society.

Objectives and justification for the study

The objectives of the study are to determine the extent to which Ghanaian SMEs (local companies) and internationally-connected firms in Ghana ascribe to the notion of business' social contract. It examines the influence of the company's social environment on its corporate decision making. The study compares the adoption of social responsibilities by local Ghanaian firms and internationally connected firms in Ghana. As said, their social responsibility orientations may be motivated by different orientations. The research examines the motives for adoption (or non-adoption) of social responsibility and the economic costs involved. The study also examines areas of corporate behaviour in which companies that trade internationally set their mark. The research sought answers to questions like:

1. Does your company owe any responsibilities to society?
2. Does your company operate any policy guidelines covering illegal, unethical and irresponsible corporate behaviour?
3. Do you view social responsibility as an element of corporate image building?
4. In determining corporate strategy do you take into account any moral and ethical standards?

5. What areas of corporate behaviour do you strive to set your mark in?:
   - Energy crises.
   - Environmental damage.
   - Consumer protection.
   - Consumer deception.
   - Social injustice.
   - Philanthropy.
   - Education.
   - Healthcare.
   - Safety.
   - Refuse disposal.

Several distinct schools of thought have emerged from the genre of corporate social responsibility. One of these balks at the notion of corporate citizenship; another maintains that businesses have social obligations. The former has a champion in Smith (1967) who holds that ''a company's institutional imperative is to survive as an originator of wealth: to produce material goods and bring them to market, safeguard capital, maximise profit and do justice to stockholders.'' This genre maintains that, companies cannot be citizens because companies are not people; their social obligations derive from an overt calculation, not a moral struggle.

The so-called contemporary notion holds that companies derive benefits from society. Companies owe society in that they consume in order to ensure their survival as the wealth-creating institutions that they are. It must be a thoughtful institution, which rises above the bottom line to consider the impact of its actions on all, from shareholders to the society at large. Its business activities must make social sense just as its social activities must make business sense. In support, Avishai (1994) argues that, today's business social responsibilities are different from bottom-line reasons.

How are these concerns manifested in developing countries? Steiner and Steiner (2000) assert that in less-developed countries, there is often no indigenous sense of corporate responsibility. That, for example, many small African and Latin American nations have massive social problems and their economies limp along because of low incomes, high inflation, weak currencies and capital flight. They say that economic success should be the primary duty of business in such situations. But Austin (1990) argues that, the extremity and pervasiveness of poverty in less developed countries places a special social responsibility on business, as a vehicle for creating economic progress that will help alleviate this deprivation.

The justification for the study is derived from a number of sources. One, the increasing concern expressed by policy makers about corporate social responsibility and the pressure exerted on firms to demonstrate high ethical standards. The study will determine the extent to which this phenomenon is happening and whether SMEs (local companies) maintain the same level of responsibility that internationally connected Ghanaian companies exhibit or whether they substitute one form of responsibility with another.

A second justification is that there are increasing demands on developing country firms exporting to Europe and other western countries to document adherence to high ethical standards in order to be competitive. These include requirements of non-use of child labour, non-use of sweatshop working conditions, adherence to worker health and safety protection requirements, minimum wage pay requirements, maximum work-week work requirements, maximum effluent discharges, maximum pollution control levels, etc. The study documents the extent to which Ghanaian SMEs (local companies) are aware of these requirements and have deliberately included them in their corporate strategy postures.

A third justification is this; theoretically, the notion of social responsibility presented in the available literature is presented as being responses to stakeholder pressure. It presumes that stakeholders are aware of and concerned with social responsibility. But is civil society in Ghana concerned about these responsibilities and how prepared are public institutions to enforce rules that may be in place and punish any infractions? The study sought answers to these issues. Clearly, Ghanaian SMEs (local companies) are involved in some form of socially responsible activity or the other. However, there is a severe dearth of relevant information and data on the nature, content and intent of Ghanaian firms' socially responsible interventions.

The study was not aimed at identifying any new models of corporate social responsibility. It rather sought to confirm and document the extent of recognition, nature and content of socially responsible actions by Ghanaian SMEs (local companies) and internationally connected firms in Ghana. The objective of the study therefore, was to identify the gamut of social actions that SMEs (local companies) and internationally connected firms initiate and partake in. The emphasis is to capture what companies do, why they do it, how they do it and the implications for them and their various publics.

Literature review

Corporate governance has evolved from the traditional ''profit-centred model'' to the ''socially responsible model.'' In line with this, there is a surfeit of definitions in the CSR literature. Generally, the belief that profit maximisation is management's only legitimate goal is seen as one end of a continuum, while at the other end is the argument that businesses are the trustees of societal property that should be managed for the public good.

So, on the one hand, Friedman (1962) asserted that the business of business should remain business; whiles Abrams (1954) spoke of the firm's responsibility to maintain an equitable and working balance among the claims of the various directly interested groups – stockholders, employees, customers and the public at large. Bowen (1953) suggested that, the concept of social responsibility emphasizes that businesses exist at the pleasure of society and that their behaviour and methods must fall within the guidelines set by society. In support of this, Cyert and March (1963) maintain that economic and social variables must appear in the corporate decision-making process.

Continuing on this theme, Newman *et al.* (1985) argue that, socially responsible action for a business enterprise is that course that enables the enterprise to function as a dynamic resource converter on a continuing basis. Also, arguing from the so called ''service principle'' Lunden (1988), stresses that although capitalism elevates humanity, companies and managers are still obliged to undertake social programmes to benefit or serve the public. Wood (1991) expanded these ideas encapsulating them into three driving principles of social responsibilities. He identified these as: business is a social institution and thus obliged to use its power responsibly; business is responsible for the outcomes relating to their areas of involvement with society; and individual managers are moral agents who are obliged to exercise discretion in decision making.

Frederick's notion of CSR (Frederick, 1997) is that corporations have an obligation to constituent groups in society other than shareholders and beyond that prescribed by law or union contract. Similarly, Wood (1991) states that, the basic idea of CSR is that, business and society are interwoven rather than distinct entities. The World Business Council for Sustainable Development (WBCSD, 1999) proposes a definition for CSR as the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large. The Business Council for Social Responsibility also defines CSR as achieving commercial success in ways that honour ethical values and respect people, communities and the natural environment. Steiner and Steiner (2000) state that social responsibility is the duty a corporation has to create wealth by using means that avoid harm, to protect, or enhance societal assets.

McWilliams and Siegel (2001) describe CSR as actions that appear to further some social good beyond the interest of the firm and which are required by law. Forstater *et al.* (2002) see CSR as actions that contribute to sustainable development through the company's core business activities, social investment and public policy debate. For Ford (2003), ''a good company delivers excellent products and services, and a great company does all that and strives to make the world a better place.'' Finally, Pearce and Doh (2005) describe CSR as the actions of a company to benefit society beyond the requirements of the law and the direct interests of shareholders.

The proper role of CSR has generated a century's worth of philosophically and economically intriguing debates (McWilliams and Siegel, 2001). The argument that businesses are the trustees of societal property that should be managed for the public good has been seen as one end of a continuum, while at the other end is the belief that profit maximisation is management's only legitimate goal. The CSR debate has been largely confined to the background for most of the 20th century, making the news after a major event such as an oil spill, when a consumer product caused harm or when an ethics scandal reopened the question of business' fundamental purpose.

Forstater *et al.* (2002) define corporate social responsibility as a company's actions that contribute to sustainable development through the company's core business activities, social investment and public policy debate. The underlying cause of expanded social responsibility is the historical force of economic growth, which has spawned in its wake, increased impacts of corporate activity on society.

Several themes have formed the justification for broader corporate social responsibility: First, that managers are trustees, agents whose corporate roles put them in positions of power over the fate of not just stockholders, but of others such as customers, employees and communities. This power implies a duty to promote the welfare of each entity; second, managers believe they have an obligation to balance the interests of these groups, that in effect, they are co-ordinators who reconcile the competing claims of multiple interests. Third, managers believe that businesses must serve society and fourth, the growing concern in most countries with corporate social responsibility.

In an excellent encapsulation of the modern justification for CSR, Bowen (1953) advances a number of basic arguments:

- managers have an ethical duty to consider the broad social impacts of business decisions;
- businesses are reservoirs of skill and energy for improving civic life;
- corporations must use power in keeping with a broad social contract or lose their legitimacy;
- it is in the enlightened self-interest of business to improve society; and
- voluntary action may head off negative public attitudes and undesirable regulations.

Wartick and Wood (1998) sum up succinctly when they write that principles of corporate responsibility are universal. Companies must mitigate problems they cause, follow laws, behave ethically, perform economically and in general meet social contract expectations.

Corporate social responsibility (CSR) has definitely blossomed in this new millennium. Pre-millennium (in the 1990s) research on CSR was conducted by scholars like Viswesvaran *et al.* (1998), Kilcullen and Koolstra (1999), Dennis *et al.* (1998a,b), Balabanis *et al.* (1998) and Karake (1998). The new millennium has however seen a burgeoning of CSR research with scholars like Arpan (2005), Capaldi (2005), Sharma and Talwar (2005), Carter (2005), Juholin (2004), Oketch (2004), Uhlaner *et al.* (2004), Castka *et al.* (2004), Holland (2004), Idowu and Towler (2004), Douglas *et al.* (2004), Decker (2004), Al-Khater and Naser (2003), Cornuel and Kletz (2003), Thevenet (2003), O'Dwyer (2003), Karna *et al.* (2003), McAdam and Leonard (2003) and Quazi (2003), all articulating scholarly positions on various aspects of corporate social responsibility. Most of the CSR studies recorded in the CSR literature have, however, focused on North American and European economies. The literature on CSR in West Africa and Ghana is fairly underdeveloped and this study represents one of the attempts at beginning to fill this research gap.

Data and methodology

Data

The corporate sample for the study was made up of companies listed in the Ghana Club 100 for two consecutive years; 2002/2003 and 2003/2004 listing years. The Club 100 is a ranking of Ghana's largest companies, drawn up by the Ghana Investment Promotion Centre (GIPC). The rankings are based on an aggregate of several factors: turnover, revenue growth, net assets, and return on equity. Companies are then ranked based on their composite score. Out of a list of 120 companies, 112 responded, representing a response rate of over 90 per cent, a remarkable figure for a Ghanaian study.

A five-section questionnaire was designed and sent to each respondent organisation. Section I of the questionnaire covered company profile. It had nine questions seeking information about the key organisational characteristics: nature of institution, ownership, areas of operation, origin, age, etc. Section II of the questionnaire had two questions that examined respondent company operations; export profile and market profile. Section III covered companies' social responsibility imperative. It had five questions on the moral argument, the strategic argument, the business argument, the need for CSR, and the dimensions of CSR. Section IV of the questionnaire had three questions covering social responsibility and strategy, while Section V had three questions covering companies' socially responsible actions and activities.

Contacts were made and questionnaires distributed to all the companies listed in the Ghana Club 100 for 2002/2003 and 20032004, the most recent award years. The initial contact set was 120 companies based throughout Ghana and engaged in business across all sectors, from agriculture through manufacturing, financial services and information and communication technology. Of this number, 112 responded and appointments were made for the retrieval of the questionnaires. Relevant company documents in the form of financial statements were also solicited. Active data were collected over a period of four months in 2005.

Ghana Club 100

Leading companies in Ghana are ranked in the Ghana Club 100 index. The Ghana Club 100 (GC100) is an annual compilation of the top 100 companies in Ghana to give due recognition to successful enterprise building. The list is compiled under the auspices of the Ghana Investment Promotion Centre (GIPC). The GIPC is a government agency, established under the Ghana Investment Promotion Centre Act, 1994 (Act 478): to encourage, promote and facilitate investments in all sectors of the economy except mining and petroleum. It is also to coordinate and monitor all investment activities that fall under Act 478 and to assist both domestic and foreign investors in most of their activities.

The objectives of the Ghana Club 100 are to:

- Develop an open information culture within the Ghanaian corporate sector.
- Provide incentives for improved corporate performance.
- Develop uniform criteria for evaluating corporate performance.
- Establish an annual and current analysis of Ghana's corporate sector.

Eligibility requirements encompass the following:

- All entrants shall be limited liability companies.
- For companies with government interest, government shares should be less than 50 per cent.
- Cumulative net profit should be positive for the most recent three-year period. This conforms to the minimum requirement for admission to the second official list of the Ghana Stock Exchange.

Ranking process

The following process was used to determine a company's overall rank in the GC 100:

1. All companies were ranked based on size, profitability, growth and net assets.
2. A weighted rank was calculated by applying the following weights to a company's rank on each parameter:
   - Size (25 per cent).
   - Profitability (25 per cent).
   - Growth (30 per cent).
   - Net assets (20 per cent).
3. An overall rank of a company in the 2002 as well as 2003 GC100 is then obtained from a company's weighted average rank obtained above.
4. All ties in ranking were broken using growth as the tiebreaker.
5. Rankings were also produced for the following sectors: Agriculture, Automobile and Equipment, Banking (commercial/merchant), Banking (rural and community), Building and Construction, Energy, Hospitality, Information and Communication Technology, Insurance, Manufacturing, Medical Services, Mining, Non-bank Financial Institutions, Trading, and General Services Sectors.

It is pertinent to note that, the eventual firms sampled for the study from the two Ghana Club 100 lists were of two categories. First, the study sampled local (SME) Ghanaian companies, which are not internationalised and firms that had an international connection one way or the other. Internationally-connected firms were mainly firms like Standard Chartered Bank, SG-SSB, Unilever and Anglogold Ashanti. In the case of the first three internationally connected firms, the firms were essentially foreign and opened up operations in Ghana, whereas in the case of Anglogold Ashanti, it used to be a local firm called AGC Limited until it became international following the merger with AngloGold, the South African mining giant and became AngloGold Ashanti.

Methodology

The study adopted an in-depth, comparative and exploratory approach to operationalise the research questions. A detailed questionnaire was developed. The design was therefore a cross-sectional approach in which data were sought from the sample companies. Given the exploratory nature of the research and to answer the main research questions, a thematic analysis and clustering of findings from each question and section was executed. A combination of descriptive accounts of the companies as well as summary statistics in terms of frequencies and percentages are used to examine the findings.

Results and discussion

Since the data instrument (questionnaire) was divided into five sections (Company Profile, Company Operations, CSR Imperative, CSR and Strategy and CSR Actions and Activities), our findings are presented by reference to these sections of the questionnaire. These findings are presented using a combination of summary statistics in terms of frequencies and percentages, trend and regression analyses.

Profile: Ghanaian SMEs (section 1 of the questionnaire)

The following summarises the organisational profile of the internationally-connected companies:

- Of the 112 respondent organisations 38 fall under the study's definition of internationally connected companies.
- More than 80 per cent of the respondents have been in existence for more than ten years.
- More than 50 per cent of the respondents have more than 100 employees.

- A majority of the respondents (25 per cent) are in the manufacturing sector.
- Of the total, 62.5 per cent of the respondents are private limited liability companies and 24.1 per cent are public companies (listed and unlisted).
- Of the total, 56.3 per cent are owned by indigenous Ghanaians and 41 per cent are foreign owned.

CSR imperative (section 2 of the questionnaire)

Under this section, the findings are presented in a comparative manner; the responses from the SMEs (local companies) are juxtaposed against those of the other companies. Consequently, the SMEs (local companies) become the study's experimental group and the internationally connected companies serve as a control group.

Table I presents the responses to the moral argument under the CSR imperative. The results show that when you consider those firms that believe that CSR should always be the concern of all companies, the percentages are 84.3 per cent for internationally connected firms and 86.6 per cent for local firms. These high scores might be because of the fact that, firms operating in Ghana are increasingly realizing that, public perceptions are being positively influenced by firms increasingly seen to be doing public good especially on community specific basis. Companies like mining firms, which are sometimes perceived to be engaging in commercial activities that degrade the environment, are increasingly providing schools and other social amenities in the local communities in which they find themselves working. The results show that 63.2 per cent of the internationally connected companies think CSR must be the concern of all companies always. The comparable figure for the SMEs (local companies) is 57.1 per cent.

Table II presents the responses to the strategic argument under the CSR imperative. The results show that 52.6 per cent of the internationally connected companies think CSR must be a major component of companies' corporate strategy formulation always. The comparable figure for the SMEs (local companies) is 46.4 per cent.

Table III explores the business argument under the CSR imperative. The results show that 55.3 per cent of the internationally connected companies think that a company has to respond to the concerns of all its shareholders. The comparable figure for the SMEs (local companies) is 47.3 per cent. Almost half of both local and internationally connected firms in Ghana believe that a company has to respond to all its shareholders. Apart from the CSR dimensions, this finding is also significant to the extent that astute service management for any progressive firm hinges on the ability of the company to reconcile the needs of its various stakeholder audiences and devise various service delivery mechanisms to satisfy all these audiences. The better this is done, the higher the likelihood of the company improving its bottom line.

Table IV explores company doctrine on CSR under the CSR imperative. The results show that 65.8 per cent of the internationally connected companies choose the company's ethical duty

Table I The moral argument

			Internationally connected companies	*SMEs (local companies)*
Corporate social responsibility must be the concern of all companies	No response	Count	1	4
		% of total	2.6	3.6
	Always	Count	24	64
		% of total	63.2	57.1
	Usually	Count	8	33
		% of total	21.1	29.5
	Sometimes	Count	5	11
		% of total	13.2	9.8
Total		Count	38	112

Table II The strategic argument

			Internationally connected companies	SMEs (local companies)
Social responsibility must be a major component of corporate strategy formulation	No response	Count	1	4
		% of total	2.6	3.6
	Always	Count	20	52
		% of total	52.6	46.4
	Usually	Count	9	35
		% of total	23.7	31.3
	Sometimes	Count	7	20
		% of total	18.4	17.9
	Never	Count	1	1
		% of total	2.6	0.9
Total		Count	38	112

Table III The business argument

			Internationally connected companies	SMEs (local companies)
A company exists to	Make profit/earn return on capital	Count	8	37
		% of total	21.1	33.0
	Maximise shareholder wealth	Count	7	17
		% of total	18.4	15.2
	Avoid harm, protect or enhance societal assets	Count	–	1
		% of total	–	0.9
	Undertake a social programme to benefit/serve the public	Count	2	3
		% of total	5.3	2.7
	Respond to the concerns of all its shareholders	Count	21	53
		% of total	55.3	47.3
Total		Count	38	112

Table IV The need for CSR

			Internationally connected companies	SMEs (local companies)
What is your company's doctrine on CSR?	No response	Count	–	1
		% of total	–	0.9
	Companies have an ethical duty to consider the broad social impacts of business decisions	Count	25	67
		% of total	65.8	59.8
	Businesses are reservoirs of skill and energy for improving civic life	Count	1	7
		% of total	2.6	6.3
	Companies must use power in keeping with a broad social contract or lose their legitimacy	Count	2	3
		% of total	5.3	2.7
	It is in the enlightened self-interest of business to improve society	Count	10	31
		% of total	26.3	27.7
	Voluntary actions by companies may head off negative public attitudes and undesirable regulations	Count	–	3
		% of total		2.7
Total		Count	38	112

as their first doctrine. Their second doctrine, selected by 26.3 per cent, is that it is in the enlightened self-interest of business to improve society. The comparable figure for SMEs (local companies) is 59.8 per cent and 27.7 per cent, respectively.

Table V explores company perspectives on dimensions of CSR under the CSR imperative. In concert with the results presented in Table IV, internationally connected companies (47.4 per cent) select the ethical dimension of CSR as their first choice; this is consistent with their view that companies do owe society an ethical duty to be socially responsible in their actions. The discretionary dimension is their second choice (18.4 per cent). However, for the SMEs (local companies), although 38.4 per cent also select the ethical dimension of CSR as their first choice, 27.7 per cent choose the economic dimension as their second option, showing a clear difference between the SMEs (local companies) and the internationally connected companies.

Social responsibility and strategy (section 4 of the questionnaire)

This section presents comparative findings on corporate strategy formulation, CSR strategy formulation and drivers of CSR actions. Table VI shows that for 47.4 per cent of internationally connected firms, their corporate headquarters, located outside Africa, are responsible for formulating their corporate strategy. However, 42.1 per cent of them say their national (Ghana) headquarters is responsible for formulating their corporate strategy. For the SMEs (local companies), 75.9 per cent say that national (Ghana) headquarters is responsible for formulating their corporate strategy.

Table VII shows that amongst the two groups of companies, the national (Ghana) headquarters is responsible for formulating CSR strategy for 65.8 per cent of the internationally connected firms, whilst corporate HQ outside Ghana is responsible for the remaining 34.2 per cent. This finding was astounding to the extent that, since it can be hypothesised that western economies would be more sophisticated at CSR strategy formulation, this function would reside more with their corporate HQ (located outside Ghana). The fact that CSR strategy is increasingly being formulated by the Ghanaian subsidiaries of these internationally connected firms might point to the fact that, because of cultural complexities and societal idiosyncrasies, international firms are increasingly becoming more comfortable in allowing their Ghanaian subsidiaries to formulate their own CSR strategies.

Table VIII explores drivers of company CSR imperatives. Internationally connected companies select a company's responsibility to society as their first choice, with 47.4 per

Table V Dimensions of CSR

			Internationally connected companies	*SMEs (local companies)*
What dimensions of CSR do you subscribe to?	Economic: companies have a responsibility to produce goods/services that society wants and sell them at a profit	Count	6	31
		% of total	15.8	27.7
	Legal: companies must obey the law	Count	4	13
		% of total	10.5	11.6
	Ethics: companies have to exhibit behaviours and ethical norms beyond what is required by law	Count	18	43
		% of total	47.4	38.4
	Discretionary: companies must exhibit voluntary roles driven by societal norms	Count	7	18
		% of total	18.4	16.1
	All of the above	Count	–	3
		% of total	–	2.7
Total		Count	38	112
		% of total	100.0	100.0

Table VI Responsibility for company corporate strategy

			Internationally connected companies	SMEs (local companies)
Who is responsible for the company's corporate strategy?	Corporate HQ (outside Africa)	Count	18	20
		% of total	47.4	17.9
	Corporate (overseas: Africa)	Count	2	2
		% of total	5.3	1.8
	Corporate HQ (overseas: West Africa)	Count	1	1
		% of total	2.6	0.9
	National HQ Ghana	Count	16	85
		% of total	42.1	75.9
		Count	38	112
Total		% of total	100.0	100.0

Table VII Responsibility for CSR strategy formulation

			Internationally connected companies	SMEs (local companies)
Who is responsible for the company's CSR strategy?	Corporate HQ (outside Africa)	Count	7	7
		% of total	18.4	6.3
	Corporate (overseas: Africa)	Count	4	4
		% of total	10.5	3.6
	Corporate HQ (overseas: West Africa)	Count	2	2
		% of total	5.3	1.8
	National HQ (Ghana)	Count	25	96
		% of total	65.8	85.7
		Count	17	112
Total		% of total	100.0	100.0

Table VIII Drivers of company CSR imperatives

			Internationally connected companies	SME (local companies)
What imperatives drive your company's CSR actions?	No response	Count	–	2
		% of total	–	1.8
	The company owes society a responsibility	Count	18	43
		% of total	47.4	38.4
	The company has ethical values	Count	7	17
		% of total	18.4	15.2
	The company has moral values	Count		1
		% of total		0.9
	The company will benefit from doing good	Count	6	9
		% of total	15.8	8.0
	Social responsibility is an element of image building	Count	7	37
		% of total	18.4	33.0
	The company is wary of illegal, irresponsible and unethical corporate behaviour	Count	–	3
		% of total	–	2.7
		Count	38	112
Total		% of total	100.0	100.0

cent; the joint second choice, with 18.4 per cent is the company's ethical values and CSR as an element of image building. However, for the SMEs (local companies), although 38.4 per cent also select a company's responsibility to society as their first choice, 33 per cent choose CSR as an element of image building as their second option, with the company's ethical values coming in as the third choice, at 15.2 per cent. This shows a clear difference between the SMEs (local companies) and the internationally connected companies. The point to note about this finding is that, in Ghana, there is anecdotal evidence to suggest that, internationally connected firms working in Ghana have annual marketing communications budgets that are in the ratios of about 1:15, in comparison with local (SME) Ghanaian firms. The second author of this paper spent the last seven years devising zero-based marketing communications solutions for both local and internationally connected firms in Ghana. Because of this phenomenon, local (SME) Ghanaian firms find it expedient to add CSR activities to the plethora of marketing communications tools they employ so that they can achieve corporate and sometimes product image building/enhancing objectives and also achieve their objectives of being ethically sound companies. For the SMEs (local companies), the national (Ghana) headquarters is responsible for formulating CSR strategy for 85.7 per cent of respondents.

Socially responsible action (section 5 of the questionnaire)

This section presents comparative findings on socially responsible actions undertaken by companies. Table IX shows that a majority of both groups of companies usually target their CSR actions at specific groups, communities and causes.

Table X presents a ranking of the first five areas of socially responsible action for companies. It shows that for both sets of companies, education is their number one area of CSR action. However, similarities end there: whilst internationally connected companies rank safety of employees and environmental damage 2nd and 3rd respectively, the SMEs (local companies) rank those two 3rd and 5th.

Table IX Targeting socially responsible action

			Internationally connected companies	*SMEs (local companies)*
Our CSR actions are targeted at specific groups/communities/causes	Always	Count	11	27
		% of total	28.9	24.1
	Usually	Count	14	46
		% of total	36.8	41.1
	Sometimes	Count	7	22
		% of total	18.4	19.6
	Rarely	Count	1	4
		% of total	2.6	3.6
	Never	Count	1	3
		% of total	2.6	2.7
Total		Count	38	112
		% of total	100.0	100.0

Table X Areas of socially responsible action

What areas of corporate behaviour do you strive to set your mark in?	*Internationally connected companies (ranking by %)*	*SMEs (local companies) (ranking by %)*
Environmental damage	34 (3rd)	18 (5th)
Consumer protection	16 (5th)	21 (4th)
Education	39 (1st)	32 (1st)
Healthcare	23 (4th)	23 (2nd)
Safety	36 (2nd)	22 (3rd)

Under the areas of philanthropic actions in which companies strive to set their mark, Table XI shows that internationally connected companies rank sponsorship of events and activities linked to their own goods and services first, followed by cash donations in the second place. However, for the SMEs (local companies), the reverse holds true; they rank cash donations first, followed by sponsorship of events and activities linked to their own goods and services in second place.

Conclusions and recommendation

The CSR imperative

As regards the moral argument of the CSR debate, 63 per cent of internationally connected companies say CSR must be the concern of all companies always. Whilst this represents almost two-thirds of this group of companies, only 57 per cent of the companies in the SME (local companies) sample thought likewise, although 21 per cent of both groups say they usually address CSR as a moral imperative. Concerning the strategic argument underlying the CSR argument, 53 per cent of internationally connected companies always consider CSR as a major component of strategy as against 46 per cent for the SMEs (local companies). Of internationally connected companies 53 per cent support the stakeholder theory of CSR as against 47 per cent for the SMEs (local companies). Again, 66 per cent of internationally connected companies consider CSR as an ethical duty as against 60 per cent for the SME (local companies) population. When asked to rank the dimensions of CSR, 47 per cent of internationally connected companies ranked CSR as an ethical duty first, with discretionary second at 18 per cent. Even though companies within the SME (local companies) population also ranked CSR as an ethical duty first, the figure was only 38 per cent, followed closely by CSR as an economic imperative at 27 per cent. Furthermore, 47 per cent of internationally connected companies ranked a company's responsibility to society as a CSR imperative first, with ethics and image building in joint second with 18 per cent. Again, even though companies within the SME (local company) population also ranked company's responsibility to society as a CSR imperative first, the figure was only 38 per cent, followed closely by CSR as an image-building imperative at 27 per cent. It would appear therefore that on the face of it, SMEs (local companies) subscribe less to the contemporary notion of CSR; they are less strategic, less moral and ethical in their approach to CSR.

CSR and strategy

About half of the internationally connected companies have their company corporate strategy determined abroad, with only 42 per cent being responsible locally for their corporate strategy. The comparable figures for the SMEs (local companies) are 75 per cent and 18 per cent respectively. However, regarding CSR strategy, two thirds of the internationally connected companies say it is determined locally as against 85 per cent for the general population. Thus, it would seem that the operations of SMEs (local companies) receive little strategic input from external sources and even in the case of internationally connected firms, there is a tilt towards local CSR strategy formulation.

Table XI Areas of philanthropic actions

What areas of philanthropic actions do you strive to set your mark in?	*Internationally connected companies (ranking by %)*	*SMEs (local companies) (ranking by %)*
Donation (cash)	34 (2nd)	39 (1st)
Donations of goods/services (own corporate)	24 (4th)	21(4th)
Donations of goods/services (others)	13 (5th)	11 (5th)
Sponsorship of activities/events (linked to own goods/services)	37 (1st)	36 (2nd)
Sponsorship of activities/events (not linked to own goods/services)	32 (3rd)	32 (3rd)

Socially responsible action

Both groups select education as their number one choice of socially responsible action, and philanthropy as their number six. For the internationally connected companies, safety, environmental damage, healthcare, consumer protection and philanthropy constitute the order in which they execute their socially responsible actions. For the SMEs (local companies), healthcare, safety, consumer protection and environmental damage follow in that order. However, in terms of areas of philanthropic action, the internationally connected companies rank sponsorship of events with own goods/services first, and cash donations second. The opposite is true for the SMEs (local companies); they rank cash donations first and sponsorship of events with own goods/services second. In socially responsible action, it would seem that SMEs (local companies) are more inclined to resort to cash donations as a form of CSR activity.

Recommendations

This has been an exploratory study but it would seem that internationally connected firms seem to have a better grasp of the various dimensions of CSR and how these could be used to business and strategic advantage. In view of the exploratory nature of the paper, efforts are made in the discussion to compare the performance and behaviour of the SMEs (local companies) as a unit, to those of the internationally connected companies as captured by the sample population. Future research indications might be the fashioning of a CSR typology for Ghanaian firms and an investigation of any possible relationships between CSR and financial performance.

References

Abrams, F. (1954), ''Management responsibilities in a complex world'', in Carroll, T.H. (Ed.), *Business Education for Competence and Responsibility*, University of North Carolina Press, Chapel Hill, NC.

Al-Khater, K. and Naser, K. (2003), ''Users' perceptions of corporate social responsibility and accountability: evidence from an emerging economy'', *Managerial Auditing Journal*, Vol. 18 No. 6, pp. 538-48.

Anderson, R. (1998), *Mid-course Correction: Toward a Sustainable Enterprise: The Interface Model*, Peregrinzilla Press, Atlanta, GA.

Arpan, L.M. (2005), ''Integration of information about corporate social performance'', *Corporate Communications: An International Journal*, Vol. 10 No. 1, pp. 83-98.

Austin, J.E. (1990), *Managing in Developing Countries*, Free Press, New York, NY, p. 4.

Avishai, B. (1994), ''What is business's social compact?'', *Harvard Business Review*, Vol. 72 No. 1, pp. 38-48.

Balabanis, G., Philips, H.C. and Lyall, J. (1998), ''Corporate social responsibility and economic performance in the top British companies: are they linked?'', *European Business Review*, Vol. 98 No. 1, pp. 25-44.

Bowen, H.R. (1953), *Social Responsibilities of the Businessman*, Harper & Row, New York, NY, p. 6.

Capaldi, N. (2005), ''Corporate social responsibility and the bottom line'', *International Journal of Social Economics*, Vol. 32 No. 5, pp. 408-23.

Carter, C.R. (2005), ''Purchasing social responsibility and firm performance: the key mediating roles of organizational learning and supplier performance'', *International Journal of Physical Distribution & Logistics Management*, Vol. 35 No. 3, pp. 177-94.

Castka, P., Bamber, C.J., Bamber, D.J. and Sharp, J.M. (2004), ''Integrating corporate social responsibility (CSR) into ISO management systems – in search of a feasible CSR management system framework'', *The TQM Magazine*, Vol. 16 No. 3, pp. 216-24.

Cornuel, E. and Kletz, P. (2003), ''Viewpoint: global responsibility and total freedom'', *Corporate Governance: The International Journal of Business in Society*, Vol. 3 No. 3, pp. 39-51.

Cyert, R.M. and March, J.G. (1963), *A Behavioral Theory of the Firm*, ch. III, Prentice-Hall, Inc., Englewood Cliffs, NJ.

Decker, O.S. (2004), ''Corporate social responsibility and structural change in financial services'', *Managerial Auditing Journal*, Vol. 19 No. 6, pp. 712-28.

Dennis, B., Neck, C.P. and Goldsby, M. (1998a), ''Body shop international: an exploration of social responsibility'', *Management Decision*, Vol. 36 No. 10, pp. 649-53.

Dennis, B.S., Neck, C.P. and Goldsby, M.G. (1998b), ''The scoop on Ben and Jerry's Inc.: an examination of corporate social responsibility'', *Journal of Managerial Psychology*, Vol. 13 No. 5, pp. 387-93.

Douglas, A., Doris, J. and Johnson, B. (2004), ''Corporate social reporting in Irish financial institutions'', *The TQM Magazine*, Vol. 16 No. 6, pp. 387-95.

Ford, W. Jr (2003), ''Ford motor company encourages elementary school students to support America's national parks'', available at: www.ford.com/en/company/NationalParks.htm

Forstater, M., MacDonald, J. and Raynard, P. (2002), ''Business and poverty: bridging the gap'', paper presented at the Prince of Wales International Business Forum, London.

Frederick, W.C. (1994), ''From CSR1 to CSR2: the maturing of business and society thought'', *Business and Society*, Vol. 33 No. 2, pp. 150-64.

Friedman, M. (1962), *Capitalism and Freedom*, University of Chicago Press, Chicago, IL, p. 10.

Greening, D.W. and Turban, D.B. (2000), ''Corporate social performance as a competitive advantage in attracting a quality workforce'', *Business & Society*, Vol. 39, pp. 254-80.

Holland, L. (2004), ''Experiences from a student programme designed to examine the role of the accountant in corporate social responsibility (CSR)'', *International Journal of Sustainability in Higher Education*, Vol. 5 No. 4, pp. 404-16.

Holliday, C.O., Schmidheiny, S. and Watts, P. (2002), *Walking the Talk: The Business Case for Sustainable Development*, Greenleaf, Sheffield.

Idowu, S.O. and Towler, B.A. (2004), ''A comparative study of the contents of corporate social responsibility reports of UK companies'', *Management of Environmental Quality: An International Journal*, Vol. 15 No. 4, pp. 420-37.

Juholin, E. (2004), ''For business or the good of all? A Finnish approach to corporate social responsibility'', *Corporate Governance: International Journal of Business in Society*, Vol. 4 No. 3, pp. 20-31.

Karake, Z.A. (1998), ''An examination of the impact of organisational downsizing and discrimination activities on corporate social responsibility as measured by a company's reputation index'', *Management Decision*, Vol. 36 No. 3, pp. 206-16.

Karna, J., Hansen, E. and Juslin, H. (2003), ''Social responsibility in environment marketing planning'', *European Journal of Marketing*, Vol. 37 No. 3, pp. 848-71.

Kilcullen, M. and Koolstra, J.O. (1999), ''At least we do no harm: sources on the changing roles of business ethics and social corporate responsibility'', *Reference Services Review*, Vol. 27 No. 2, pp. 158-78.

Lunden, R. (1988), *Business and Religion in the American 1920s*, Greenwood Press, New York, NY, pp. 147-50.

McAdam, R. and Leonard, D. (2003), ''Corporate social responsibility in a total equality management context: opportunities for sustainable growth'', *Corporate Governance: International Journal of Business in Society*, Vol. 3 No. 4, pp. 36-45.

McWilliams, A. and Siegel, D. (2001), ''Corporate social responsibility and financial performance: correlation or misspecification?'', *Strategic Management Journal*, Vol. 21 No. 5, pp. 603-9.

Newman, W.H., Logan, J.P. and Hegarty, W.H. (1985), *Strategy, Policy & Central Management*, South-Western Publishing, Cincinnati, OH.

O' Dwyer, B. (2003), ''Conceptions of corporate social responsibility: the nature of managerial capture'', *Accounting, Auditing & Accountability Journal*, Vol. 16 No. 4, pp. 523-57.

Oketch, M.O. (2004), ''The corporate stake in social cohesion'', *Corporate Governance: International Journal of Business in Society*, Vol. 4 No. 3, pp. 5-19.

Pearce, J.A. II and Doh, J.P. (2005), ''The high impact of collaborative social initiatives'', *MIT Sloan Management Review*, Vol. 46 No. 3, pp. 30-8.

Quazi, A.M. (2003), ''Identifying the determinants of corporate managers' perceived social obligations'', *Management Decision*, Vol. 41 No. 9, pp. 822-31.

Sharma, A.K. and Talwar, B. (2005), ''Corporate social responsibility: modern *vis-à-vis* Vedic approach'', *Measuring Business Excellence*, Vol. 9 No. 1, pp. 35-45.

Sloan, A.P. Jr (1964), *My Years with General Motors*, Doubleday Company, Inc., Garden City, NY.

Smith, A. (1967), *An Enquiry into the Nature and Causes of the Wealth of Nations*, Modern Library, New York, NY.

Steiner, G.A. and Steiner, J.F. (2000), *Business, Government and Society: A Managerial Perspective*, Irwin McGraw-Hill, Boston, MA.

Thevenet, M. (2003), ''Global responsibility and individual exemplarity'', *Corporate Governance: International Journal of business*, Vol. 3 No. 3, pp. 114-25.

Turban, D.B. and Greening, D.W. (1997), ''Corporate social performance and organizational attractiveness to prospective employees'', *Academy of Management Journal*, Vol. 40 No. 3, pp. 658-72.

Uhlaner, L.M., Goor-Balk, H.J.M., Annemieke, V. and Masurel, E. (2004), ''Family business and corporate social responsibility in a sample of Dutch firms'', *Journal of Small Business and Enterprise Development*, Vol. 11 No. 2, pp. 186-94.

Viswesveran, C., Deshpande, S.P. and Milman, C. (1998), ''The effect of corporate social responsibility on employee counter-productive behaviour'', *Cross Cultural Management*, Vol. 5 No. 4, pp. 5-12.

Wartick, S.L. and Wood, D.J. (1998), *International Business & Society*, Blackwell, Malden, MA, p. 76.

WBCSD (1999), *Corporate Social Responsibility*, World Business Council for Sustainable Development, Geneva.

Wood, D.J. (1991), ''Corporate social performance revisited'', *Academy of Management Review*, Vol. 16 No. 4, pp. 691-718.

Corresponding author

Dan F. Ofori can be contacted at: dofori@ug.edu.gh