



Unpacking stakeholder mechanisms to influence corporate social responsibility in the mining sector



Hector Viveros

Department of Marketing and Management, Macquarie University, Eastern Road, North Ryde, Sydney, NSW 2109, Australia

ARTICLE INFO

Keywords:

Corporate social responsibility
Stakeholder influence
Mechanisms
Involvement
Mining

ABSTRACT

This paper examines mechanisms that stakeholder groups use in order to influence corporate social responsibility (CSR) and their involvement in the Chilean mining sector. The article adopts a qualitative approach and reports on semi-structured interviews conducted with five stakeholder groups. The findings show that the influence wielded by stakeholders to drive mining companies to act more responsibly is founded in five principal mechanisms: demands, communication, counselling, control and engagement. The manner in which stakeholders use these mechanisms varies across stakeholder groups. Some stakeholders adopt a single mechanism, as is the case for communities and media. Other stakeholders such as NGOs, adopt multiple mechanisms. From a dichotomised perspective in relation to involvement, the paper also identifies that stakeholders utilise these mechanisms considering an active (for groups such as government and media) and passive involvement (in the case of communities and unions). NGOs are the only stakeholder group that appear to adopt both active and passive participation, depending on the mechanisms under consideration.

1. Introduction

There is a prolific amount of research addressing CSR and stakeholder theory (Laplume et al., 2008; Lockett et al., 2006; Steurer, 2006). Scholars still argue however that despite these studies there remains a need for further study particularly linking CSR with stakeholder perceptions (Basu and Palazzo, 2008; Calvano, 2008). This need is amplified in relation to a lack of research into approaches (Aguilera et al., 2007) that consider actual cases and scenarios across different contexts. This additional research might narrow the existing gap in the CSR literature (Starkey and Madan, 2001). Frooman (1999) mentions three research streams that may assist in this regard. First, literature is used to identify stakeholder groups and to consider their special and particular needs (Clarkson, 1995; Donaldson and Preston, 1995; Magness, 2008). Secondly, research focuses on establishing stakeholders' wants and interests (Bhattacharya and Sen, 2004; Dawkins and Lewis, 2003; Polonsky and Ottman, 1998). The third area of research reviews the way stakeholders are able to influence companies and as a result, achieve the stakeholder's purpose (Bendell and Kearins, 2005; Hendry, 2005; Rowley, 1997; Rowley and Moldoveanu, 2003).

Researchers have also investigated mechanisms for interaction between companies and stakeholders. In particular, studies often address issues of cooperation, engagement or consultation (Burchell and Cook, 2006; Green and Hunton-Clarke, 2003; Harris, 2007;

Morsing and Schultz, 2006). These mechanisms may be used by companies in order to integrate key players and create collaborative relationships with different stakeholder groups (Plaza-Ubeda et al., 2010; Rueda-Manzanares et al., 2008). A stakeholder view of these matters, however, seems to be neglected or left aside. Instead, studies tend to focus on a corporate perspective of these mechanisms. In order to bridge this gap, scholars have asked for empirical research in relation to these mechanisms (O'Connell et al., 2005) and for a change to a stakeholder view. This is because, given the different nature and type of stakeholders (Clarkson, 1995; Freeman, 1984; Henriques and Sadosky, 1999), their actions (or inactions) and mechanisms to influence companies' activities in terms of CSR will not necessarily be the same.

Thus, this paper shifts the focus to a stakeholder perspective and to the mechanisms used by stakeholders in order to influence CSR, both as an active or passive participant. The research question is: what mechanisms do stakeholders use to influence CSR? The examination of this question takes into account the level of either active or passive behaviour by the stakeholder with such mechanisms. The paper first reviews stakeholder participation in CSR, and secondly, outlines the method used to analyse the data collected during fieldwork. Finally, the paper discusses the findings and sets out the conclusions.

E-mail address: hector.viveros@mq.edu.au.

<http://dx.doi.org/10.1016/j.resourpol.2016.10.014>

Received 25 February 2015; Received in revised form 30 October 2016; Accepted 31 October 2016
0301-4207/© 2016 Elsevier Ltd. All rights reserved.

2. Stakeholder influence and CSR

Stakeholder theory addresses the link between the companies and stakeholder groups, taking into account interests and interactions. As defined by Freeman (1984), stakeholders are ‘any group or individual who can affect or is affected by the achievement of the organisation’s objectives’ (p.46). In this sense, research regarding stakeholders and corporate social responsibility has grown in interest (Clarkson, 1995; Dobele et al., 2014; Lee, 2011; Morsing and Schultz, 2006; Mutti et al., 2012; Thompson and Driver, 2005; Viveros, 2016; Yakovleva and Vazquez-Brust, 2012), providing evidence of the influence of stakeholder groups in corporate practices. According to Goodstein and Wicks (2007), stakeholders can work with companies in order to promote ethical behaviour and to limit corporate failures in these regards. From grassroots movements to shareholders, stakeholder can exert pressures on companies when they look for changes or improvements in terms of company actions, or simply to send a (warning) message regarding wrongdoings and lack of accountability (Frooman, 1999; King, 2008; Reid and Toffel, 2009). In this regard, Wood (1991) pointed out that, when stakeholders are not satisfied, companies may face a sort of retaliation in the sense that ‘customers stop buying products, shareholders sell their stocks, employees withhold loyalty and best efforts, government halts subsidies or imposes fines or regulates, and environmental advocates sue’ (p.697).

Particularly in mining, CSR has been typically addressed through practices of stakeholder engagement, community development, environmental management and conflict resolution (Dashwood, 2014; Humphreys, 2000; Kepore and Imbun, 2011; Kemp, 2010a, 2010b; Owen and Kemp, 2013), through joint initiatives that are proposed, promoted or supported by some stakeholder groups such as communities or NGOs (Argenti, 2004; Bowen et al., 2010; Canel et al., 2010; Sarin, 2006; Veiga et al., 2001). These practices aim to respond to demands regarding corporate responsible behaviour and an alignment between company objectives and guidelines for sustainable development (Hilson and Murck, 2000). This is especially relevant in developing nations, where mining activities have a significant impact in the social and environmental domains (Hilson and Murck, 2000; Jenkins, 2004; Kapelus, 2002; Viveros, 2016).

These initiatives are promoted, in some cases, by mining supporters who hold positive relationships with companies. However, opponents to mining within stakeholder groups also may exert pressure on companies that show disregard for social and environmental issues (Ali and O’Faircheallaigh, 2007) such as impacts on the landscape and social grievances regarding lifestyles and health issues (Kepore and Imbun, 2011; Sagebien et al., 2008). In this sense, irresponsible corporate behaviour will result in stakeholder dissatisfaction. Eventually, this will lead to pressures that may end up in delayed mining activities, project failures or costly conflicts in the sector (Bridge, 2004; Hintjens, 2000).

3. Mechanisms to influence CSR

The notion that stakeholders might influence companies has been investigated by O’Connell et al. (2005), who argued that companies are obligated to validate and accept some mechanisms whereby stakeholders can exert supervision, promote participation and address their concerns. O’Connell et al. reviewed four mechanisms used by stakeholders to interact with companies in order to discuss their concerns. In some industries these mechanisms are sustained by law. For example, internal subunits mandated by the government to manage stakeholder issues. Similarly, statutory stakeholder participation is another means by which stakeholder involvement is enforced. Another stakeholder mechanism is statutory access to information. In this sense, information can empower stakeholders and direct stakeholder activism to pressure companies to adopt particular courses of action. This pressure is also expressed through community demands as

another mechanism, particularly in sectors where companies depend on social approval in order to get the social license to operate (Moffat and Zhang, 2014; Owen and Kemp, 2013). These demands usually find support and response when claims are made by salient demanding stakeholders as stated by Mitchell et al. (1997). Thus, stakeholder groups might use different communication channels when taking actions against companies. Traditionally, this course of action has been used by the media (Den Hond and De Bakker, 2007; Wallack, 2008) and NGOs such as Greenpeace in order to expose wrongdoings as well as to inform companies’ activities (Frooman and Murrell, 2005; Mirvis, 2000), especially in industries with high environmental impacts (Hendry, 2006).

Stakeholders may also seek to influence in the form of counselling or advocacy from groups perceived as powerful, well established or institutionalised, including lobbying or governmental pressure. This is a mechanism of pressure to apply, change or toughen regulations and laws (De Bakker and Den Hond, 2008; Den Hond and De Bakker, 2007). Thus, CSR activities could be influenced by stakeholder’s considerations, for example, regarding health (Bose-O’Reilly et al., 2008; Hilson et al., 2007; Spiegel and Veiga, 2005) and environmental issues (Deegan and Blomquist, 2006). Frooman (1999) presents another form of stakeholder influence based on resource dependence, suggesting that some groups with control over key resources for companies are able to exert strategies of influence. In this sense, stakeholders with access to these resources (material and human) will have higher influence. As a result, stakeholders have another mechanism of influence, which is represented in the form of monitoring internal corporate activities such as processes and standards. An example of this method is the union supervision in relation to health and safety standards (Dashwood, 2014; Gunningham, 2008; Mutti et al., 2012). Another example of this mechanism is presented by Stanbury (2000) in the environmental control and pressures in the forest industry in British Columbia, Canada. Stakeholders might establish new mechanisms to influence companies and promote CSR practices through the process of engagement. Traditionally, the literature addresses the concept of engagement from a corporate perspective (Burchell and Cook, 2006; Dobele et al., 2014; Harris, 2007; Lin et al., 2015). However, engagement as a mechanism of influence can work as a bidirectional process, that is to say, two-way interaction. For instance, communities might directly engage with companies in order to influence CSR practices (Kemp, 2010b). This is especially relevant in extractive industries in relation to environmental matters where groups such as communities and NGOs play key roles as liaison in the engagement process (Lawrence, 2002). In this regard, Welcomer (2002) supports the role stakeholders play in affecting the way companies address stakeholders concerns. Some scholars suggest, however, that attributes such as power, legitimacy and urgency (Mitchell et al., 1997) ultimately affect the mechanisms used by stakeholder groups (Easley and Lenox, 2006) and the likelihood of positive or negative responses by companies.

Accordingly, mechanisms to engage companies in socially responsible practices may also be influenced by actions that are undertaken by diverse groups (Bremmers et al., 2007; Carmin and Baiser, 2002) which act, not as isolated players, but involving different participants from the stakeholder map. In this sense, Agüero (2004) points out that, in Latin American countries, pressure from social movements is one of the pillars that influences CSR. Thus, through group participation or forming alliances and partnerships (Kochan and Rubenstein, 2000), stakeholders are able to increase their efficacy in establishing the matters they want companies to address. For example, a study by Neville and Menguc (2006) considers three stakeholder groups – government, customers and employees – and analyses their relationships and influence on environmental issues. Neville and Menguc argue that alliances may be affected by the convergence of stakeholder attitudes towards companies, the issues that impact on them, and other matters they perceive as relevant. In the same way, the authors

Download English Version:

<https://daneshyari.com/en/article/5104236>

Download Persian Version:

<https://daneshyari.com/article/5104236>

[Daneshyari.com](https://daneshyari.com)