



## Original Article

# Corporate social responsibility and extractives industries in Latin America and the Caribbean: Perspectives from the ground



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## ARTICLE INFO

## Article history:

Received 6 December 2013

Received in revised form 12 August 2014

Available online 16 September 2014

## Keywords:

Corporate social responsibility

Extractive industries

Latin America and Caribbean

## ABSTRACT

This article is based on the contributions to an online forum in which Latin America and Caribbean (LAC) extractive industry corporate social responsibility (EI-CSR) professionals and others contributed to extended discussions on CSR over several weeks in May 2012. This article presents highlights from those discussions, adding a set of grounded perspectives on the emerging and ongoing issues related to the surge in CSR and extractive industry activities (primarily mineral exploration and mining) throughout the LAC region. Analysis by the authors of this article identified four broad themes running throughout the discussions: 1) Current CSR practice in the LAC region is evolving, uneven, and/or limited; 2) LAC CSR models are influenced by global trends and standards but adapted to local context; 3) that in order to be effective, CSR must take into account local histories of the LAC region, particularly with regards to consultation mechanisms and Indigenous peoples; 4) that EI-CSR is generally seen as positive trend, but with many caveats.

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## 1. Introduction

Extractive companies in the Latin American and Caribbean (LAC) region have faced a significant amount of criticism in recent years over the social and environmental impacts of their industrial mining projects. Examples of criticism and conflict abound in the region. As this article goes to press, three cases against the Toronto-based HudBay Minerals are progressing through the Canadian court system, brought by Guatemalan community members who allege gang rape and shootings by security forces acting on behalf of the company in violent evictions taking place in 2007 (Maldonado, 2014). In Peru, active mining conflicts reported by the country's ombudsman's office numbered 212 in June 2014 (Emery, 2014). In Mexico, Indigenous communities in the mountainous highlands of Guerrero – a state already beset with narco-trafficking and cartel violence – have expressed concern over mineral exploration activities taking place without community consultation (Ferrer, 2014). A McGill University research group focused on Canadian mining in Latin America (MICLA) has documented 85 cases of socio-environmental conflict related to Canadian owned or operated mines throughout Latin America (MICLA, nd). Of course, the above is

just a small sampling – the list could go on, and does, as investment in new mining projects continues apace in the LAC region.

Corporate Social Responsibility (CSR) programs and policies are one way that extractive industry corporations have sought to avoid or offset costly social, environmental and political conflicts surrounding their exploration and exploitation projects. Host governments such as Canada have also strongly promoted CSR as a way to address weak regulatory environments in developing country contexts,<sup>1</sup> and international industry associations such as the International Council on Mining and Minerals (ICMM) and the Responsible Jewellery Council have developed principles and standards to which member corporations commit to adhere.<sup>2</sup>

However, despite a marked surge in activity and interest around the issue of CSR in the mining sector, particularly among industry groups and corporations with operations in developing

<sup>1</sup> See the Government of Canada's 2009 "Building the Canadian Advantage: A Corporate Social Responsibility (CSR) Strategy for the Canadian International Extractive Sector," retrieved December 4, 2013 from <http://www.international.gc.ca/trade-agreements-accords-commerciaux/topics-domaines/other-autre/csr-strat-rse.aspx>.

<sup>2</sup> See ICMM's Sustainable Development Framework, retrieved August 2, 2014 from <http://www.icmm.com/our-work/sustainable-development-framework/> and the Responsible Jewellery Council's Code of Practices certification, retrieved August 2, 2014 from <http://www.responsiblejewellery.com/rjc-certification/>.

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country contexts, the routine emergence of serious sociopolitical and environmental conflict around exploration and mining projects points to ongoing questions and gaps in knowledge regarding the efficacy of CSR. This is particularly true in the LAC region, where CSR represents a relatively new set of policies and practices aimed to reduce conflict and secure a “social license to operate” by extending direct benefits to local communities impacted by extractives operations.

The goal of this article is to contribute to discussions about the role and efficacy of EI-CSR in the LAC region by presenting the grounded views and experiences of a diverse cross-section of professionals interested in CSR and mining whose practice unfolds in the region, as well as the academics and community/NGO representatives who joined them to engage in an online discussion forum about CSR and extractives. The diverse and sometimes contradictory perspectives offered here present an alternative to the “business case perspective” that often dominates industry and policy discussions about mining and development (Prieto-Carrón et al., 2006). Although by no means inclusive of the full range of LAC perspectives on CSR and mining, the emerging knowledge found in participants’ views presented here offer a bottom-up approach to discussions that tend to rely strongly on Northern or North-driven perspectives on CSR in the mining sector (UNCTAD, 2010). As the following discussion shows, LAC CSR professional, consultant, academic and NGO perspectives also rely on Anglo-Euro-Northern approaches to extractives CSR, but in doing so these “Southern” actors adapt their knowledge to and from the local contexts in which they work and live, bringing a nuanced and critical view of the complexities related to work on the ground and in the lifeworlds and cultures of corporations and communities.

Through our analysis of these views in the textual archive of the online forum, we identified four broad themes woven throughout discussions: 1) current CSR practice in the LAC region<sup>3</sup> is evolving, uneven, and/or limited; 2) LAC CSR models are influenced by global trends and standards but adapted to local context; 3) in order to be effective, CSR must take into account local histories of the LAC region, particularly with regards to consultation mechanisms and Indigenous peoples; and 4) EI-CSR is generally seen as positive trend, but with many caveats. The discussions around theme four highlighted many of the challenges, contradictions and conflicts related to extractives-led development that have previously been observed by researchers and analysts, and offered insights on ways of developing a people-centered approach to CSR, the importance of shifting focus from theory to practice, and issues related to the circulation of knowledge, knowledge translation, and co-production of the knowledge/development nexus.

In the sections that follow, we describe in more detail the online forum and our methodology for analyzing the textual archives of the discussions. We contextualize our primary findings by reviewing recent literature focused on CSR and extractive industries in Latin America, and present highlights from the forum that illustrate and illuminate the four themes identified above.

## 2. The online forum

The virtual forum, “Corporate Social Responsibility and Extractive Industries in Latin America and the Caribbean: A Multi-Stakeholder View From the LAC Region,” was held May 2–30,

<sup>3</sup> Throughout this paper, we have referred to the Latin American and Caribbean region, or just LAC. Despite original focus of the forum on inclusion of the Caribbean, which experiences many similar issues in relation to extractive industries as Latin America, forum active participants were primarily from Latin America, and references and examples given during the forum discussions focused heavily on the Latin American region. We hope readers will excuse this unintentional neglect of specifically Caribbean issues and examples, and we also hope that future research will address this gap in knowledge.

2012, hosted by the Centro Boliviano de Estudios Multidisciplinarios (CEBEM) and funded through an International Development Research Centre (IDRC) Canadian Partnerships grant awarded to the Canadian Association for Latin American and Caribbean Studies (CALACS) and the Centre for Research on Latin America and the Caribbean (CERLAC) under the multi-year project “Mapping Out the New Area Studies for Development (2011–2014).” The forum was designed and facilitated by María del Carmen Suescun Pozas, CALACS President and project leader at the time, and co-ordinated with José Blanes co-founder of the Centro Boliviano de Estudios Multidisciplinarios (CEBEM). CEBEM provided IT-based design and technical support, as well as important background knowledge on the use of virtual forums for consultation and dialogue, their significance, potential scope, and limitations, and a network that branches out from the Andean region to other LAC countries.<sup>4</sup> Fig. 1 is a screen shot of the forum facilitator’s screen showing contents of the opening section.

The forum organizers sought to attract a robust group of networked actors in the LAC region who were already connected over the Internet.<sup>5</sup> This was possible thanks to the partnership with CEBEM, which over the past two decades has developed expertise in the region in developing North-South and South-South collaborative ITC-based projects with a diverse number of Canadian institutions and scholars. CEBEM’s expertise in fostering the creation of communities of knowledge and practice whose members aim at engaging in the co-production of knowledge for development provided a solid foundation to the forum for consultation and dialogue on CSR and EI in the LAC region.<sup>6</sup>

The call for participation in the virtual forum was premised on accessibility to the Internet, and in the selection process forum organizers sought to include participants from diverse countries, levels of education, disciplinary fields of training and degrees, demonstrate professional experience, general interests, and degree of experience in CSR and extractives. Forum discussions were directed by focusing questions on five general themes: 1) the state of CSR in Latin America and the Caribbean; 2) CSR governance and international norms; 3) emerging CSR standards in extractive industries from the LAC region; 4) the relationship between CSR and alternative models of development in the LAC region; and 5) recommendations and action plans. Sections were sub-divided into 10 sub-themes and 25 threads. Participants were provided with the forum structure and discussion guidelines during an introductory period. Participants moved progressively through the discussion threads every three days, although they also had the

<sup>4</sup> Important acknowledgements for their invaluable support in grounding the forum in recent scholarship in CSR and extractive industries in general, and more specifically in the LAC region go to the consulting team (Eduardo Canel, at the time Director of CERLAC and project co-leader; Hevina Dashwood (Brock University); Tirso Gonzales (University of British Columbia); Nicole Lindsay (Simon Fraser University); Julia Sagebien (Dalhousie University). On the use of virtual platforms special thanks go to Mario Torres (CEBEM International); and Miguel González, Virtual Platforms & Learning Communities (York University). The forum would have not been such a success without CEBEM’s support team in Bolivia (Amelia Garrett, Assistant; Beatriz Herrera, Administrative Assistant; Selva Escalera, Dissemination; Manuel Rebollo, IT).

<sup>5</sup> We understand the notion of networked actors broadly as networked groups that are not centralized, linking individuals who operate in various domains around a shared interest pertaining to a given sector. For more on “networked” actors see D. Szablowski (2010) “Re-empaquetando el CLPI: las conexiones globales y el debate sobre el consentimiento indígena para la extracción industrial de recursos,” *Antropológica*, 28, pp. 217–238. <http://revistas.pucp.edu.pe/index.php/antropologica/issue/view/158>.

<sup>6</sup> See CEBEM et al., “Knowledge Management for North-South Partnerships: Promoting the Canada-Latin America Connection Phase II Proposal,” (2008), pp. 1–2, and CEBEM et al., “Knowledge Management for North-South Partnerships: Promoting the Canada-Latin America Connection” (2012). Our article takes that project a step further as it regards co-generation of knowledge (Claudia Marcondes, “Final Report, External Evaluation,” July 25, 2011, p. 22).

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