



Corporate social responsibility in resource companies – Opportunities for developing positive benefits and lasting legacies



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ABSTRACT

A key aspiration for Corporate Social Responsibility (CSR) in the resource sector is to leave behind a lasting and positive legacy for local and regional communities, which is referred to here as Enduring Community Value (ECV). This paper examines the capacity of resource companies to create ECV for local communities within three jurisdictions in Australia drawing on perspectives from resource company employees and key stakeholders including individuals and groups in local communities.

The capacity to implement ECV was tracked through the planning, governance, implementation and evaluation phases of CSR for companies of different sizes, stage of mining life-cycle and degree of remoteness of mining operations.

ECV was found to be a critical value of CSR for resource company employees and stakeholders, providing a common ground for engagement and cooperation. Company employees, also saw ECV as a necessary tool to help navigate the complexities of CSR within a local community context.

Personal moral and ethical values of resource employees and stakeholders, including motivations to improve local community outcomes and to achieve sustainability drove the adoption of ECV. This was supported to varying degrees by resource companies' culture and goals, organisational values of stakeholder organisations, regulatory and legislative frameworks, guidelines and standards.

Through the application of Giddens' structuration theory it was identified that there was a high reliance on human agency to drive outcomes, with a lack of consistent institutional structures and relevant processes being in place. This meant that planning for ECV often occurred late in the mine life-cycle, reducing the potential benefits. Further institutional support, such as through robust planning tools, guidelines and standards and resourced stakeholder forums where lessons, experiences and assessments are shared, could help drive outcomes more clearly toward ECV. The implications of models for CSR and sustainable development perspectives are also presented.

1. Introduction

Corporate Social Responsibility (CSR) refers to a company's commitment to contribute towards the wellbeing of wider society. It is a highly contested term without an agreed unifying definition, but definitions primarily contain five key dimensions: social (relationship with business and society), environmental (natural environment), economic (socio-economic and financial), voluntary (actions not prescribed by law) and stakeholder (stakeholder or stakeholder groups) (Dahlsrud, 2008).

In recent decades, the scope of CSR has grown to incorporate new

aspects with changing societal expectations forcing corporations to alter previously poor practice (Carroll and Shabana, 2010). A case in point is the resource sector, which has developed specific standards and behaviours worldwide, particularly after 2003 when industry frameworks aligned CSR more closely to principles of sustainable development (International Council on Mining and Metals, 2016).

As a result, resource company CSR programs in many countries are now relatively sophisticated with dedicated staff and projects focusing on company-wide relationships with local communities and stakeholders (Lacey and Lamont, 2014). These approaches are closely aligned to the requirement to gain a Social License to Operate (SLO),

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which goes beyond legislative requirements and involves the company understanding and responding to local community needs and interests (McDonald, 2011). By doing so the company gains community and stakeholder acceptance of its right to operate in a particular locality (Bice, 2013).

This SLO helps to increase the legitimacy of the development and reduces the social risk profile for the company (Harvey and Brereton, 2005; Owen and Kemp, 2013). SLO also has the potential to increase the relative benefit of CSR outcomes through resource companies assisting community development and local community agendas within their CSR mandate (Davies et al., 2012).

1.1. Long-term value for communities

A key aspiration for resource development is to create long-term value for communities' (ECV). that is long term benefits that remain after a development finishes. This can be examined at a several scales including: (1) At a project level, did the CSR activity lead to a long-term benefit? (2) Overall did the company create more net long-term benefit than harm to the community and local environment? and (3) What was the broader industry capacity to contribute to long-term outcomes for communities?

In conceptualising ECV at a company level, an asset-based model has been developed showing how financial capital from the resource development can be converted into financial, natural, human, built and social capital of the community (Davies et al., 2012). Building local capability and assets can help facilitate community development including building community adaptability and resilience to change (Bourdieu, 1986). Under this asset-based framework a range of CSR approaches can connect to creating ECV across environmental, social and economic aspects (Table 1).

In considering ECV, however, there is a requirement for a company to achieve a balance of economic, environmental and social considerations throughout the mine life-cycle (Robertson and Blackwell, 2014). Resource companies need to address the often significant social and environmental impacts created by development. However, studies show that in many contexts, including in developing but also developed countries such as Australia, development costs can be higher than long-term benefits for local communities (Essah and Andrews, 2016; Gamu et al., 2015). This is due to factors such as poor company capacity to assess and deal with environmental and social impacts (Essah and Andrews, 2016), poor translation of corporate and higher-level policy to the specific context (Bice, 2011; Gilberthorpe and Banks, 2012) and the inability of benefit instruments to reach their intended beneficiaries, that is local communities (Söderholm and Svahn, 2015).

For the benefits of resource extraction to outweigh costs, adequate financial streams need to flow to local communities. CSR also needs to be strategic in its approach so that benefits are maximised by addressing key risks/threats/opportunities at a landscape/community level (Esteves, 2008a, 2008b). This is critical for building community capital and achieving long-term benefit that outweigh costs. For

example, resource companies can contribute to regional environmental restoration programs by targeting highly eroded sites within the landscape to improve water quality (Eberhard et al., 2013).

ECV also requires resource companies to connect to local community values and aspirations to ensure that programs have saliency and long-term value (Gilberthorpe and Banks, 2012). Thus, although top-down policies such as company policy and industry frameworks can play a role in achieving ECV (Ford et al., 2014), grass-roots' activities and engagement are vital for companies to deliver long-term value (Kemp, 2010). However, local communities within this context are diverse and contain a range of cultural values, ideologies and socio-political positions. Thus ECV involves examining the capacity for companies to service a range of groups. Typically, however, there is a tendency for companies to focus on communities and stakeholder that possess the power to impact on the development's operations, e.g. those with legal rights or political power linked to companies gaining SLO (Gifford et al., 2010).

In the Australian context, ECV is highly salient because resource sector developments are primarily found in regional and remote areas where communities have inherently faced significant development challenges. Such communities are experiencing reduced government service delivery, pressure on key industries such as agriculture due to globalisation, reduction in population levels, particularly of young people and a climate of under-investment (Beer, 2012; Hogan and Young, 2014).

Given this background this study contributes to the debates on CSR by providing insights into the extent to which the resource sector in Australia has adopted and delivered the concept of ECV. The key research question: *To what extent can resource companies within Australia adopt the concept of ECV and implement it through key phases of CSR?* This also provides scope for identifying current barriers and enablers for achieving ECV. The remainder of the paper comprises three sections. The study approach taken is outlined in Section 2. Section 3 presents the key findings including an exploration of the capacity for ECV to be adopted as a key CSR value and the extent to which it is delivered through CSR. The paper ends in Section 4.0 with a discussion reflecting on the significance of the study and implications for the resource sector.

2. Study approach

The research conducted draws upon structuration theory developed by Giddens (1984) to understand how CSR is shaped by human agency (human action) working within existing institutional processes and structures. Such human agency also has the capacity to alter or create new structures and processes to develop new outcomes (Barley and Tolbert, 1997).

Human agency in the context of CSR refers to 'agents' which influence CSR agendas and the outcomes generated. This includes resource company employees who implement or oversee company CSR programs and interface between the company and the wider commu-

Table 1
ECV CSR approaches.

Approach	Details/Examples	Sources
Environmental rehabilitation, protection and restoration	Site rehabilitation to protect and enhance biodiversity assets	
Social improvement	Addressing potential development impacts, poverty, low education and low socio-economic conditions	(Söderholm and Svahn, 2015)
Local business and employment development	To improve human and financial capital	(Davies et al., 2012)
Income and livelihood development	For communities to diversify from resource extraction, e.g. tourism	(Davies et al., 2012; Gamu et al., 2015)
Provisioning infrastructure	E.g. energy supply, transport and communication networks etc.	(Gamu et al., 2015)
Community level investment	E.g. providing resources to support community agendas across spectrum of opportunities	(Esteves, 2008a, 2008b)

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