ARTICLE IN PRESS

Resources Policy xxx (xxxx) xxx–xxx

Contents lists available at ScienceDirect

Resources Policy

journal homepage: www.elsevier.com/locate/resourpol

Corporate social responsibility and local context: The case of mining in Southern Africa

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1. Introduction

Corporate Social Responsibility (CSR) has generally been understood from the perspective of the firm. Explanations for variation in CSR practices have focused on corporate governance and leadership (Dashwood, 2007a, 2007b), industry norms (Campbell, 2007), political institutions at companies' headquarters (Gjølberg, 2009) and business and industry specific motivations for enhancing profits (Freeman, 1984; Jones, 1995). However, in a global economy, firms operate in many places under a variety of different circumstances. As such, the conditions in their local operational contexts arguably also shape their CSR practices. While the factors affecting companies' overall CSR efforts have been well analyzed in the literature, little is known about the factors that shape their CSR practices differentially across their various locales, either across countries or among regions within a country (Dashwood, 2012). Yet a number of processes that take place on the ground having to do with the local physical/ecological, cultural and institutional arrangements are potential contributors to CSR decisions. Research is needed that illuminates these factors, so as to pinpoint those that vary between locations while holding constant the broader influences on firms and industries.

This purpose of this article is to explore how ecological, social and institutional factors in the local context influence CSR decision-making processes in the mining industry in southern Africa. The specific research question addressed is: What dimensions of local context help to explain variation is CSR practices across operational locations within a mining company? The study draws on field work, conducted in multiple sites operated by one international mining company, that gathered data on the processes surrounding CSR decisions within those locations and their respective countries. The analysis is informed by a framework often used in natural resource management and economics, but that has not been previously integrated into thinking about CSR literature. The Institutional Analysis and Development (IAD) framework (E. Ostrom, 2005) allows for the consideration of biological, social and institutional factors to understand the process by which actors interact to make decisions about CSR. Viewing local CSR decision-making through the lens of the IAD framework is an important addition to the existing business oriented perspective, and may provide a more holistic account of CSR from multiple vantage points.

This article makes several novel contributions to the literature on the role of local context in CSR decision-making. First, the use of carefully chosen comparative case studies allows for the examination of local, subnational factors that shape the CSR practices of mining companies while holding firm and industry factors constant. This study moves below the nation-state, where most comparative work on CSR has been located, to explore local context at a more micro level (i.e. a mining site/community). It has been argued that local factors and relations are complex, dynamic and certainly influence how companies engage in CSR.[3] Thus, examining these types of multifaceted relationships lends itself to the type of in-depth qualitative research employed in this study.

Second, the mining industry was chosen for the case studies because it has a number of features that make it particularly useful for understanding local determinants of CSR. In mining, the locations of valuable minerals are fixed, so the companies must work in conjunction with the existing institutional and social conditions surrounding the desired minerals. Mining is also a useful case because it is intimately related to the land and illustrates the connection between the physical nature of production and the social, political and economic context where production occurs (V. Ostrom and Ostrom, 1999). Additionally, because of the mining industry's known disruption of environment (Diamond, 2005), it is often at the forefront of trends in CSR (Dashwood, 2014) and is usually the biggest CSR spender in a local area by a large margin. Although considerable research exists on CSR in the mining industry (Dashwood, 2012; Hilson, 2012; Hilson and Murck, 2000; Jones-Luong and Weinthal, 2010; Yakovleva, 2005), there is a dearth of comparative research contrasting operational contexts within this sector.

Third, CSR in the mining industry is heavily focused on gaining acceptance in the community where it operates. Many previous studies looking at determinants of CSR have focused predominantly on consumer or employee drivers and have not delved into the role of host communities as stakeholders (Aguilera et al., 2007; Aguilera and

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[3] Hamann et al. (2005), for instance, propose a complex systems approach to understanding how companies interact with local stakeholders and engage in CSR. The relationships among local stakeholders (e.g. between local government, NGOs, traditional authorities), and not only between stakeholders and companies, creates diversity between contexts.

https://doi.org/10.1016/j.resourpol.2017.12.007
Received 28 August 2017; Received in revised form 9 December 2017; Accepted 12 December 2017

Jackson, 2003; Ioannou and Serafeim, 2012). However, CSR aimed at host communities is highly relevant to industries such as mining. By focusing on mining, this article is able to gain insights about determinants of CSR often left unstudied in research on other sectors.

Fourth, the focus of this research in southern Africa is of particular value as well. Although there is an existing literature comparing CSR in various regions of the world, the majority of these studies focus on western or developed nations. There has been limited investigation of the situation in developing countries and little comparison of practices between or within developing countries (Ofori, 2007). Yet the meaning and practice of CSR varies widely across nations (Matten and Moon, 2008) and, as Hilson (2012) argues, there are many reasons to think that findings concerning CSR in the developed world may not easily translate to developing nations.

2. Firm level determinants of CSR

The CSR literature has been dominated by studies that look at the firm as singular unit. A number of factors have been found to affect firms' types and levels of CSR. First, the type of industry has been found to be important. In the mining sector, CSR is predominantly aimed at community and environmental development. While CSR has been argued to have positive business implications more generally (Freeman, 1984; Jones, 1995), mining industries are thought to focus heavily on community development is a result of the operation's need to have a social license to operate (SLO) to insure efficiency (Gunningham et al., 2003, 2004; Wilburn and Wilburn, 2011).[4] Because mining is considered low on the supply chain and has a history of environmental degradation and poor labor standards, that too determines the focus of CSR.

Second, organizational structure and firm leadership affects the overall CSR strategy of a firm. For example, even within a single industry, some firms are leaders in terms of aggressively promoting an agenda of CSR (Campbell, 2007; Dashwood, 2007a, 2007b, 2012; Dashwood and Puplampu, 2010). Some company managers may turn out to be social stewards who place a higher importance on CSR than others (Dutta et al., 2012). Furthermore, aspects of organizational social context, such as how individuals in charge of CSR are embedded in an organization and how the organization is embedded in society, can affect CSR (Athanasopoulou and Selsky, 2015). These organizational explanations may account for the variation of CSR between firms within one industry.

Third, there are international norms or organized self-regulation mechanisms that influence CSR actions (Campbell, 2007). Some norms transcend industries, such as the Global Reporting Initiative at the UN (Global Reporting Initiative, 2014), instituted to promote transparency in firm reporting. Other protocols are more industry specific such as the International Council on Metals and Mining (ICMM), which promulgates CSR standards within the mining industry (ICMM, 2014a).[5] Normative factors also explain why industries as a whole develop socially responsible practices (Dashwood, 2014) or why particular trends seem to emerge across the board in CSR.

Finally, CSR practices can be driven by the institutional requirements of the firm's home country. For instance, the location of a company's headquarters and the stock exchange to which it belongs will ultimately determine some of the required reporting on CSR (Global Reporting Initiative, 2013; Initiative for Responsible Investment, 2012). Additionally, companies based in political economic systems with strong institutions for social embedding of the economy have comparative institutional advantages for success in CSR (Gjølberg, 2009). Factors such as political conditions and expectations present in a company's home market will impact whether a firm pursues CSR activities overseas (Detomasi, 2008).

3. How local context influences CSR

The above-mentioned factors influence a firm's overall CSR strategy. However, the quality or quantity of CSR is also likely to be a product of multiple and nested influences that vary by operational location. Although there are some studies of institutional and social context in relation to CSR, important gaps in this understanding still exist. Existing research is limited because it has mainly focused on western developed economies (Aaronson, 2002; Aguilera and Jackson, 2003; Apostolakou and Jackson, 2010; Doh and Guay, 2006; Freeman and Hasnaoui, 2011; Gond et al., 2011; Ioannou and Serafeim, 2012; Kimber and Lipton, 2005; Koos, 2012; Lister, 2014; Lozano et al., 2008; Maignan and Ralston, 2002; Matten and Moon, 2008; Williams and Aguilera, 2008), contrasted western economies with emerging economies (Blasco and Zolner, 2010) or focused mainly on the role of the institutions and political and social context where the companies are headquartered but not where they operate (e.g. Marquis et al., 2007). Campbell (2007) looks at social and institutional determinates of CSR, but does not apply the propositions he generates to a specific industry, context or a subnational level of analysis.

Even studies that look at the role of countries of operation or company internationalization, still often view company CSR as a singular process (Brammer et al., 2009; Marano and Kostova, 2016; Surroca et al., 2013). Within the African context, the majority of CSR studies are either not comparative in nature, focus on broad trends for a country or the continent as a whole, or only look at national level factors (Amaeshi et al., 2006; Lindgreen et al., 2009; Muthuri and Gilbert, 2011; Phillips, 2006; Rossouw, 2005; Visser, 2008).[6] Moreover, the majority of studies looking at the influence of stakeholders, including governments, consumers, employees and stockholders, give little attention to the influence of communities surrounding operations. Research on CSR in the mining industry, specifically, has focused on context by examining the role of CSR in mitigating (or exacerbating) conflict (or company "risk") (Idemudia, 2010; Prno and Slocombe, 2012; Steinberg, 2015; Warnaars, 2012). While these studies often acknowledge the strong role of understanding the community in making sure CSR does help to mitigate conflict, they have not systematically identified what local factors matter. Thus, there is a growing recognition of the need for more multilevel and qualitative work on the localized mechanisms of CSR (Aguinis and Glavas, 2012), something this article aims to examine.

One impediment to understanding the local context for CSR decision-making has been the difficulty of conceptualizing the multifaceted and complex nature of local structure and process. The IAD framework, originally developed to describe the context of natural resource management by Elinor Ostrom (2005), has potential applicability to understanding localized CSR practices in industries such as mining. The IAD framework identifies the important institutional, social and environmental attributes of a locality that contribute to management plans. Moreover, the framework recognizes the dynamic, reciprocal and nested nature of these influences.

Ostrom defines institutions broadly as the "prescriptions that humans use to organize all forms of repetitive and structured interaction (E. Ostrom, 2005, p. 3)." These prescriptions, or rules, are made within local environmental and social contexts and knowing these rules allows actors to understand what actions or interactions are possible within

[4] Gunningham et al. (2004) define a social license as demands on and expectations for a business enterprise that emerge from neighborhoods, environmental groups, community members, and other elements of the surrounding civil society (p. 308).

[5] Hamann (2009) gives a good overview of the various international CSR initiatives that affect southern Africa and the mining industry in particular.

[6] There are some studies focused on understanding the importance of context for CSR in Asian, Middle Eastern and Latin American countries (Chapple and Moon, 2005; Husted and Allen, 2006; Jamali and Neville, 2011; Kimber and Lipton, 2005) or developing countries more generally (Jamali et al., 2015).