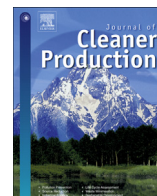




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Exploring the path from management systems to stakeholder management in the Swedish mining industry

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ABSTRACT

It is often conceptually suggested that frameworks for the practice of corporate social responsibility (CSR) that take all the needs of a company's stakeholders into consideration can emanate from management systems based on international standards. This study addresses the research question of whether the adoption of established management systems is useful for putting stakeholder management into practice. It takes the form of an in-depth case study of a Swedish mining and metals company and employs an analytical framework based on the ISO 26000 CSR standard. The company in question has well-integrated and implemented work systems regarding both labor practices and the environment. This indicates that certified management systems are effective tools for CSR and can be used rather effectively as a means of stakeholder management in practice. However, analysis also shows that such management systems contribute neither to the use of more renewable energy resources nor to a systematic reduction in greenhouse gas (GHG) emissions. In addition, important CSR issues, such as fair operating practices and community involvement and development, fall outside the scope of the adopted management system.

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1. Introduction

Corporate social responsibility (CSR) is of considerable significance in the mining sector (Ranängen and Zobel, 2014; Jenkins and Yakovleva, 2006). Mining activities often have a positive impact on the local economy, but they also have a major negative impact on the local environment and on the level of occupational safety for the industry's workers (Jenkins, 2004). In addition, social problems are often found in local communities as a result of mining activities (Peck and Sinding, 2003). Despite the fact that the mining industry is rather often criticized for its work on sustainability issues (e.g. Hamann, 2003; Hilson, 2012; Slack, 2012), it is commonly accepted that the extractive industry is in the forefront of the CSR movement. According to Kapelus (2002), this is in response to the significantly increased pressure exerted on this industry by different stakeholder groups over the last twenty years. Hence, it is of great interest to study the practice of CSR in the mining industry.

Population growth, the speed of urbanization in Asia, and increasing demand in the developed world have created a huge

market for minerals and metals. There are two major land areas in the world which have been less well explored than other regions: Africa, and the Arctic including the Nordic countries (ICMM, 2013). Sweden is currently one of the EU's leading producers of ores and metals and investment in exploration reached a record level in Sweden in 2011 (SGU, 2013). In order to be competitive, the Swedish Government has developed a new minerals strategy (Swedish Ministry of Enterprise, Energy and Communications, 2013). Given this development, it is of considerable interest to study the mining industry from a Swedish perspective.

Swedish industry, including the mining sector, is often considered to be rather proactive when it comes to adopting CSR-related initiatives, especially within the areas of environmental and occupational health and safety (OECD, 2014; Ammenberg, 2012). Commonly, this manifests itself as widespread corporate adoption of international standards (Zobel and Burman, 2004). By means of an in-depth case study, this paper explores whether these standards are useful in the development towards a more sustainable mining industry in Sweden.

Following this introduction, underlying theories are briefly outlined and a more specific purpose is defined. This is followed by a short literature review which presents the most relevant literature in more detail. This in turn is followed by a description of the research approach, the methodology used and the organizational

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context. The empirical findings are then presented in the results section and finally the last section includes both a discussion of the findings in relation to relevant literature, as well as some conclusions.

2. Theory and purpose

It is often suggested by scholars that CSR needs to be implemented into every level of an organization to have a meaningful impact (Asif et al., 2013; Castka et al., 2004; Shahin and Zairi, 2007; Zadek, 2004). A recent review of CSR adoption in the mining industry has shown that it is the code of conduct, the sustainability reports and community involvement and development that foremost represent CSR practice. The review also shows that it is also these areas that have attracted the principal attention of scholars in the field of CSR (Ranängen and Zobel, 2011). There has been limited focus on the interface between the more visionary code of conduct and the reporting of CSR performance, that is to say CSR put into practice in the “ongoing, regular, daily activities of the organization” (ISO, 2010). Therefore, there is a need for further research on CSR in relation to management, or, to put it another way, the actual implementation of CSR and the integration of those activities into core business processes (Asif et al., 2013). This paper is primarily focused on this organizational level.

However, the CSR literature reveals that some scholars have already addressed the management side of CSR even if most studies are conceptual rather than empirical. Some frameworks in these studies are designed around the Plan-Do-Check-Act (PDCA) cycle, which emphasizes continuous improvements and management by objectives (Asif et al., 2013; Castka et al., 2004; Esquer-Peralta et al., 2008; Holton et al., 2010; Kinderyte et al., 2010; Rocha et al., 2007; Singh et al., 2007) based on goal-setting theory. Others are influenced by the ISO-standards, which, in turn, are based on the PDCA-cycle (Azapagic, 2003; Kingston and Wagner, 2004; Panapanaan et al., 2003). Most scholars present frameworks for CSR that emanate from management systems specifically based on various standards: ISO 14001 for environmental management (Ciliberti et al., 2008; Emilsson and Hjelm, 2009; Esquer-Peralta et al., 2008; Holton et al., 2010; McElhaney et al., 2004; Rocha et al., 2007; Schylander and Martinuzzi, 2007; Sebhata and Enquist, 2007; Sullivan, 2004); ISO 9001 for quality management (Castka et al., 2004; Emilsson and Hjelm, 2009; Esquer-Peralta et al., 2008; Rocha et al., 2007); SA 8000 for social accountability (Ciliberti et al., 2008); and OHSAS 18001 for occupational health and safety (Rocha et al., 2007). In this literature, it is often claimed to be beneficial to integrate all aspects of CSR into an integrated management system (Kingston and Wagner, 2004; Rocha et al., 2007), often referred to as sustainability management systems (SMS).

Even though the studies mentioned above are surely helpful in the quest for more sustainable business, most studies have not left the paradigm of shareholder management, where shareholders are in focus and other stakeholders are treated as being somehow less important. In recent years, we have in contrast seen a trend, culminating in the publication of the consensus-based ISO 26000 CSR-standard, suggesting that identifying and engaging with all stakeholders should be fundamental to CSR and business in general (ISO, 2010). This idea of stakeholder management has its roots in the 1980s when related stakeholder concepts from corporate planning, systems theory, CSR and organizational theory were pulled together leading to the crystallization of the stakeholder approach as a framework for strategic management (Freeman and McVae, 2001). Freeman (1984) believed that there was a need for a framework that also included governments, competitors, consumer advocates, environmentalists, special interest groups and the media. This resulted in the “stakeholder view” of the firm, with

the definition of a stakeholder as any group or individual who can affect or is affected by the achievement of the firm’s objectives. According to this view, all organizations have stakeholders and they must take stakeholder groups into account in order to be successful in both the current and future environment. “Stakeholder management” as a concept refers to the necessity for an organization to actively manage its stakeholder relationships. The stakeholder view of the company was later advanced by, for example, Mitchell et al. (1997), who proposed that stakeholders possess one or more of the three relationship attributes: power, legitimacy and urgency. It is suggested that an analysis of stakeholders with regard to these three attributes may help management to separate stakeholders from non-stakeholders, and to explain to whom and to what managers should actually pay attention.

To summarize, the current view of CSR seems to be that equal focus on all stakeholders should be fundamental to CSR and business in general. In other words, business should move from the traditional shareholder focus towards stakeholder management. Concurrently, scholars seem to be rather unanimous concerning the usefulness of established management systems in the development of CSR management. In this study, we have made an attempt to merge these two discourses and we will address the research question of whether the adoption of established management systems is useful when putting stakeholder management into practice in a Swedish mining and metals company. Of particular importance is the identification of those CSR areas and associated stakeholder groups that have to date been overlooked by the international standards which often form the basis for existing management systems.

3. Literature review

In the previous section, it was shown that the management side of CSR is to a great extent influenced by the idea of formalized management systems and stakeholder theory. In this review section, we will outline the literature in more detail starting with studies addressing the role of management systems, followed by those focusing on stakeholder management as defined by Freeman (1984).

Asif et al. (2013) present a framework for the integration of CSR into business processes that is designed around the PDCA-cycle to explicitly highlight the fact that the integration of CSR is an iterative process requiring continuous improvement. Another conceptual framework, based on the PDCA-cycle, is suggested by Asif et al. (2011). This one is based on business excellence models and updated to reflect sustainability, for example through the development of sustainability indicators and sustainability reporting. Kingston and Wagner (2004), by contrast, promote CSR leadership through a toolbox that includes a framework of guiding principles and senior management workshops to strengthen leadership. This framework and the one presented by Panapanaan et al. (2003) are both inspired by the ISO-concept.

Castka et al. (2004) provide a framework for sustainability management systems (SMS) that is based on process and systems thinking analogous to ISO 9001. However, most of the SMSs described have evolved from environmental management systems (EMS) based on ISO 14001. Sebhata and Enquist (2007) state that an ISO 14001 certification can be used as an active tool and then its sustainability focus can be broadened out to include wider environmental issues for promoting comprehensive organizational changes leading to sustainable development and value creation. Holton et al. (2010) agree and encourage companies to develop EMS and then broaden their sustainability focus to include additional CSR issues. A study by Schylander and Martinuzzi (2007) shows that it is meaningful to develop EMS into SMS but the most

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