

Introduction

The relationships between industrial mining and development has been defined as “ambiguous” because local populations and development professionals have a sense that *just maybe* mining could contribute more to development (Bebbington et al. 2008). In this direction, certain extractive activities have been included among those triggering the “resource curse” (Sachs and Warner 1995). At the limit, radical critics contend that “... the violation of [Human and Nature] rights is not a consequence, but a necessary condition to develop this kind of appropriation of natural resources.” (Gudynas 2013, p.53)¹

While appreciating the contribution of radical approaches, we contend that industrial mining produces different effects on the development of host communities depending on a wide variety of attitudes, strategies and actions by different actors: from international institutions to local communities (Rajak 2011, Dashwood 2012). Particularly in developing countries, the role of firms is central (Palazzo and Scherer 2006), in the sense that mining companies have power and financial resources to design and implement –together with all the legitimate stakeholders- strategies to prevent damage and maximize development opportunities in the communities. The other side of this contribution to development is the legitimacy of the firm in the community, which reduces costs and facilitates the mining activity (Franks et al. 2014).

This document identifies the most relevant issues that define the agenda of relationships between industrial mining firms and local communities in the horizon of the development in such communities. In part I, it identifies the main activities linking firm and community; and in part II, it presents the conditions leading to a better management of such activities.

¹ In reference to the environmental dimension of mining, some authors contend that it is an essentially non sustainable activity (Rajak 2011, p.9). Others define sustainability in a more compatible way: “In the context of non-renewable mineral resources, sustainable development can be broadly understood as the efficient use of such resources, while encouraging environmental, social and economic preservation” (Dashwood 2012, p.10).

Part I. Firm-Community activities

1. Land management

Mining contracts, in their complexity, provide:

- a) firms with the right –under certain social and environmental conditions- to use land for the different activities associated to mining;
- b) and governments –at national, provincial and local levels- with different types of revenue paid by firms.

Regarding these two areas of analysis, several issues are subject to discussion in the horizon of community development.

1.1. Uses of land

Mining contracts are subject to legal conditions established by national legislation (legal license to operate), but also to a free, prior and informed consent of the community (social license to operate). Three main problems arise in this area. *First*, the fact that many local landowners or informal users lack documents witnessing their ownership or land use rights. *Second*, regarding the community's consent, in certain cases this community lacks the necessary information to decide. And *third*, although there are international standards (“soft law”), relocation conditions (regarding housing or economic livelihood) are not always fair or conveniently accepted by the community.

1.2. Firm's payments

National legislations set the bases for the negotiation of firm's payments². A *first* issue to consider is the transparency of firm's payments to governments, in order to maximize the financial resources available for the development of the host country. EITI is a useful initiative in this direction. *Second*, it is important to prevent firm's mechanisms of transfer prices that avoid them paying taxes in host countries. And *third*, there is an open debate about the different models of distribution by host governments of firm revenues: in fact, national governments, following a complex legislative and political process, decide if and how to remit such revenues to the different territories and communities. The participation of individuals and communities in different moments of this process of resource allocation can be a decisive factor in the attainment of development goals.

· *What are the worst and the best practices in the uses of land? Which stakeholders need to be incorporated in the debate about such practices?*

² It is important to study the processes, contexts and contents of national Mining Codes, particularly in the articles related to taxes and other payments to governments. Since the 1990s, around 90 countries have rewritten mining and investment codes, under the influence of International Financial Institutions. In a neoliberal context, these modifications have not always favored the interest of host countries (Bebbington et al. 2008).

· *What are the main conflicts around the negotiation of firms' payments? How can the voices of the weak legitimate actors be heard during this negotiation?*

2. Mining activity

The industrial mining activity in developing countries has been defined as an *enclavé* activity, this is, an activity that cannot promote the development of host countries through horizontal linkages, because the majority of inputs are imported and the majority of outputs are exported with a minimum of local processing. This enclavé character stresses the importance for the host country's development of a fair amount of revenues paid by mining firms (OSISA et al. 2009). Nevertheless, in its mining activity the firm can contribute to the local development through two main channels: the contracting of local employees and the use of its procurement capacity to provide revenue to local suppliers. Finally, environmental aspects become central for the quality of life and livelihood of communities.

2.1. Local Employees

Firms confront the decision to hire local or expatriate employees in order to cover the different positions in the plant and in the administration (miners, employees, staff, managers...). Financial considerations, the need to obtain the social license to operate, or talent availability (at the global or at the local level) are relevant aspects in these decisions. In many cases an effort is done to train local workers or to groom local managers in order to minimize the proportion of expatriate personnel. In this line, local managers –if they resist ethnical pressures- have normally a higher ability to successfully manage the conflicts between foreign firms and local actors.

2.2. Supplier development

Firms have also an election to use local suppliers or external ones. In developing countries (particularly rural areas) local businesses lack the capacity to fulfill the minimum requirements set by the firm. In this situation, some firms invest –adopting a long term perspective- funds to develop business skills of such local candidates. These efforts have returns for the firm itself, but also positive external effects in the community and its business fabric.

2.3. Environmental issues

The mining activity affects especially the land (holes, erosion, stock of solid waste, buildings affected by the use of dynamite), the water (liquid chemical spills, water consumption for mining activity) the air (dust, gas chemicals) and the use of energy. Firms have normally the capacity to preserve the environment in these areas, and also promote alternative land uses after the mining activity (forestry, agriculture, etc.). But, despite Environmental Impact Assessments present in all mining contracts, certain firms perform badly and contribute to the environmental degradation.

- *Which best and worst practices are there in the promotion of local employees?*
- *What are the key success factors in the promotion of local businesses?*
- *How can regulations and incentives be enforced in order to increase good practices of environmental management?*

3. Community Investment

Community investment (or corporate social investment) is the set of firm's investments in the community that do not support the same firm's day-to-day operations (Harrison and Coombs 2012). This activity can be either an occasion for the firm to buy a temporary peace by providing particular benefits to community leaders; or an opportunity to build a lasting peace based on justice. This second option requires the existence of spaces/institutions of community deliberation where development priorities are clarified and subsequently funded by the firm.

- *Which examples of spaces of community deliberation are successful in promoting development at the local level?*

Part II. Conditions for a better management

The relationships between the different firm representatives and community actors on occasion of the activities presented in Part I are shaped by a constant interaction between actors and cultural or legal norms (North 1990). Therefore, in order to explore the potentiality for development of firm-community interactions, it is important to identify, for each specific activity described above:

- a) the interaction between firm representatives based in the host country and
 - a. the culture and legal regulations of this host country;
 - b. the firm's country of origin norms and international regulations (soft and hard law) affecting mining activity;
- b) the interaction between local actors (local employees, Civil Society Organizations, government officials) and
 - a. the culture of the foreign mining company;
 - b. legal regulations of their own country and international regulations affecting the mining activity.

This constant interaction is particularly conflictive in firms from advanced industrialized economies operating in developing countries (Dashwood 2012, p.44), where the approaches to the contribution of the firm to the community might importantly differ. Therefore, on occasion of each activity presented in Part I, both groups of actors (firm's and community's) need to change their perceptions on their own contribution to such activities (Rodon et al. 2012; Dashwood 2012, p.43) in order to:

- a) accommodate them with the perceptions of the other stakeholders;
- b) accept and internalize (in policies and practices) the objectives and values contained in national and international legal regulations³.

· How are the international and national regulations (both binding and voluntary) framing the different activities described in Part I in terms of objectives, values and incentives to change behaviors?

· How is the interaction between the culture of a specific firm and the culture of a specific community affecting the effectiveness of development objectives, in the different activities described in part I?

· What kind of platforms of dialogue or training activities can be created to enable the mutual cultural accommodation of perceptions and objectives, and the internalization of norms affecting the mining activity?

³ The skills needed for such processes of change in perception can be summarized in "deutero learning", or the ability to learn how to learn. "Grappling with CSR entails responding to shifting societal expectations, to the emergence of new issues, and to the shifting constellations of stakeholders... deutero learning requires interactive learning processes between organizations at the local, regional, national and international level" (Dashwood 2012, p.58).

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