

## The Dialogue Between the Community and the Mining Industry in the Context of CSR

<sup>1</sup>Florina Guadalupe Arredondo Trapero, <sup>2</sup>Lida Esperanza Villa Castano and  
<sup>3</sup>Jose Carlos Vazquez Parra

<sup>1</sup>Tecnologico de Monterrey, Campus Monterrey,  
Av. Eugenio Garza Sada #2501 Sur. Col. Tecnologico, Monterrey,  
Nuevo Leon, C.P. 64849, Mexico

<sup>2</sup>Pontificia Universidad Javeriana, Cra 7 No 40 B -36 Ed,  
Jorge Hoyos Vasquez, SJ. Cp 110231 Mexico

<sup>3</sup>Tecnologico de Monterrey, Campus Guadalajara Av. General Ramon Corona 2514,  
Nuevo Mexico, 45201 Zapopan, Jalisco, Mexico

---

**Abstract:** The aim of this study is to identify the different stages of the relationship of the mining industry with a rural community. The relevance of this topic is that an unattended relationship between the mining industry and a rural community could generate negative consequences related to human rights violations. There are also effects such as environmental damages that directly affect people's health. The methodology is based on content analysis, specifically the relational analysis technique. Information in newspapers and magazines was analyzed to show how mining companies and rural community handle conflicts, failures and successes. In conclusion, a theoretical model was proposed where dialogue is key to establishing a sustainable relationship between the mining industry and the rural community.

**Key words:** Mining industry, corporate social responsibility, community, dialogue, Mexico

---

### INTRODUCTION

The aim of this article is to identify the different stages that are part of the relationship between mining industries and rural communities. This relevance of this topic is that an unattended relationship between the mining industry and a rural community could generate negative consequences related to human rights violations as well as environmental damages that directly affect people's health. The methodology is based on content analysis, specifically relational analysis technique, a research tool used to identify the presence of certain words or concepts within texts or sets of texts. The 12 articles from journals and newspapers were analyzed for information related to mining companies and rural community conflicts, specifically failures and successes in the way conflicts were managed. In conclusion, a theoretical model was proposed where dialogue is shown as the key for a sustainable relationship between the mining industry and the rural community. Using relational analysis technique as a reference, different phases were identified attraction, execution, dissatisfaction, government intervention, crisis and conciliation. The findings suggest that dialogue can help overcome the conflicts between the mining company and the community.

**Development:** The World Business Council for Sustainable Development (WBCSD, 2013) establishes that: "corporate social responsibility is the continuing commitment by businesses to behave ethically and contribute to the economic development while improving the quality of life of workers, family, local community and society". Moreover, the International Organization for Standardization (ISO) emphasizes that "business and organizations do not operate in a vacuum." A healthy relationship between a Multinational Mining Company (MNNMC), society and the environment is critical for achieving sustainability in the mining industry. The Global Compact that most MNNMCs have signed establishes ten principles requesting companies to embrace, support and discuss a set of values based on principles related to human rights and environmental issues (Arredondo and Maldonado, 2012).

In violation of this agreement, various MNNMCs have been criticized by corporate observers for the abuse of rural communities in the regions where MNNMCs operate. According to Dembinski *et al.* (2003), MNNMCs provide unsafe working conditions and create negative environmental impacts resulting in elevated health risks and dangers. Because of these concerns, MNNMCs have made an effort to focus on certain ethical standards (Jirasek, 2003; Hria, 2013). As a result of negative effects

from MNMCs, the community has often pressured state or federal governments to resolve conflicts. Community protests and employee strikes have manifested this discomfort (Composto and Navarro, 2012). Moreover, the importance of preventing harmful effects on the environment is critical. As a result of the lack of prevention, environmental or human tragedies might occur, like the cases of Pasta de Conchos and Rio Sonora.

CSR company strategy must be focused on anticipating, responding and managing areas of social responsibility, particularly in communities near mining operations, without waiting until problems arise. In some cases, MNMCs develop infrastructure for public services in order to benefit the rural community, since these regions are often isolated and lack the basic services that are typically available in the urban environment. Such projects contribute to community development but are not enough to guarantee a sustainable relationship between both parts. A balance is needed in the relationship between local communities and MNMC and the rural community should be included in all decisions related to MNMC-CSR projects, since this relationship can become increasingly complicated.

CSR of MNMCs was initially thought to respond to the problems generated by industrial activity (Ford, 2013). Based on the work in the copper mines of Zambia, international health and safety standards were instituted. South African factories were redesigned to prevent Silicosis; the government of Angola increased security to prevent water and soil contamination in its pipelines and natural gas from Nigeria was regulated to reduce the effects of global warming. Another issue in the mining industry is the compliance with the legal framework and CSR. In fact, according to Marketa and MacDonald (2012), because of CSR investments have been affected since mining companies are facing a higher risk related to human rights violations. Furthermore, mere respect for the law is no longer sufficient according to Hutchins *et al.* (2005), MNMCs are being accused of major negative environmental impacts. As a consequence, companies are forced to respond to the demands of those against mining interests. When mining companies are associated with an image of untrustworthiness, they will find it difficult to inspire the confidence of stakeholders. CSR standards must exceed the legal framework while encouraging companies to have a more positive impact on the region where they operate.

Taking into account MNMCs main issues, the Global Reporting Initiative (GRI) in the year 2002, included a supplementary report for the mining sector. One of the

most important advances in such sustainability reports is related to the adjustment of GRI4. The report goes beyond traditional CSR strategies. Since suppliers and contractors are those who generate the most negative impact on the value chain, their direct and indirect negative effects must be considered as part of the GRI4. The GRI4 requires a description of the value chain in terms of labor, human rights and the relationship between suppliers and contractors. MNMCs that limit their CSR standards to comply only with the law are putting their economic investment at risk, particularly in developing countries. The only way MNMCs will ensure sustainable benefits, reduce risks and minimize environmental and social impacts (NAVARRO, 2013) is to surpass the minimum legal standards.

Mining companies that invest in countries because of their lenient laws are perhaps making a wrong decision. Although the legal framework of undeveloped nations limits some MNMC actions, international CSR standards of the developed world should be met. Another interesting point between CSR and the mining industry is the distinction between CSR and philanthropy. Although CSR can be related to philanthropic projects that receive donations for social causes, true responsibility requires more than a philanthropic position. CSR should involve every dimension of the MNMC, including the community and should not be considered a secondary issue. Additionally, CSR exceeds simply avoiding damage. On the contrary, CSR must be the core of sustainable development where the community is included. This responsibility transcends a philanthropic perspective; it is related to improving essential processes and contributing to the economic and social growth of the region where the MNMC operates. In order to be effective, the dialogue with MNMCs and their stakeholders (including the community) is extremely critical. Marketa (2011) states the mining industry will be judged by its ability to address community problems, particularly in countries where domestic regulation and social responsibility may be fragile.

**Mining industry trends in relation to CSR:** Strategic CSR decisions of MNMCs are being affected by the power of mass media, influence of NGOs, new challenges for the industry related to sharing benefits, protecting the environment, reducing poverty and critical inter-sectorial relations. Even though the mining industry has taken important steps related to CSR, new challenges have arisen like global scrutiny, the human rights agenda, increasing levels of conflict and finally stakeholder expectations. MNMC documents based on GRI4 must

overcome the traditional approach of reporting only positive impacts. Companies must also report the negative impacts and adjust their CSR strategy to a policy of improvement, considering negative effects on stakeholders which include the community. In order to respond to these issues, it is necessary to ensure that communication about CSR actions is both accurate and effective. It is understood that stakeholders are key contributors and should be properly informed of a company's CSR strategy. To accomplish this goal, companies need to permanently maintain an effective process of communication and not only share an annual report (Jimena, 2008a, b). The GRI4 reporting process implies being transparent, especially concerning the negative impacts of the MNMC.

**Stakeholders and their influence on the company:**

MNMCs have become powerful actors at the global level. Along with the economic power and political influence in the countries where they operate, MNMCs that adopt CSR seem to reap improved business success (Zwetsloot, 2003). On the other hand, MNMCs have been increasingly criticized by international NGOs for their questionable business practices that take place in countries with lax legal frameworks, particularly in emergent economy countries. NGOs have systematically complained against multinational corporations because of their unwarranted influence on public policies (Zwetsloot, 2003). Additionally, rural communities (especially landowners) are putting pressure on MNMCs and the role of CSR within communities. Some of the strongest opponents come from global citizens who are increasingly critical about MNMC actions, NGOs that question CSR practices and demanding community leaders. These are some of the issues facing the MNMC industry. More than a voluntary program, CSR is becoming a way to respond to social demands. The complex relationship between the mining industry and local communities is apparently a priority now for many MNMCs. It is important for these companies to maintain a favorable relationship through open dialogue with the community. Otherwise they could face risks that threaten the viability of mining operation. Guides for the new MNMC-CSR strategies could include the Human Rights Declaration, the Sustainable Development Goal and the Global Compact (PDAC, 2013a, b).

**The influence of human rights on CSR of MNMCs:** Even though human rights are considered relevant criteria for mining companies, MNMCs are under constant pressure to meet greater social and environmental commitments. They must take responsibility for their impact on the host

community (Filer, 1999, Banks and Ballard, 1997). When a MNMC operates in a local community, tangible benefits for the community are expected as way to compensate the future damages. An operational framework including human rights, peace and security is required. According to Gifford and Kestler (2008) developing nations have improved the way they monitor and report the work of MNMCs. Gifford *et al.* (2010) proposed a hybrid approach for balancing local and global strategies for MNMCs in developing nations. Undoubtedly in developing nations, the rural community (as a stakeholder) should play a strategic role in the implementation of CSR by the mining industry.

Ruggie (2014) emphasizes the difficulty of effectively including human rights in the corporate strategy of mining companies. The legal negligence of some states to monitor corporate operations and the lack of knowledge about the supply chain (related to decent work ILO standards) affects the complexity of this issue. Corporate responsibilities, regardless of the legal requirements of each country, should be universally implemented. Even though states are responsible for protecting human rights, MNMCs have the moral obligation to put them into practice. Mexico has strong mining activity with >200 companies, many of them transnationals. Reports on the lack of sustainability reveal a lack of CSR commitment. Although, the GRI tool is the worldwide CSR standard, only three companies located in Mexico who published their sustainability reports included the negative impacts and their strategies to solve them.

**The importance of dialogue between the local community and the MNMC:**

Despite advances in CSR, community resistance and increasing conflicts can be observed in mining projects. Starting with the exploration phase, MNMCs experience problems obtaining community support and when the community is ignored, the difficulty to reach a viable solution increases. The lack of an open dialogue damages the long-term MNMC commitment to their stakeholders, including the community. In seeking to establish a dialogue, it is important to define precisely who the relevant stakeholders are. An accurate identification of the leading communities could benefit strategic corporate objectives. The IFC (2013) defines stakeholders as those who could be affected by the project, who could have interests in it, or who could be affected by the final results. Even if it might be difficult for MNMCs to hold discussions with all of their stakeholders, MNMCs have the responsibility to address the different needs and concerns of all involved. The communities around mining projects are becoming more conscious of the impact of mining activities. A dialogue

is needed with the people affected by mining projects; information should be shared and community concerns need to be addressed. Only through dialogue, can trust be built and trust is essential to solve any conflict. When there is a lack of dialogue, misinformation occurs, rumors grow and the fear of the impact of the MNMCs operation only increases. These bad perceptions lead to a negative reaction from the community and affect MNMCs operations in the short and long term. In order for mining companies to maintain their operations, there must be a commitment to dialogue with the community. Such open and comprehensive dialogue is not to address a specific problem but simply to listen to concerns. Dialogue indeed is a constant challenge for the mining industry (Jimena 2006a, b). According to Marketa and McDonald (2012), if properly applied, CSR could give communities a stronger voice for dialogue about mining projects and at the same time offer companies a higher degree of certainty in their operations. Without a doubt, strategic and well-executed CSR decisions supported by inclusive dialogue open the way for a just, respectful and lasting relationship for all parties involved.

**Transparency as part of the dialogue between the MNMC and its Stakeholders:** Regarding transparency in organizations, there is the obligation to inform, not only investors but any stakeholder that might be affected by the company decisions. Examples of external transparency are related to clients, suppliers, financial institutions and government agencies, civil society and the community. The internet is a resource for information about the environment and offers access to information. Moreover as Alonso (2009) states, any organization can use the internet to promote communication, dialogue and build trust, particularly when integrity is important for agreements.

Additionally, transparency reduces the gap that often exists between market perception and the organization itself. Therefore, MNMCs need to provide more information and consequently become more transparent. Given MNMC's visibility, the political cost in the case of a problem is great; therefore, transparency and respect for the law is particularly important for these companies. While Alonso (2009) focused on transparency with all shareholders, certain stakeholders may particularly wish to be included in the dialogue processes. Information technology can contribute by not only sending and receiving information but also for informing about the global performance of the company. The lack of dialogue and transparency in the mining industry increases financial, operational and reputational risks associated with a poor relationship with the community and also with

negative environmental impacts (Dorrington, 2012). As a result, projects of mining companies are put on hold, share prices drop and companies can be involved in mass media scandals. These situations not only impact a specific mining company but can affect the entire industry. Poor public relations make it even harder to sustain environmental and social licenses of operation, even for highly responsible companies. Mining companies are under scrutiny not only from shareholders and auditors but also from local communities, governments and supervisors (watchdogs) from other parts of the world. Fortunately, transparency, in the way companies interact with the community and the environment is now transcending the good intentions included in the core values of organizations to become a reality, particularly for the mining industry.

**GAPS in community outreach:** Although, the role of CSR is part of the mining industry debate, there is a considerable gap between CSR in theory because of the difficulties for MNMCs to implement CSR strategies. When trying to integrate responsible business practices in major mining operations, MNMCs often make mistakes (Jimena, 2006a). Companies often want to take immediate actions to alleviate poverty such as by building hospitals, schools and adding social services in the communities where they operate. The first problem is that it is not easy to maintain and support these facilities in the long run. The second problem is relevance: most of the community projects are chosen by the company or by a local leader, rather than by the community as a whole. Decisions with respect to projects need to be discussed with all the community, in order to search for viable solutions.

A third problem is that the company assumes responsibility for building infrastructure and providing services and this sidetracks from its core activity of mining. For example, in the areas of education and health, teachers, nurses and doctors need to be hired but none of these professions are related to the mining industry. There are some cases of mining companies that demonstrate such problems. According to Marketa (2013) a Canadian company reported what went wrong in a community project in Latin America: the MNMC failed to effectively commit to the community and was not able to effectively communicate the company's proposals through an inclusive dialogue. In another case in Ohio, a mining company planned a quarry but the operation was detained due to community mobilization: the company neglected to show the local community the benefits of the mining development or how it would carry out the projects. In both cases misinformation was the primary problem. Jimena (2006b) affirms that the problems of

mining companies are global. In Papua New Guinea, Guatemala, Indonesia, Peru, New Zealand and Honduras, similar problems have appeared. Another interesting situation is explained by Maria and Devuyt (2011) who reported the case of a mining company that sought to promote civil rights in the Democratic Republic of Congo but this movement clashed sharply with the paternalistic culture of the local community. Such conflicts imply that a mining company needs to establish dialogue in three different spheres: company-government, company-local community and company-employees.

There have been increasing protests and lawsuits against mining operations in India associated with illegal practices and corruption. Inhabitants there were deprived, not only of their natural habitat but also of the economic benefits from the mining company (Majumdar and Saini, 2013). In summary, it is possible to see in these cases that there are failures in the mining industry. The MNMCs failures are associated with failing to comply with contracts, lack of an inclusive dialogue process, ignorance of the local community's culture as well as misinformation and lack of transparency. Despite the incidences mentioned above, there are cases of MNMCs that showed prompt reactions to conflicts with the rural community. An example of another industry that has caught worldwide attention because of human rights violations in the extraction process is the diamond industry. Faced with extreme criticism, De Beers (based in Johannesburg) has implemented CSR programs. Their standards must guarantee ethical and responsible practices throughout the complete extraction process.

Social issues related to labor, health and safety have typically been missing from companies in the supply chain. To address the problem, MNMCs saw an opportunity to promote the best CSR practices. Companies that are part of the extraction process were externally audited and if any malpractice occurs, their contracts are revoked (Ford, 2013). MNMCs in India, a country heavily involved in the extraction industry have been under serious criticism for their environmental effects. After adopting changes in public policies, the relationship between the MNMCs and society has improved.

One of the critical issues of CSR is that, on the one hand MNMC get huge benefits and on the other hand, communities are underdeveloped. CSR has been exploited as a marketing tool to achieve a positive image for attracting potential investors. According to Majumdar and Saini (2013), CSR is employed at the expense of the poorest and most marginalized communities, including tribes and migrants. The programs of CSR need to be aligned with real social needs and not be employed as a

marketing strategy. CSR requires a balance to demonstrate the MNMC commitment to the community. This balance is not easily achieved due to insufficient information, among other causes. The available literature on CSR is dominated by developed countries and very few studies are available from emergent economy countries. Recent studies on CSR are focused on the corporate perspective, almost completely ignoring community expectations (Majumdar and Saini, 2013). In other words, the perspective of CSR and rural communities in the mining industry has scarcely been studied.

#### **Factors that mitigate risks with the rural community:**

Despite clear legislation about social and environmental requirements, companies continue to fail in their relationships with rural communities. According to Dorrington (2012) company and community must become true allies, not adversaries who are only looking out for their own interest. Through an alliance, opportunities emerge, innovation occurs and problems are solved in a collaborative and sustainable manner. Particularly, community leaders are critical stakeholders that affect MNMC in the long term. They have a better understanding of what is required for the local conditions and have valuable connections in the community. Mining companies that have not been involved in critical problems have learned an important lesson. They must create real shared value for every stakeholder. To benefit all stakeholders, including communities, it is important to identify and include community leaders in the process of dealing with the rural community.

## **MATERIALS AND METHODS**

According to UMSL (2016) "content analysis is a research tool used to determine the presence of certain words or concepts within texts or sets of texts. Researchers quantify and analyze the presence, meanings and relationships of such words and concepts, then make inferences about the messages within the texts" 12 articles from journals and newspapers were revised in order to analyze how conflicts were handled. These sources provided information was related to mining companies and rural community conflicts, failures and successes. In conclusion, a theoretical model was proposed in which dialogue is recommended for a sustainable relationship between the mining industry and the rural community. According to UMSL (2016) relational analysis (a type of content analysis) "begins with the act of identifying concepts present in a given text or set of texts. However, relational analysis seeks to go beyond presence by exploring the relationships between the concepts identified". Using this technique helped,

Table 1: Conflict steps MNMC vs. rural community

Step	Community and MNMC situation
Attraction	One of the most important gold deposits in the world was identified
The company starts to explore the economic feasibility and attractiveness of the mining project	The rural community is in a precarious situation: Poor economic and social conditions (housing, health, education)
Negotiations are initiated to manage the leasing of the land for mining extraction	Long term lease contracts between the MNMC and the rural community The legal counsel of the landowners is insufficient Legal support (usually from the government) is needed to achieve a fair negotiation
Execution	The mining company intensifies the extraction process and thereby the economic benefits of the mining project increase
The mining company is perceived as a social benefactor and the community has high expectations from them	The mining company promises a CSR program which includes community infrastructure and social development (health clinics, schools, roads, jobs) The area of operation of the mine expands The extraction of metals starts and profits are generated
Community dissatisfaction	Consequences of mining
The community begins to suffer environmental consequences of the mining process (air, water, earth). Besides environmental effects there are other ones related to economic activities (livestock, agriculture, trade) and landowners (damage to lands). In general, the community way of life is affected	The rural community perceives mining as a problem because of the environmental pollution generated (water, air, soil) The rural community is aware of the harmful effects on the land by the mining industry (unusable land for agriculture) More negative side effects of mining are encountered in other rural activities such as cattle raising The community now perceives the MNMC as abusive Mining contracts are considered unfair by the landowners Claims for infrastructure and social development are beginning to emerge
Government intervention	Legal demands on the mining company by landowners
Community demands governmental intervention because of the environmental damage	The company is sued for advantageous contracts, illegal land occupation, and fraudulent land titles
The landowners accuse the company of obtaining overly profitable contracts	The state recognizes the landowners' rights. MNMC has to pay a compensation for the affected land The mining company looks for legal recourse and does not respond effectively to the community demands Protest action against the mining company
Crisis and Intervention of NGOs	The rural community confronts the mining company by blocking access to the facilities
Rallies and blockades from the community to stop the MNMC operation	Rural community also blocks roads and infrastructure to prevent access by the mining staff
Governmental intervention in an attempt to control the problem. Freedom of speech is sometimes denied	The rural community demands stopping exploitation and seeks damage liability coverage for their lands The rural community demands infrastructure projects that will benefit the community
International diplomatic pressure increases in support of MNMC over the local state in an attempt to mitigate the conflict	Protesters from the rural community are arrested by authorities
International NGOs support the community demands	The mining company accuses the protesters of extortion MNMC negotiates liberation of the dissenters if the protests are stopped The rural community asks for support from the commission of human rights
There is international exposure of the MNMC environmental and social damages by the mass media and social networks	Commission of human rights National and international NGOs criticize the Government for serving the mining company's interest against the community benefit. They also criticize the mining company for being abusive and irresponsible with the community
Conciliation	Mediation agencies take part in the negotiation process
Mediation agents resolve the conflict and governmental agencies look for solutions	Meetings are held between both parties and agreements are signed Participation of governmental agencies in the negotiations process Pacts between the MNMC and the community are established (which benefit both sides) Agreements with a sustainable basis were signed

Jimenez (2009), Aranda (2015), Garcia and Montoya (2015), Garduno and Becerril (2015), Gutierrez (2015) and Roman (2015)

identify a set of different phases: attraction, execution dissatisfaction, government intervention and crisis and conciliation. As part of the research process, the relationship between the MNMC and the rural community was analyzed. The steps in dealing with the conflicts between these entities emerge from the mass media reports that were under analysis. The cases of three major mining companies in Mexico were analyzed based on

media reports which dealt particularly with conflicts between the mining companies and the rural communities. Using Corbin and Strauss as a reference, the information was arranged according to the incidence of keywords, following a classification in the category of contents: Attraction, Execution, Community Dissatisfaction, Government Intervention, Crisis and Intervention of NGOs and Conciliation (Table 1).

Table 2: Analysis of the information generated by three mining companies in Mexico

Variables	Mining company 1	Mining company 2	Mining company 3
Problems generated in the community	Health problems due to pollution Contaminated drinking water Lack of employment opportunities	Health problems due to pollution Contaminated drinking water Little diversification of productive activities Displacement of communities	Health problems from toxic emissions Contaminated drinking water Little diversification of productive
CSR strategy focus on the community	Dialogue and community relations Entrepreneurship programs Social investment	Dialogue and community relations Social welfare projects focused on the improvement of the quality of life Community committees Hospital improvements	Social dialogue and transparency Social investment in community areas Community education programs Communication with community Management system to attend the community demands
Community projects	Community health care Entrepreneurship training for the community Education focused on elderly Organizing	Hospital construction Development of parks and areas for sport	Teacher training for educational community Promotion of culture and sports  Establishment of community health services Pollution monitoring to detect environmental contingencies

For example, step 1 was associated with information when the MNMC was attracted to invest in the mining project. Information coding helped identify distinct steps in the process of establishing a mining project and the community relations involved. By the content analysis method the information was processed and organized in a logical sequence. In a second part, GRI-sustainability reports in Mexico where the community is included Table 2 were analyzed. The MNMC declared opportunity areas focused on the relationship with the community.

In the following Table 1 the information is shown through content analysis. The analysis is generated from secondary sources that refer to MNMCs in Latin America that had conflicts with the rural community. Six steps were detected in the company and the rural community conflicts. Each step is described and the MNMC Community information is associated to one.

Between a mining company and the local community occurs. It addresses the political, economic and social conditions that are often seen in Latin American countries (Fig. 1).

Considering the content analysis, when the relationship between MNMC and the community is mismanaged, both parties lose. MNMC have to deal with project delays, reputational damage and the distrust of their investors. Furthermore, the community also loses real opportunities to improve their living conditions. Moreover, instead of a paternalistic strategy, MNMC must generate sustainable economic development for the community. Undoubtedly, when failures occur, the company and the community lose. According to Marketa and MacDonald (2012), the leading MNMCs are already responding to the environmental challenges by implementing social management systems. If demands are intensified, companies may have less time to develop key policies and long-term programs which are the foundations of effective social management. MNMCs are

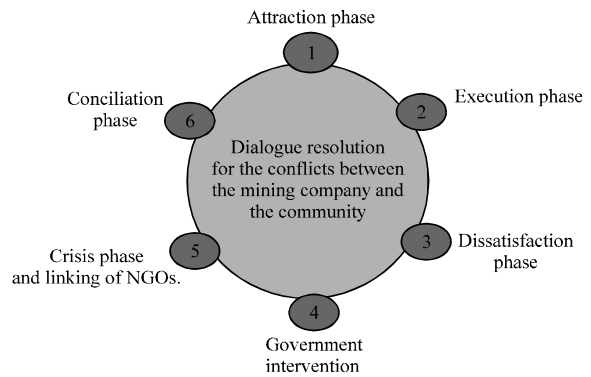


Fig. 1: Dialogue phases for the conflict resolution: mining company and community

beginning to pay as much attention to social management systems as they do to other basic issues such as security. Instead of “putting out fires,” these companies are putting time and effort into managing public relations and social risk management. This proactive system is the basis for a sustainable MNMC and community commitment with long-term mutual benefits. Even though many MNMCs remain skeptical about mediation results, it is an important technique applied globally for conflict resolution, especially when the MNMC has to deal with a tough conflict with the community.

**RESULTS NAD DISCUSSION**

Based on the MNMC conflict experiences, it is necessary to engage in dialogue with a neutral third party. Mediation by a non-biased third party may help to build a strong partnership. Dialogue is the most effective way for an MNMC to guarantee mining industry sustainability, particularly when it is in a rural community. Inclusive and open communication is required to design effective and

socially responsible community projects. According to Global Compact, MNMC-GRI reports are including negative impacts and strategies in response to the community (Table 2).

Rural communities have the potential to influence the mining project in different ways. Possible threats and risks to rural communities must be considered as part of comprehensive CSR projects, in hopes to reduce their effects. It should be noted that community demands rarely disappear, unless MNMCs have strategies to attend them. In any conflict situation, dialogue is part of the strategic process to resolve it. Through dialogue, a MNMC builds trust, respect and support for long term relationships. When dialogue is not part of the process, the community often continues the complaints that will only intensify over time. Without dialogue at the beginning, the process to manage the conflicts will be more difficult. According to Walton (2007), "performing a stakeholder analysis requires knowing the stakeholder groups, including those rarely identified by researchers such as the community." A successful dialogue implies a process in which mutual interests are considered and this definition is too often disregarded by both parties. Both companies and individuals prefer short term results but taking the time to follow a proper protocol is worthwhile in the long term. A dialogue process is time consuming and cannot be rushed. If an effective dialogue process is followed, operating costs are reduced significantly and both parties may be more willing to accept the arrangements made. Listening to others involves more than just waiting for a turn to speak. It also involves a commitment on the one hand to really hear what the rural community thinks and on the other to understand what it is feasible for the MNMC to do. To listen empathetically does not mean each party must agree on everything, it has to do with sustaining a positive relationship. When both parties try to cooperate and search for mutual benefits and understandings, it is easier to maintain a positive relationship, explore options and arrive at sustainable and beneficial solutions.

### CONCLUSION

The importance of dialogue as part of any CSR strategy has become essential for the sustainability of the mining industry. In this industry, International NGOs and citizen movements are putting pressure on the MNMCs to follow international normative standards of CSR. Additionally, rural communities are demanding CSR projects from the mining industry. This situation requires dialogue where both parties can reach a consensus in which both are benefitted. Since, MNMCs usually operate in underdeveloped geographical regions, they especially

need to recognize the requirements of those regions where they operate. The challenge for MNMCs is how to generate development through CSR strategies. Infrastructure and other social services sought by the community are undoubtedly necessary in most mining regions. There are good reasons to believe that such social demands would not exist if the community already had quality of life but the isolation and lack of services in the areas where mines operate are often the characteristics that define those geographical zones. Due to inadequate infrastructure and lack of social services in these rural areas, mining companies should be morally and socially responsible to improve existing services and provide others. MNMCs should also consider a strategy for the economic development for the community affected by the extraction process. Furthermore, social services must not depend on the mining industry support in the long term; the community itself needs empowerment to assume control.

Finally, rural communities today enjoy unprecedented power and have a strong influence on MNMC operations, so a passive position related to the community is now unfeasible. Rural communities in emergent economies where most of the MNMCs operate, are inseparable companions of the mining industry. The key challenge for MNMCs in the 21st century is the integration of community in their CSR strategies. Rural communities are strategic partners; in terms of sustainability, they are as relevant and necessary as any other stakeholders.

### REFERENCES

- Alonso, M., 2009. [The transparency of internet companies for the trust of shareholders and investors: An empirical analysis (In Spanish)]. *Notebooks Administration*, 38: 111-130.
- Aranda, J., 2015. [SCJN will analyze mining law for damages to indigenous communities]. *La Jornada Publisher*, Mexico City, Mexico. (In Spanish) <http://www.jornada.unam.mx/ultimas/2015/02/11/alizara-scn-la-ley-minera-cuando-concesiones-afecten-a-comunidades-indigenas-6072.html>.
- Arredondo, F. and V. Maldonado, 2012. [Millennium Development Goals and Corporate Social Responsibility (In Spanish)]. *Rev. Cienc. Administrativas Theor. Prax.*, 7: 6-22.
- Banks, G. and C. Ballard, 1997. *The ok Tedi Settlement: Issues, Outcomes and Implications*. Australian National University, Canberra, Australia, ISBN:9780731523627, Pages: 279.
- Composto, C. and M.L. Navarro, 2012. [States, transnational extractive and mobilized communities: domination and resistance around large-scale mining in Latin America (In Spanish)]. *Theomai*, 25: 58-78.



- Corbin J. and A. Strauss, 2015. *Basics of Qualitative Research: Techniques and Procedures for Developing Grounded Theory*. SAGE Publications, USA.,.
- Dembinski, P.H., J.M. Bonvin, E. Dommen and F.M. Monnet, 2003. The ethical foundations of responsible investment. *J. Bus. Ethics*, 48: 203-213.
- Dorrinton, L., 2012. When is handing over a check not enough?. *Can. Min. J.*, 12: 133-133.
- Filer, C., 1999. *Dilemmas of Development: The Social and Economic Impact of the Porgera Gold Mine 1989-1994*. Australian National University, Canberra, Australia.,
- Ford, N., 2013. Ethical business is better business. *African Business Magazine*, London, England. <http://africanbusinessmagazine.com/uncategorised/ethical-business-is-better-business/>.
- Garcia, C. and R. Montoya, 2015. [Canadian mining spill 1,200 gallons of toxic in Guanajuato]. *La Jornada Publisher*, Mexico City, Mexico. (In Spanish) <http://www.jornada.unam.mx/ultimas/2015/06/20/der-rama-minera-canadiense-1-200-galones-de-toxicos-en-guanajuato-5389.html>.
- Garduno, R. and A. Becerril, 2015. [In foreign hands, 70% of the mining exploration concessions]. *La Jornada Publisher*, Mexico City, Mexico. (In Spanish)
- Gifford, B. and A. Kestler, 2008. Toward a theory of local legitimacy by MNEs in developing nations: Newmont mining and health sustainable development in Peru. *J. Int. Manage.*, 14: 340-352.
- Gifford, B., A. Kestler and S. Anand, 2010. Building local legitimacy into corporate social responsibility: Gold mining firms in developing nations. *J. World Bus.*, 45: 304-311.
- Gutierrez, U., 2015. [Sonora government breaks with Grupo Mexico miner by denying passage to inspectors]. *La Jornada Publisher*, Mexico City, Mexico. (In Spanish) <http://www.jornada.unam.mx/2014/09/20/politica/007n1pol>
- Hria, 2013. Human rights impact assessment and management. *United Nations Global Compact*, New York, USA. <https://www.unglobalcompact.org/library/25>.
- Hutchins, M.J., C.L. Walck, D.P. Sterk and G.A. Campbell, 2005. Corporate social responsibility: A unifying discourse for the mining industry?. *Greener Manage. Int.*, 52: 17-30.
- IFC., 2013. [About IFC: International Finance Corporation World Bank Group]. *International Finance Corporation*, Washington, D.C., USA. (In Spanish) [http://www.ifc.org/wps/wcm/connect/Multilingual\\_Ext\\_Content/IFC\\_External\\_Corporate\\_Site/Home\\_ES](http://www.ifc.org/wps/wcm/connect/Multilingual_Ext_Content/IFC_External_Corporate_Site/Home_ES).
- Jimena, J., 2006a. Corporate responsibility. *Can. Min. J.*, 127: 7-11.
- Jimena, J., 2006b. The rocky road to sustainable development. *Can. Min. J.*, 127: 2-8.
- Jimena, J., 2008a. The RSC another way to communicate. *Can. Min. J.*, 129: 6-9.
- Jimena, J., 2008b. What about the next five years in corporate social responsibility?. *Can. Min. J.*, 129: 7-9.
- Jimenez, P., 2009. [Gold mine closes the Penasquito by abuses of the Canadian company gold corp]. *Zocalo Publisher*, Saltillo, Mexico. (In Spanish) <http://www.zocalo.com.mx/seccion/articulo/Cierramina-de-oro-El-Penasquito-por-abusos-de-la-empresa-canadiense-Gol>
- Jirasek, J.A., 2003. Two approaches to business ethics. *J. Bus. Ethics*, 47: 343-347.
- Majumdar, S. and G.K. Saini, 2013. Perceptions of corporate social responsibility: A study of the social segments in the Indian state of Goa. *South Asian J. Manage.*, 20: 139-150.
- Maria, J.F. and E. Devuyt, 2011. RSC and development: A mining company in Africa. *J. Manage. Dev.*, 30: 955-967.
- Marketa, E. and G. Macdonald, 2012. Extracting a risk from mining. *Can. Min. J.*, 133: 5-9.
- Marketa, E., 2011. Canadian interests and values are aligned. *Can. Min. J.*, 132: 7-10.
- Marketa, E., 2012a. Resolving company and community conflict. *Can. Min. J.*, 133: 7-8.
- Marketa, E., 2012b. Preventing and resolving social conflicts. *Can. Min. J.*, 133: 8-8.
- Marketa, E., 2013. Are Canadian miners good players in RSC?. *Can. Min. J.*, 134: 2-60.
- NAVARRO, M. 2013. [Common struggles against the renewed closure of natural assets in Mexico (In Spanish)]. *Under Volcano*, 13: 161-169.
- PDAC., 2013a. E3Plus: Prospectors and developers association of Canada. *Prospectors & Developers Association of Canada*, Toronto, Ontario. <http://www.pdac.ca/programs/e3-plus>.
- PDAC., 2013b. PDAC 2015 Annual Report: Prospectors and developers association of Canada. *Prospectors & Developers Association of Canada*, Toronto, Ontario. <http://www.pdac.ca/programs/e3-plus>.
- UMSL., 2016. An introduction to content analysis. *University of Missouri-St. Louis*, St. Louis, Missouri. <http://www.un.org/sustainabledevelopment/sustainable-development-goals/>.
- WBCSD., 2013. How we drive sustainable development. *World Business Council for Sustainable Development*, Geneva, Switzerland. <http://www.wbcsd.org/>.
- Walton, S., 2007. Site the mine in our backyard: Discursive strategies of community stakeholders in an environmental conflict in New Zealand. *Organ. Environ.*, 20: 177-203.
- Zwetsloot, G.I.J. M., 2003. From management systems to corporate social responsibility. *J. Bus. Ethics*, 44: 201-208.