

# **When multinational gold mining companies and neighboring communities meet: why (not) engage?**

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This paper is part of a broader research for my PhD thesis.

## Introduction

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“For decades, management researchers have called for a shift away from the institutionally accepted means of doing business that only considers economic factors to an alternative paradigm that emphasizes, at a fundamental level, social and ecological harmony” [Valente 2010:442]. The growing number of initiatives from companies to move towards more sustainable ways of doing business, however, remains true to the existing economic paradigm [Valente 2010:440]. The mining sector is no exception but has grown more familiar with taking into account a broader understanding of stakeholders due to the nature of their operations. Stakeholder Engagement Strategies (SES) are an important part of the community relation dimension of corporate social responsibilities (CSR), and have the potential to engender innovations toward more “social and economical harmony”. They “bring together representatives of business, non-governmental and public sectors in order to identify and address aspects of corporate responsibility, and have the added advantage that they have gained legitimacy among both business and development practitioners” [Blowfield & Frynas 2005: 507]. Multinational gold mining companies operating in Sub-Saharan Africa have increasingly adopted such stakeholder engagement strategies as conflict management instruments [Rees et al. 2012].

Coherent with the diffusion of more inclusive CSR practices, my study on multinational gold mining companies in Tanzania and Guinea finds that they all adopted more inclusive SES after one or several episodes of neighboring communities’ upheaval – except for one, African Barrick Gold. NordGold operating in northern Guinea, with its head quarters in the Netherlands, as well as AngloGold Ashanti operating in northern Guinea and in the lake region of Tanzania, having its head quarters in South-Africa, have implemented more inclusive stakeholder engagement strategies, allowing neighboring communities to have a space for dialog with the company. African Barrick Gold, a UK based multinational company (MNC) also operating in the Lake region of Tanzania, by contrast, has not changed its strategy – despite facing violent protest by neighboring communities, resulting in international naming and shaming campaigns by transnational NGOs damaging its brand name. Why has this leading MNC been less successful in implementing what seems to be a trend of more inclusive SES?

To understand this puzzle, I will start by a brief presentation of literature approaches and definitions to unfold the concepts used in the empirical case study of this paper (I). Then, I will present four case studies on the evolution towards more inclusive practices in community relations (II): the company’s initial strategy to address neighboring communities, the way it was confronted by these communities, and how every company changed their approach except for one company. Finally, I will explore potential explanations for the diverging behavior of African Barrick Gold, considering factors such as community pressure, NGO campaigns, relative profitability of mining site, and corporate culture (III).

Areas of limited statehood, where “governance standards are achieved in conditions under which effective territorial sovereignty, a state monopoly on the use of force and authoritative decision-making competence on the side of the state are either non-existent or only partially existent” [Risse & Lehmkuhl 2006:4], create a context favorable to the proliferation of misunderstandings and conflicts between multinational companies and neighboring communities. These conflicts, which “may range on a continuum from minor friction to full-blown violence” [Rees et al. 2012:4], materialize because of the specific needs that emerge for neighboring communities. As a consequence of the lack of presence of the State as an efficient agent of development, communities neighboring large-scale mining operations turn to the company to make their claims. The company has to find specific ways to handle these demands, because they can often rapidly escalate into open conflict [Rees et al. 2012:18]. Stakeholder engagement strategies are critical as conflict management approaches, since they aim at enabling relationships based on trust between companies and communities. They depend on engagement processes implemented by the company, which can be of various quality with regards to the scope of inclusion and dialogue, and lead to appeased or confrontational reactions of the communities.

### **A. MNCs in areas of limited statehood**

Conflicts existing between multinational mining companies and local communities are of particular interest in areas of limited statehood (ALS), which are defined by the absence of a monopoly over the use of force and/or by lacking the capacity to set and enforce binding regulations [Risse & Lehmkuhl 2006]. If the potential for conflict is widened in areas of limited statehood, the question of their influence on the way MNCs decide to interact with communities becomes more pertinent. Most areas of limited statehood are characterized by a pluralism of normative systems, including traditional, religious, and state systems of signification and regulation, which create a complicated frame for interactions between the company and the neighboring community [Englebert 2000:1, 5-6]. Moreover, in Sub-Saharan Africa in particular, social, political, and economic systems are intertwined in such a manner that the private and the public spheres widely overlap each other [Médard 1982:165]. This engenders a complex system of networks the company has to deal with in its encounters with the local communities. Conversely, local people deal with regulations and status in a more personal way than most expatriates. For instance, they do not detach from their personal ties even in work situations, which might affect their encounters with the company. Also, the colonial history of these areas generates a specific relationship between locals and expatriates: historical background shapes the perceptions and representations each group has on the other.

Areas of limited statehood are also of particular relevance because statehood has consequences on the type and intensity of pressures exercised by the communities as a response to MNCs’ presence, nature of operation, and CSR practices. For instance, in contexts where basic infrastructures such as

roads or water supply are missing, MNCs face more demands from the neighboring communities and also need more self-regulations to carry out their operations. The poverty of the communities in which most gold mining companies settle also influences their potential expectations and increases the impact of the presence of the company. Because the gap between expectations and realizations can and often does create conflicts between companies and neighboring communities, it generates the need for specific solutions such as the implementation of stakeholder engagement strategies as a means of conflict management.

In areas of limited statehood, where the state has limited capacity to enforce the rule of law, voluntary approaches can encourage multinational companies to introduce higher levels of performance than those required for legal compliance. Moreover, in these settings where local communities affected by multinational gold mining companies are situated in rural areas and lack both the organizational strength to appear as legitimate stakeholders to the company and the influence within the national government's policy-making (i.e. when decentralization is not effective) to articulate and defend their concerns, "the resort to informal and often confrontational strategies in the struggle to establish accountability can hardly be considered surprising" [Newell 2005:543]. The notion of accountability of MNCs comes strongly into play in these contexts, and "the issue of direct interaction with communities is of particular relevance for companies in extractive sectors" [Newell 2005:544]. Hence, SES implementation is a key concern for preventing neighboring communities from resorting to confrontational strategies.

## **B. Interactions lead to various levels of engagement**

Interaction is a mutual, reciprocal action that occurs when two or more agents or groups have an effect upon one another. I will focus on concrete, verbal and physical interaction. The idea of a two-way effect is essential: communication within and feedback from the context of interaction are part of what defines the concept of interaction. It is a dynamic, changing sequence of social actions between individuals or groups who modify their actions and reactions due to the actions by their interaction partner(s). Interactions can be accidental, repeated, regular, and regulated. Interactions occurring between multinational gold mining companies and neighboring communities can lead to various degrees of engagement.

Engagement in the context of stakeholder engagement strategies is related to the role given to local stakeholders in participating in the company's decision-making process on community development. Glew, O'Leary, Griffin and Van Fleet built an operational definition of participation in organization through key elements selected from conceptual participation research: "we propose that participation be defined as *a conscious and intended effort by individuals at a higher level in organization to provide visible extra-role or role-expanding opportunities for individuals or groups at a lower level in the organization to have a greater voice in one or more areas of organizational performance*. The higher level and lower level distinction will most likely be reflected by hierarchical level, but can encompass any situation where one individual has legitimate power, authority, or

control over another”[Glew et al.1995]. This definition points out the unequal power relation that exist between company and communities, which is reinforced in the context of multinational mining companies working in remote rural areas surrounded by poor communities. It also clearly designates the company as the initiator of this “conscious and intended effort” to hear the voice of lower level groups or individuals. However, concerning the role given to local stakeholders in decision-making processes on community development, the mechanism is referred to as community engagement strategy in the CSR literature,

Regarding companies’ community engagement strategies, it might be necessary to broaden the scope of literature on community relations and participatory processes [Bowen, Newenham-Kahindi, Herremans 2010, Jeurissen 2004, Austin 2000]. The literature on community engagement strategies has grown since about 2000 and spread geographically and methodologically, from a focus in North America to a wide range of countries, and most recently in the poorest countries [UK and Australia especially; c.f. Bowen, Newenham-Kahindi, and Herremans 2010]. Yet, for the most part, it still lacks case studies and small scale sample sources, which I intend to provide by investigating specific localities where multinational mining companies and local communities have to deal together on a day-to-day basis around a strategic resource, gold. Community engagement strategies are also referred to as stakeholder engagement strategies (SES), which is the terminology I adopt because it concretely integrates the idea that the initiative comes from the company and because it refers to the engagement of the specific community of stakeholders.

### **C. Varying quality of stakeholder engagement strategies**

The implementation of stakeholder engagement strategies leads to a wide variety of processes that can be more or less inclusive of different cultural groups and more or less multilateral. SES is part of conflict management, which can be defined “as the means that mining companies use to address tensions and disagreements between themselves and communities affected by their operations” [Rees et al. 2012:4]. Rees, Kemp and Davis explain that the most efficient way to lower the risk of conflict is to adopt community engagement strategies that are the least “owned” by the company and the least “transactional” in their objectives [Rees et al. 2012:3]. There is common understanding in the business literature and organizational theory that there is a continuum of stakeholder engagement strategies that goes from less to more involvement of stakeholders in the decision-making process of CSR practices. These studies about the continuum of CSR strategies all give a central role to organizational or corporate culture without naming it as such; they all refer to values, principles, identity, assumptions, or sustainability visions from which the company draws its CSR decisions and actions. What differs is the acceptance of what a stakeholder is, and the consequences this definition has on the level of inclusion. Stakeholders have been defined from the narrowest understanding as shareholders, to any external affected actors, through customers and employees: “increasingly, managers’ roles begin to shift away from tending to stakeholders that possess characteristics of power, legitimacy [...], and urgency to finding solutions and business models that

meet the needs of a growing number of diverse agents concurrently” [Valente 2010: 459]. As Valente explains, this shift can be understood as part of an innovation towards encompassing the complexity of actors and dynamics at the local level: “The private sector level of analysis is particularly influenced by this phase [of increasing level of interaction] as new and diverse agents are brought to the decision-making table, creating a more complex operating environment that ultimately forces the manager to consider alternative approaches” [Valente 2010: 458].

I found the description of the continuum of engagement strategies (see table 1) by Morsing and Schultz [Morsing and Schultz 2005:326] to be the most integrative and illustrative. I will derive from their table the categories used to compare the approaches of each company in my case studies.

	<b>The stakeholder information strategy</b>	<b>The stakeholder response strategy</b>	<b>The stakeholder involvement strategy</b>
Communication ideal: (Grunig & Hunt 1984)	Public information, one-way communication	Two-way asymmetric communication	Two-way symmetric communication
Communication ideal: sense-making and sensegiving:	Sensegiving	Sensemaking ↓ Sensegiving	Sensemaking ↕ Sensegiving – in iterative progressive processes
Stakeholders:	Request more information on corporate CSR efforts	Must be reassured that the company is ethical and socially responsible	Co-construct corporate CSR efforts
Stakeholder role:	Stakeholder influence: support or oppose	Stakeholders respond to corporate actions	Stakeholders are involved, participate and suggest corporate actions
Identification of CSR focus:	Decided by top management	Decided by top management. Investigated in feedback via opinion polls, dialogue, networks and partnerships	Negotiated concurrently in interaction with stakeholders
Strategic communication task:	Inform stakeholders about favourable corporate CSR decisions and actions	Demonstrate to stakeholders how the company integrates their concerns	Invite and establish frequent, systematic and pro-active dialogue with stakeholders, i.e. opinion makers, corporate critics, the media, etc.
Corporate communication department's task:	Design appealing concept message	Identify relevant stakeholders	Build relationships
Third-party endorsement of CSR initiatives:	Unnecessary	Integrated element of surveys, rankings and opinion polls	Stakeholders are themselves involved in corporate CSR messages

Table 1. Morsing and Schultz - Continuum of engagement strategies

Because of the specific operating conditions of multinational gold mining companies in ALS, the trends of SES that MNCs choose to follow narrows down. First, operating in ALS means a certain amount of necessary self-regulation to fill the gaps on an operational level (need roads, communication network, and water, if they are not available in rural areas where gold mines are usually situated). Second, operating gold mines de facto broadens the range of affected stakeholders since villagers are displaced from their land and artisanal activities, and since operations have direct impacts on environment and demographic pressure in the area. Schematically, from the communities’ point of view, the investors have to compensate the harm of pushing them away from their livelihoods, and from the investors’ point of view, their purpose is to make profit and it is the government’s responsibility to take care of their people. Therefore, the mining industry has special challenges to face that are reflected in their approach to stakeholder engagement strategies as an instrument for conflict management.

**C.1. Traditional models**

In the mining sector, strategies characterized by sender-oriented communication with stakeholders (less participative end of the continuum), are considered “traditional”, which means that they are “well established within communications, media, external affairs and public relation departments” [Kemp 2009:5]. Kemp divides these into two traditional models and two "emergent" models (see table 2: Models of work in company-community interaction in mining) [Kemp 2009].

Model		Primary driver	Dominant work 'space'	Main disciplinary orientation	Key aim	Main methods
Traditional	1	risk	within company	media and communication	target audience message consumption	information production and dissemination
	2			public relations	protect and promote corporate reputation and goals	control and contain issues, problem solving and positive profiling
Emergent	3	risk and rights	within and across community and company	inter-disciplinary	mutual understanding and organizational change	inclusive dialogue, relationship building and influencing within the organization
	4		within community	community development	benefit sharing and empowerment	developmental processes, participation

(Adapted from Kelly and Burkett, 2008, p. 36.)

*Table 2. Models of work in company-community interaction in mining*

The first "traditional" model focuses exclusively on disseminating information to the public through letters, websites, presentations, and mass media. In Morsing and Schultz' table, this model corresponds to the sense-giving focus of what is named “the stakeholder information strategy” – sender-oriented model. The company gives information to the public, not necessarily with a persuasive intent but to inform about good intentions, decisions, and actions in order to gain stakeholders' support. Stakeholders are considered as potential opponents or supporters, but the company does not need them to endorse its practices. The communication department focuses in this case on the design of the concept message. Evidences of such approach can be found through active press relations and a proliferation of numbers and figures to show the MNC's favorable CSR practices. Another indication, suggested by Pater and Lierop of what they called an “inside-out” strategy [Pater and Lierop 2005:343], is a well-coordinated CSR policy coherent on the long term, because this is the sign that the company defines responsibility based on its internal characteristics: values, principles, ambitions, and core competencies would be the foundation for CSR.

The second “traditional” model in the mining sector is also concerned with messages but acknowledges the stakeholder as important in the way he receives and perceives the message to protect the company's reputation. Morsing and Schultz's table shows that this second step towards more “engagement” is when communication flows both ways. The company is, however, not inclined to change or to act on the advice given by the community relations department [Rees et al. 2012]. Here, the messages are still sender-oriented, aimed at convincing the public of the attractiveness of the company in an attempt to change the attitude of the public. It can be related to the concept of

impression management, or strategic projection, which is a component of organizational identity [Rindova and Fombrun 1998]. The typical evidence of such an approach is the use of opinion polls and market surveys to decide where to improve CSR efforts. Pater and Lierop's corresponding ideal-type, the "outside-in" strategy, points to the focus in this case on short-term issues and fragmented CSR. Moreover, they explain that stakeholders in this case are often listened to according to their salience for the top management, which means that all demands cannot be integrated, and all stakeholders are not taken into account. The aim of the CSR policies is to secure continuity in the short run, which means this strategy makes the firm more responsive but only to an exclusive group of powerful stakeholders.

## **C.2. Emergent models**

The most participative end of the continuum is considered part of the "emergent" models of community relations in the mining industry, "in the sense that they have only recently been formally established within organizational structures and hierarchies, and then only within leading companies"[Kemp 2009:7]. These strategies can be divided into two models according to Kemp. The first goes beyond the exclusive group of stakeholders to include "disempowered groups that may not necessarily pose an immediate risk to the company's reputation", because the focus is on the risk caused by the company to its environment. In this model, the engagement is ongoing and not only based on events or crises. The focus is on the right of stakeholders to voice their point of view by including them in "consultation and consent processes". In this further step towards engagement, "persuasion can go both ways"[Morsing and Schultz 2005: 327], both parties ideally changing as a result of communicating. In this case, the company seeks to be influenced and invites concurrent negotiations about CSR, have knowledge of stakeholders' expectations and of the influence of the company itself on these expectations. It is thus a combination of the first two steps with active press relations to inform the public, as well as opinion polls and surveys, but it also implies systematic and frequent dialog for mutually beneficial actions. The communication department's primary task is thus to ensure an ongoing two-way dialog in order to safeguard the community-company relationship. This other extreme of the engagement continuum is close to Habermas' ideal of an "open, fair and non-coercive communication among all the organization's stakeholders" [Pater and Lierop 2005: 348]. Maitlis [Maltis 2005] suggests that both "organization and stakeholders contribute to collective sense-making by engaging in sense-giving activities. This implies that various stakeholders present a variety of constructions of reality (explanations of events). Concurrently, the sense-giving by management of the organization gathers stakeholder contributions and tries to synthesize these with their own preferences [...], this new construction of reality [...] is used as a basis for consistent action over time" [Pater and Lierop 2005: 346].

The second emergent model (Model 4) goes even further in focusing on stakeholders. It depends on the identification of social risks and impacts but focuses on development priorities and places local people at the center of interaction [Kemp 2009: 8]. Here, the main focus is on ensuring the



stakeholders’ rights to development, “ensuring that even the poorest and most marginalized are able to adjust to the changes brought by mining and benefit from its presence” [Kemp 2009: 9].

Every company taken into consideration in this paper claims, in their public relations and advertising material (websites, brochures, press conferences), that they are following these emergent models of SES, whether situating themselves in the 3<sup>rd</sup> (AGA, ABG) or 4<sup>th</sup> (SMD) category. However, observations on the ground show otherwise, “open dilemma sharing between partners is still unachieved in reality” [van Huijstte in Rasche et al. 2008: 159].

What can happen and what actually takes place at the local level depends on global trends MNCs draw from to address local people, but also on the way neighboring communities welcome and react to the presence, communication modes, and actions of the MNC.

**D. Neighboring community’s accountability strategy**

SES consists of an effort coming from the company to build a relationship with its neighboring communities that is based on trust in order to manage conflicts. Neighboring communities react more or less positively to the presence and choices of engagement made by the MNC. However, beyond the reaction to engagement invitations, people also construct their own strategies to acquire a say in the way they are taken into account by companies and make their needs acknowledged. From my experience in the field, I can distinguish 2 ideal-types (see table 2 below) of ways communities address their claims to the company. They either go through negotiated processes, making their claims in public hearings, writing letters, and following the protocol: going through their government leaders first and trusting them to pass the message either to higher levels of government, who pass it on to the company, or the local government has access to the company directly. The other alternative is to impose their voice by physical actions: sabotage, blockage, theft, and trespassing. Theft can be considered as an imposed accountability strategy and not merely a depoliticized criminal behavior in this context. Interviewees explain how frustrations are the motives leading thieves to trespass the mining property. These frustrations are built on the comparison they make between their level of development in the village and that of housing areas for company higher employees, or on the lack of answers and solutions given to the communities’ demands and grievances [Interviews TZ:3,5,8,11,23,26; GU:4,13,14,19].

<b>Accountability strategies</b>	
Negotiated	Direct
	Indirect
	Public hearing
Imposed	Sabotage
	Blockage
	Theft of gold product
	Other types of theft (fuel, phones, computers...)

*Table 3. Accountability strategies*

The way neighboring communities impose their claims to the company leads to varying levels of conflict between neighboring communities and the MNC. These conflicts vary in frequency and in intensity (levels of violence employed) as shown in the following table (table 3). The term regular means that incidents become part of a routinized way people use to communicate their claims to the

company, usually as a result of the lack of response to negotiated accountability strategies. Frequent incidents are those that happen without going through any kind of negotiation; they happen on a weekly to daily basis. The intensity of conflict varies with the level of violence and number of participants from the communities. Violent conflict is defined as “organized physical force, resulting from grievances between two or more parties and leading to injury or death to persons or damage or destruction of property” (Oetzel et al. 2007, cited in Rasche et al. 2008: 156).

Intensity Frequency	+	-
+	Regular violent Case: ABG North-Mara, Tanzania	Frequent pacific Case: SMD in Guinea
-	Violent/massive punctual Case: AGA in Tanzania	Pacific punctual Case: AGA in Guinea

Table 4. Levels of conflicts

In the context of multinational gold mining companies operating in areas of limited statehood, the confrontational strategies adopted by neighboring communities to make the company accountable lead to various levels of conflict. MNCs can choose among different types of SES to adopt as a means to manage these conflicts. At the start of operations, mining companies have a community engagement approach carried out by their community relations department, which is typically in the form of short-term ad hoc responses to direct threats and addressed to the most salient stakeholders (model 1 and 2). In the cases studied in this paper, each company was confronted by imposed modes of accountability, to which they all responded by broadening the scope of stakeholder engagement except for one company. While authors demonstrate that in most cases “direct, collaborative actions are most likely to be effective in creating peace” [Ladek in Rasche et al. 2008: 153; Rees et al. 2012], all companies do not integrate inclusive SES in their corporate strategies. What kind of conflicts are multinational gold mining companies confronted with in Tanzania and Guinea, and what SES trends are they following?

**II. Puzzle**

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I will present the stories of two multinational gold mining companies operating in Guinea and two in Tanzania, to describe their initial strategies to address communities’ demands, how they were confronted by imposed accountability strategies, and how they changed (or not) after these confrontations.

In Guinea and Tanzania, the three multinational companies at stake started with exclusive, clientelistic, and ad hoc ways of addressing neighboring communities’ demands in order to avoid direct confrontation and potential threats to the company’s profit making activities. After about a decade of operation, all three companies were confronted with upheavals, resulting in various degrees of profit and reputation losses. These episodes made each company reconsider the ways they engaged with communities to prevent further violent events. During the same period, CSR standards in the mining sector were moving towards more participatory frames of community

engagement. As a result, every company except one started implementing more inclusive stakeholder engagement strategies.

Interactions between multinational gold mining companies and the communities of one of their mining sites entail intrinsic conflicts that emerge from the beginning of operations. After the company obtained authorization for production, all the villages that had developed in the area were pushed away from the land acquired by the company. Before the company arrived, people from these villages usually had a tradition of mining the gold, they did not have much equipment, it was artisanal hard work, but it was worth it for them because it was a source of income that allowed them to support their family and relatives, even if it was harming their own health and the environment. When the investors arrive, the villagers are given notice to evacuate the area in which they have been settled for generations and they are told they will benefit from the company in terms of employment opportunities, health, and education facilities. They get promises of compensation through some form of improvement of their everyday life. Representatives of the government and of the company make these promises jointly. When in some cases people refused to move more or less violently, the government sent the police to use force to make them leave. Consequently, from the start, the relationship is one of violence, symbolic and physical, and this shapes the perceptions each stakeholder has of the other. These diverging perceptions can turn into confrontations of the communities against the companies if in the long term the frustration grows because unfulfilled promises widen the gap between expectations and realization.

### **A. Introduction to case studies**

Before 2010 in the Haute-Guinée region of Guinea, neighboring communities used to be afraid of organizing actions because of the successive repressive governments. It is only during the transition period (2010-2011) and after that they started voicing their grievances and demands to the gold mining companies operating in their area since the late 1980s [Interviews GU:3,4,5,8,11,13,14,17,19]. In Tanzania, it seems people do not feel empowered to act on the problems created by the industrial gold mining operations [Interviews TZ:6,7,13,14,16,19]. The perceived ties between the multinational companies and the central government, added to the very top-down functioning of the State, seem to be discouraging people's political engagements, especially in view of the lack of capacity of the local governments. The use of national and international media by the companies seems to make people's perception of companies even more out of reach of neighboring communities. Overall, the impression is that they neither have the required access to information nor the resources to make their voices heard by those who are supposed to represent them (national NGOs, local and sub-regional administration). The exception, however, seems to be the North Mara region of Tanzania, where the Kurya people have a strong reputation of being difficult to deal with; it is also the area where there are the most clashes with the company (ABG), who sometimes also responds violently, causing casualties and injuries among local protestors, and threatening and/or allegedly killing journalists and informants trying to report on the company's activities [Interviews NMGM].

**B. Frequent pacific conflicts: Société Minière de Dinguiraye**

From the beginning of operation until 2011, the Société Minière de Dinguiraye (SMD) approached communities with exclusive and clientelistic manners (see table 6: SMD before and after): paying off and offering gifts to the administrative leaders of the decentralized state, offering money and pilgrimage to Mecca to the traditional leaders (traditional communicators and wise men), giving “bonuses” to higher ranks of the State administration on various occasions upon demand, while the local taxes were used for personal interest by the State representatives in charge of redistribution for local development [Interviews GU:3,17,18,19]. When the political situation started loosening up, people started reacting to the lack of visible benefits in their locality despite the profits made by the company. Since there were no legitimate interlocutors in the local state or in the traditional sphere (since they were paid off), neighboring communities’ demands for employment, schools, or health centers were expressed through imposed accountability strategies. Regular blockage of buses driving workers to the firm led to a lot of time wasted in reorganizing shifts and tasks, and resulted in systematic loss of profit for the company [Interviews GU:3,17,19]. These neighboring communities usually organized around the youth associations, when attending meetings in which the company was represented, verbally targeted the manager of community relations as the reason for their claims not being heard. Their conviction on this matter resulted in such distrust between them and the manager in charge, that they succeeded in having him dismissed and replaced [Interviews GU:3,19,20]. Thus, by hiring a new manager with comprehensive views on community relations after being confronted regularly by these bus blockages, the company changed its community relations department’s practices towards implementing more inclusive and comprehensive stakeholder engagement strategies (see table 5).

		SMD Guinea	
Before 2010	“SES”	Exclusive	
2010 - 2011	Conflicts	Frequent pacific	
After 2011	SES	Toward Inclusive	

*Table 5. SMD’s move toward more inclusive SES*

The SMD’s present position (table 6) shows commitment towards widely including neighboring communities’ priorities in their decision-making process concerning community development and harmonizing their practices towards collective actions to put an end to clientelistic practices [Interviews GU:3,19].

The following table uses the main characteristics of the continuum of SES presented in the previous section (table 1 Morsing and Schultz) in order to situate the approach of the company.

		SMD before 2011	SMD after
Communication	One way	X	
	2 way asymmetric		
	2 way symmetric		X
Communication Ideal	Sensegiving	X	
	Sensemaking		X
Stakeholders	Informed	X	
	Reassured		
	Co-construct		X
Stakeholder role	Support/oppose	X	
	Respond		
	Involved		X
SES focus	From Top mngt	X	
	From top + feedback		X
	Negotiated in Interactions		X
Information type	Figure, numbers		
	Opinion polls		
	Systematic dialog		X
SES policy	well-coordinated coherent on the long term		X
	Securing continuity in the short run	X	
	Adaptable principles		
Strategic comm. task	Appealing		
	Identify stakeholders	X	
	Build relationship		X
Endorsement of Initiative	Unnecessary	X	
	Integrated		X
	Part off		
<b>SES STRATEGY</b>		Mostly Model 1 before 2011 but will to move towards more engagement and more coherent policy with clear development goals (model 4)	

Table 6. SMD before and after (categories from Morsing and Schultz)

### C. Pacific punctual conflict: Société Ashanti de Guinée

The Société Ashanti de Guinée (SAG) is the Guinean gold mining site of AngloGold Ashanti operating since the late 1980s. Before operations started, representatives of the community relations department came to the wise men committee of elders (local traditional leaders); they explained how the company's presence in the area would bring economic and social benefits to the surrounding villages and to the country, and they received welcoming benedictions in return. Elders from that period still remember their vows and consider they owe the company protection and respect even when the company has disregarded them by their absence of visits [Interviews GU:13]. For two decades, the SAG established ad hoc responses to the neighboring communities' demands for schools, health centers, and employment by offering gifts on occasions of ceremonies, building mosques and local official houses, materially supporting some development projects over short periods, etc. [Interviews GU:8,13,14,15,19]. In 2011, they were confronted by a well organized pacific but massive upheaval, which blocked their worker's buses and even reached inside the firm to stop all the engines. For three days, the company was paralyzed and lost a lot of money [Interviews GU:8,11,15,19]. The corporate group at that time was already in the process of reviewing its

community relations approach in continental Africa [Interview TZ:20], which resulted in the implementation of more inclusive stakeholder engagement strategies (table 7). | 14

		AGA Guinea
Before 2010	“SES”	Exclusive
2010 - 2011	Conflicts	Pacific punctual
After 2011	SES	Toward Inclusive




Table 7. SAG’s move toward more inclusive SES

Through the hiring of a West African NGO specialized in development techniques, the SAG is changing its SES (table 8) to allow neighboring communities and key development actors to participate in the elaboration of policies that are relevant to the socio-economic situation of the area and in accordance to the Millennium Development Goals (MDGs).

		SAG before	SAG after
Communication	One way	X	
	2 way asymmetric		X
	2 way symmetric		
Communication ideal	Sense-giving	X	X
	Sense-making		
Stakeholders	Informed	X	
	Reassured		X
	Co-construct		
Stakeholder role	Support/oppose	X	X
	Respond		X
	involved		
SES focus	From Top mngt	X	
	From top + feedback		X
	Negotiated in interactions		
Information type	Figure, numbers		
	Opinion polls		
	Systematic dialog		X
SES policy	well-coordinated coherent on the long term		X
	Securing continuity in the short run	X	X
	Adaptable principles		
Strategic comm. task	Appealing		
	Identify stakeholders	X	X
	Build relationship		
Endorsement of initiative	Unnecessary		
	Integrated	X	
	Part off		X
<b>SES STRATEGY</b>		Model 2 with some reminiscence of model 1 moving toward model 3	

Table 8. SAG before and after (categories from Morsing and Schultz)

**D. Massive and violent punctual conflict: Geita Gold Mine**

Anglogold Ashanti also operates in Tanzania, where they own the Geita Gold Mine (GGM) in the Lake zone, south of Lake Victoria. In this case, before starting gold exploitation, promises were jointly made with government representatives to local leaders and in public meetings [Interviews GGM].

GGM's strategy from the beginning of operations in Tanzania in the late 1990s aimed more at development purposes than in their Guinean site, with initiatives such as facilitating health care and financing some entrepreneurial initiatives [Interviews TZ:23]. The demographic pressure in Geita is such that, in 2011, the government decided to turn this district into a region to answer the needs for state services, particularly concerning the presence of security forces and administrative conveniences [Interview TZ:24,25]. The lack of fulfillment of initial promises concerning economic development and local youth recruitment, added to several grievances related to compensation issues, made hostility against the company grow among the neighboring communities. In 2011, the GGM faced its first violent upheaval against the company's assets, since a great number of artisanal miners were pushed out of the mining compounds and dispersed into town, gathering more people. This resulted in burning some of the company's vehicles and vandalizing other symbols of the company, while creating an atmosphere of fear amongst local population and within the company [Interviews TZ:20,23]. After this, the government sent paramilitary reinforcements to help the company's security agents [Interviews TZ:20,22], and GGM prompted the implementation of their new principles for community relations (table 9), including more comprehensive and balanced stakeholder engagement strategies.

		AGA Tanzania	
Before 2011	"SES"	Exclusive	
2011	Conflicts	Massive/violent punctual	
After 2011	SES	Toward Inclusive	

Table 9. GGM's move toward more inclusive SES

In 2012, based on their analyses of the local socio-economic context, key stakeholders, and main issues challenging the company's security, GGM is implementing a renewed stakeholder engagement strategy (table 10) to prevent further upheavals from happening [Interview TZ:20]. In this process, the first step is to rebuild the trust the company lost, before starting to put in place a coherent and adaptive CSR policy. The group also claims to be concerned to leave the communities better off after the end of their operations.

		GGM before	GGM after
Communication	One way	X	
	2 way asymmetric		X
	2 way symmetric		
Communication ideal	Sense-giving	X	X
	Sense-making		
Stakeholders	Informed	X	
	Reassured		X
	Co-construct		
Stakeholder role	Support/oppose	X	X
	Respond		X
	involved		
SES focus	From Top mngt	X	
	From top + feedback		X
	Negotiated in interactions		

Information type	Figure, numbers	x	
	Opinion polls	x	
	Systematic dialog		x
SES policy	well-coordinated coherent on the long term		x
	Securing continuity in the short run	x	
	Adaptable principles		x
Strategic comm. task	Appealing		
	Identify stakeholders	x	x
	Build relationship		
Endorsement of initiative	Unnecessary		
	Integrated	x	
	Part off		x
<b>SES STRATEGY</b>		Model 2 set but moving towards model 3 in discourses showing will for more coherent and adaptive SES to avoid conflict and achieve development goals	

Table 10. GGM before and after (categories from Morsing and Schultz)

### E. Violent regular conflicts: African Barrick Gold, North-Mara

African Barrick Gold (ABG), created in 2010, is a subsidiary of BarrickGold Corp. It entails Barrick’s three mining sites in Tanzania including the North-Mara Gold Mine (NMGM). Security issues around NMGM are the most important of all my case studies. There are regular incidents between local people and security guards, often causing injuries and casualties. The company even entered into contract with the special police force of the government to help secure the area. Misunderstandings between local communities and the company date back to when the first company started operating in the area. What neighboring communities strive for is the possibility for alternative livelihoods, i.e. not having to mine illegally.

When Barrick Gold created ABG in 2010 to hold its assets in Tanzania, their strategy of community engagement seemed inexistent, they only met with district and village leaders after episodes of conflicts to find out whose wrongdoing was at the origin of the problem, i.e., who was not acting as he was supposed to, and to present the company’s solutions to prevent the problem from occurring again [Interviews TZ:12,13,16]. However, the first company operating the site had made considerable promises in the early 2000s to each neighboring village. These promises had not been forgotten by the villagers, resulting in growing frustrations amongst the population, and systematically emerging in the demands expressed during ad hoc meetings with ABG [Interviews TZ:2,3,13,16,17].

According to most interviewees, the regularity of violent conflicts between NMGM and neighboring communities comes from a collusion system between security guards and local people [Interviews NMGM]. Since artisanal gold mining was the first activity generating income in the area before the first MNC arrived, the people of the neighboring community have not yet acquired alternative ways of making a living and illegally use the company’s open pits to find gold. The system is called Muchungo, and there are different versions of how people perceive the way this system is organized. Basically, it is a three party system involving the workers of the company, security staff, and local



people. Local people are informed, by mine workers of their acquaintance, of the place to find gold (after a blasting) and they bribe the police to get the chance to spend an agreed-upon time on the site to pick up stones. One of the versions is this one [Interview TZ:17]: the driver collects the rocks containing gold after a blasting and communicates with the police to let them know they are carrying gold stones. People outside are informed (family members or friends working with the company). They go to the location where the truck dumps its stones with about 150 000 Tsh to bribe the police. Those who come first transfer the information to others, but others often do not come with the bribe money. It turns bad if guards refuse to let people come without money, if a guard outside of the system shows up, if the company is informed of an accumulation of people, or if the patrol car sees them. Then the confrontation starts, leading to open confrontations with guards and state police, and sometimes people are shot. The response of ABG to these frequent confrontations was to beef up security, building a wall around their mining pits and using the reinforcement of a special police force sent from the regional capital by the State [Interviews TZ: 1,2,3,16].

The latest main conflict covered by the media occurred in May 2011. Seven Tanzanian citizens were shot dead by police, a dozen others were injured when hundreds (800) of local people entered (with machetes, rocks, and hammers) the mining compounds. It was the 3rd massive trespassing event in a week. The police and security guards answered by discharging tear gas and firing guns. After this dramatic incident, instead of adopting and implementing inclusive stakeholder engagement strategies to prevent further conflicts (table 11), statements were made by the company suggesting they would shift their security procedures to employ more local people in their guarding staff and get involved in human rights training for the police [Barrick Gold’s website].

		ABG Tanzania
Before 2008	“SES”	Exclusive
2008 - 2011	<b>Conflicts</b>	<b>Violent regular</b>
After 2011	SES	Exclusive



Table 11. GGM’s move toward more inclusive SES

ABG’s community relations department started signing new contracts (for the employment of security guards and to re-actualize the development promises done by the first MNC) with each village administration separately and in an exclusive manner (table 12) [Interviews TZ:4,5,6,7,15]. In all mining localities, an agreement exists to employ local people in guarding tasks. The example of how ABG handles these contracts illustrates the company’s approach of community relations. In Tanzania, there is a traditional vigilante organization called the sungusungu, which is in charge of community policing in rural areas where the state forces do not have enough personnel to be present in every village. After the May 2011 events, the company started employing people from the neighboring communities as security guards. However, because of the lack of research on neighboring communities, if ABG believes they are working with the sungusungu, village administrative leaders in fact handle contracts exclusively, while actual sungusungu leaders seem to be deliberately excluded from the process [Interviews TZ:4,5,6,7,15]. This results in tensions and

suspicious, because people believe administrative leaders use the opportunity to pursue their personal interest and have a hand on who will be employed [Interviews TZ:6]. Moreover, if the village administration wants to negotiate the percentage allocated from these contracts for local development, ABG refuses discussion [Interviews TZ:7]. In the end, no one is satisfied and conflicts keep rising. If NMGM started a partnership with the international NGO Search for Common Grounds (SCG) on conflict resolution in 2011 [Interviews TZ:16], there are no signs of this activity on the ground and frequent conflicts are still ongoing.

		ABG NM	ABG NM
Communication	One way	X	X
	2 way asymmetric		
	2 way symmetric		
Communication Ideal	Sensegiving	X	X
	Sensemaking		
Stakeholders	Informed	Not considered	X
	Reassured		
	Co-construct		
Stakeholder role	Support/oppose	Not considered	X
	Respond		
	Involved		
SES focus	From Top mngt	X	X
	From top + feedback		
	Negotiated in Interactions		
Information type	Figure, numbers		
	Opinion polls		
	Systematic dialog		
SES policy	well-coordinated coherent on the long term		
	Securing continuity in the short run	X	X
	Adaptable principles		
Strategic comm. task	Appealing	X	X
	Identify stakeholders		X
	Build relationship		
Endorsement of Initiative	Unnecessary	No Initiative	X
	Integrated		
	Part off		
<b>SES STRATEGY</b>		Model 1, moving slightly toward model 2 because necessity to calm tensions and threats to business (not will but by default)	

Table 12. ABG before and after

If the need to prevent confrontational strategies by neighboring communities in a context of diffusion of more inclusive SES practices in the mining sector leads most multinational gold mining companies to implement these innovative modes of community engagement, why is African Barrick Gold not following the trend?

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I will explore potential explanations for the diverging behavior of African Barrick Gold, considering factors such as community pressure or NGO campaigns (standard explanation), relative profitability of the mining site, and corporate culture (alternative explanations).

#### A. Standard explanations

In the literature on CSR, the main characteristic for firms to adopt higher CSR standards are factors of reputation (whether the group has a brand name to protect), and confrontation to naming and shaming campaigns (by national or international media or NGOs). The type of upheaval they are facing compared to the other companies could also be an explanation for their adoption or not of more inclusive community engagement strategies.

##### A.1. Reputation and Media campaigns

African Barrick Gold is listed on the London Stock Exchange where the headquarters are located. Barrick Gold holds a 73,9% equity interest in ABG. Barrick is listed in the Toronto and New-York stock exchange and is the largest gold mining company in the world, with 27 mines across the world. AngloGold Ashanti is headquartered in Johannesburg, South Africa, has 21 operations located on four continents, and is listed on the New-York, Johannesburg, Accra, London and Australian stock exchanges, as well as the Paris and Brussels bourses. Its operations are estimated to be seven percent of the worldwide production in 2008. Nordgold is the owner of the SMD; it is an emergent company listed on the London stock exchange since January 2012, operating 5 mines in Africa, Kazakhstan, and Russia.

Because of its position as leader in the sector, Barrick is supposed to protect its reputation from being threatened by naming and shaming campaigns. Compared to the 2 other MNCs in my sample, ABG's North Mara mine is also the one with the most visibility in the national and international media. Incidents between security and local artisanal miners are very frequently relayed by the national media, essentially in the press. In 2009, there was a strong national campaign against NMGM due to pollution allegations, which spread to the international sphere through the International Council on Mining and Metals (ICCM) and Protest Barrick. Protest Barrick is a US based NGO whose concern is to denounce the corporation's human rights violations at each of Barrick's mining sites. Barrick is thus regularly targeted by naming and shaming campaigns regarding their world-wide operations. Following the May 2011 incidents around the North-Mara site, national and international media were very critical of ABG's role in the casualties. The security challenges faced in their North-Mara operations seem to be a concern for the group who published on their website their version of the events and resolutions taken [Barrick, May 19,2011]. AngloGold had to overcome being pointed out as the "Most Irresponsible Company" at the Public Eye Award in January 2011, which, though not the first, was the most important naming and shaming campaign against the company [The Enquirer, January 30, 2011].

While the companies with the less reputational concerns are integrating inclusive stakeholder engagement in their strategies to address conflict, the most visible one is not enforcing the implementation of such processes. Thus, having a brand name to protect and being targeted by naming and shaming campaigns does not seem to explain why the company is not locally implementing more inclusive ways of dealing with neighboring communities to prevent further threats to its reputation.

## **A.2. Community pressure**

The type of upheaval ABG is facing (table 11) suggests the company should be more concerned with changing the strategy than is the SMD or AGA. NMGM faces regular violent upheavals, making profit-making operations a daily challenge, while companies in Guinea do not have such regular or such violent encounters, and AGA has faced only one violent event. I might thus consider that the more violent and frequent the confrontations, the less likely is the company to adopt more inclusive SES. To counter this idea, the case of ABG's operations at another site in Tanzania (Buzwagi in Shinyanga region) shows that even when the company was not confronted by any conflicts, it did not implement more participative approaches at the local level. The company followed the same path as in its North-Nara site despite the fact that neighboring communities of the ABG's Buzwagi operations have been using negotiated accountability strategies from the start of operation in 2009.

In sum, neither of the common explanations for the adoption of comprehensive CSR explains why ABG is not following the trend. An alternative explanation could be found in the lack of will or interest from the company to change its practices regarding neighboring community, which could come either from the importance of the site for the corporation or from the corporate culture.

## **B. Potential explanation**

The importance of the specific mining site for the survival of the corporation might be a factor in evaluating which response the company will give to neighboring community's threats to operations. The corporate culture, made of diverse discourses and pressures, which compose the underlying assumptions of the identity, project, ambition, and strategic line of the organization, could also hold explanations of ABG's position.

### **B.1. Importance of the site for the corporation**

ABG's North-Mara site is not the most important one for Barrick, nor the most important one for the company in Africa. The average production is 212 000 ounces of gold per annum in North-Mara, while its most profitable site produces over 1 million ounces and the least profitable around 30 000. AGA's mines in Guinea and Tanzania are also not the most important for the group. However, since the most important operation for AGA produces 520 000, while the SAG produces 316 000 and the GGM 272 000, these mines count proportionally more than the NMGM for Barrick. Nordgold's operations in Guinea (SMD) are at this stage the most profitable for the young corporation.

The three sites concerned by the adoption of more inclusive SES are proportionally profitable in the corporate groups of AGA and NordGold. The relatively low profitability of NMGM for Barrick, reflected in the recent attempts by Barrick to divest ABG [ft.com, January 8, 2013], could correspond to a lack of incentives for the company to change its community relations approach towards more inclusion of local stakeholders. However, the use of SES as a mean of decreasing the frequency and violence of conflicts, while creating a better working context, could allow this site to become more profitable [Henisz, Dorobantu and Nartey 2011].

## **B.2. Corporate culture**

Literature suggests that corporate culture is constructed through the influence of three global factors. It is generally understood that the culture of the home country where the company was created determines the core values of the corporate culture. Multinational gold mining companies also have to comply with international standards of conduct regarding the communities and the environment. Finally, the organizational field exercises a certain pressure on the company, leading either to emulation [DiMaggio and Powell 1983] (imitating good behavior), or to inertia [Morgan 1986] (business-as-usual). In the case of ABG, however, these influences do not seem to be relevant. Indeed, home country regulations are similar or prone higher standards than that of Nordgold or AGA, and Barrick joined several international voluntary initiatives setting standards of conduct toward local communities (Barrick joined the Voluntary Principles on Security and Human Rights, which is part of the United Nations Global Compact, is signatory of the Extractive Industries Transparency Initiative, participates in the Global Reporting Initiative, and in Business for Social Responsibilities). Moreover, as explained above, the organizational field is mostly leading the way towards more inclusive practices of stakeholder engagement and should therefore be a factor of emulation for Barrick.

Even if ABG has a corporate social strategy that encompasses inclusive stakeholder engagement, as suggested by their website and public documentation, it is often “more complex, contradictory, political and contested than simple top-down explanation” to implement it on the ground [Bowen 2007:109]. If global influences and the group’s corporate strategy are not at play in NMGM’s choices, it could be because of the decoupling between headquarters and local operations, and due to the heterogeneity of corporate culture within the group and between its different operation sites: “culture varies not only between companies, but between company sites, and to some extent across corporate functions or business units. Furthermore, culture [is] often highly dependent on the structure of the company: whether it [is] a hierarchical company led by a powerful personality or a company with much flatter structures. These factors [have] to be taken into account when looking at changing culture for a particular purpose, including more effective conflict management.” [Rees 2009:4] As Rees, Kemp and Davis explain, the culture of the corporate parent (headquarters) is usually more focused on technical aspects, while the country head office is more preoccupied by political issues and focused on policies [Rees et al. 2012:14]. These differences between corporate

cultures can sometimes hinder the on-site community department to act in an innovative manner [Rees et al. 2012:14]. Some corporate cultures are more favorable to implementing innovative changes than others. If the corporate culture allows for a learning process that can question the assumptions underlying the company’s policies, there are more chances for innovation [Morgan 1986]. Since corporate culture is not homogenous and each mining site (and maybe even each department) might have its own culture, in this section I focus specifically on departments that have responsibilities directly affecting and in contact with neighboring communities, such as the community relation (CR) departments.

The corporate culture of the CR department encompasses autonomy and recognition dimensions, which bring it to relate in specific ways to the neighboring communities. The more autonomy and recognition, the more opportunity the department has for adopting new practices such as inclusive stakeholder engagement strategies. Autonomy varies depending on how much responsibility, capacity, and means are delegated to the members of the department of community relations, and recognition is the symbolic importance given to the department by the managing director of the site, i.e., whether it is part of his priorities or not. Autonomy of the community department means the staff is empowered to be innovative [Rees et al. 2012:23]. Evidences of autonomy count the accessibility of the community relation department’s office to the communities, the presence of the community relations manager in head management meetings, the “staff” number of employees in the department and their background (their knowledge in development and social sciences, whether they speak local languages, cross-site learning) [Rees et al. 2012:17], how much discretion they have concerning the resources they need to fulfill their tasks (number of vehicles, spontaneous decision-making...) and its relative budget compared to other key departments related to communities (environment and security). On the other hand, recognition\_of the CR skills and role will also be determinant in the success of inclusive SES implementation, since the “perception on who is responsible and company leadership for preventing conflict are also determinant” (Rees et al 2012:23). Indication of the degree of recognition can be found in the quality of the relationship with the head management, in perceptions CR department members have of their recognition and of their room to maneuver, and in perceptions of the other key departments concerning the importance given to CR.

Based on preliminary findings, it appears that ABG’s community relations department was given neither the necessary autonomy nor recognition to carry out its responsibilities (see table 13). However, this analysis is based on my observations and interviews done outside ABG [Interviews NMGM], because the company refused to grant me access to regional headquarters in Dar-Es-Salaam, nor did they give me access to the managing director of the site, to employees in the department of community relations or in other departments.

CR corporate culture		SMD	SAG	GGM	ABG
Autonomy	Accessibility	+	-	-	-
	Head meetings	+	+	?	?
	Staff	+	+	-	-

	Empowerment/Budget	-	-	-	?
Recognition	Relationship with head	+	-	+	-
	Self-perception	+	-	+	-
	Maneuver	-	+	-	-
	Perception by other dpt	-	+	+	?

Table 13. Corporate culture of community relation departments

The CR department of the SMD is the most autonomous and recognized, the manager of the department's ideas are considered important by the head management (empowered to make decisions), even if other departments do not always recognize its importance and if it is facing a lack of room to maneuver due to financial constraints. Despite the fact that at this stage I have insufficient data about the GGM site in Tanzania, I have observed that AGA's CR departments are given increasing recognition and autonomy to fulfill the group's renewed approach to community relations. Notwithstanding the need for more field research about ABG (especially the company's input), it is clear that ABG's community relations department's culture is not favorable to the emergence of innovative stakeholder engagement strategies. The CR department's unsuccessful implementation of more inclusive SES can be understood as a symptom of inertia, which is linked to the broader company's incapacity or lack of will to learn.

### C. What might hinder the company's learning process?

If ABG's corporate culture is not favorable to the emergence of innovative SES, then what is keeping this company from changing? This section sums up preliminary hints that will need to be further investigated. Change in organizational strategy comes as a result of learning processes [Dauber et al. 2010:11]. Reviewing the literature on organizational learning, learning appears to come either from within the company - through the will to allow equity amongst the stakeholders and amongst the social and the technical sides of the company (i.e., the equity principle), and through the deliberate desire to change, which makes the difference between adjustments and changes at the core - or from a more systemic dynamic of paradigmatic change.

#### C.1. Equity principle

Change can come from within if the company applies the equity principle between social and technical sides of business, and between the various stakeholders engaged in the SES. Valente explains that the equity principle "replaces any position of privilege afforded to certain systems with equality through the fair distribution of resources, opportunities, basic needs, and property rights" [Bansal 200; Gladwin et al 1995; in Valente 2012:416].

Even if companies invite a number of stakeholders to the decision-making table, if there are no mechanisms to learn from this variety of perspectives, or if they are not heard on an equity base, there will not be a change in strategy/approach within the company; it will only lead to some small adjustments of practices [Valente 2010:459]. As Valente put it, "fundamental change [strategic change] at the business level requires the liberation of once-peripheral actor perspectives through interaction and dialogue" [Valente 2010: 461]. However, including a variety of stakeholders needs to

be supported by values which “legitimate and support these voices in a consistent and ongoing manner [...] an important step in making this transition” [Valente 2010:466]. The capacity to listen to the alternative voices coming from these “once-peripheral” actors, also relies on the skills and background of the CR staff to “translate” both the concerns of the communities to the more technical staff of the company and the constraints of the company to the communities [Rees et al. 2012:2].

Alignment of the role of the social part of the company, i.e., the CR department, and its integration within the company at the local level, as well as the recognition of its importance for the group’s performance by the corporate parent are also key elements to allow innovations to take place. Shifts in approach only occur if “both senior management staff and technical staff [are] prepared to act on advice coming from community relations” [Rees et al. 2012:14]. Rees, Kemp and Davis further show that enabling the shift to more inclusive stakeholder engagement relies on the capacity of the community department to build trust not only with the communities but also within the company with technical staff, and – especially in MNC with strict top-down structures - with the parent company [Rees et al. 2012:2]. In addition, the risk of conflict increases with the ongoing misalignment of objectives and actions (between technical and community departments), i.e., peaceful relationships are more likely to take place when there is a shared responsibility of outcomes within the company [Rees et al. 2012:2]. Thus, beyond the specific culture of the community department, which seems to hinder ABG’s implementation of innovative SES, its lack of alignment with the technical departments of the company at the local level might be an explanation for the company’s incapacity to change.

## **C.2. Adjustments versus strategic change**

Despite the loss in terms of performance as a result of conflict with communities, very seldom do companies measure these losses, which might be one of the barriers to arriving at the conclusion that a change of corporate culture is necessary [Rees et al 2012:25]. The link between performance assessment and the need for a change in strategy is not self-evident, even if it would be an easy task to measure the costs of conflict in terms of delays, disruption, legal intervention, staff time, etc. [Rees et al. 2012:22]. Usually, root-cause analysis of conflicts is not done, perhaps because of the reticence of the company to recognize its responsibility in the conflict [Rees et al. 2012:20]. Because of the slow rate for developing metrics of social performance, it is difficult to measure benefits of good community relationship, i.e., absence of conflict. As a consequence of not measuring the costs of conflicts, conflict management is not integrated into the broader corporate culture, and community development keeps being perceived as a financial drain, since the roles, skills, and contribution of community department personnel to the company keep being under-evaluated [Rees et al. 2012:25].

Nevertheless, performance assessment might lead to “adaptation” of structure, but it is only through “learning” that a change in strategy might take place [Dauber et al. 2012:8]. In other words, organizations might or might not learn from their mistakes. What I witnessed in the slight change of practices by ABG in NMGM could rather be proofs of adjustments in strategy, which are more likely



to be initiated by unfavorable changes in organizational performances, than of a desire for change [Dauber et al. 2012:9]. In other words, ABG had to adjust to ongoing crises and made some arrangements that did not reach the core of the company's strategy. External environments affect structures and operations because these are more permeable, but strategies change only through double-loop learning processes<sup>ii</sup> [Dauber et al. 2012:11]: "Many organizations are quite capable of single-loop learning<sup>iii</sup>, but fail to learn at a higher level, that is, double-loop learning" [Dauber et al. 2012:9]. What Dauber demonstrates is that learning has to be done on purpose. The main barriers to learning processes are poor vertical communication and poor coordination between functions [Dauber et al. 2012:8], which would have to be examined in the case of ABG.

### **C.3. Towards a change of paradigm**

Businesses can also be leaders of a change of view towards a less technocentric/economical perspective, a more social/sustainable one [Valente 2010]. Through innovative practices such as more inclusive SES, business can be part of the change since "those businesses, large or small, that have successfully taken on political responsibility recognized that they are merely one piece of a larger puzzle of multilevel actors each possessing complementary resources and capabilities. Companies played an instigator role in defying traditional institutional arrangements that dominate particular industries and devising new ones in collaboration with context-specific actors" [Valente, in Rasche et al. 2008:155].

## **Conclusion**

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This paper illustrates the puzzle that emerged from several field researches in Guinea and Tanzania. In the context of diffusion among the mining industries of more inclusive SES, I expected that all gold mining companies listed on important stock exchanges and with a reputation to protect would follow the trend, especially when confronted with conflicts with neighboring communities. The fact that ABG is the only company not successfully following this trend is surprising, especially considering that they are facing the most violent and frequent confrontations by neighboring communities.

In the process of understanding what makes ABG an exception, I first examined the variety of models of stakeholder engagement strategies existing in the mining sector, to situate the approach of each company studied in this paper: NordGold in Guinea, AngloGold Ashanti in Tanzania and Guinea, and African Barrick Gold in Tanzania. When these companies began their operations, despite promises made jointly with the government, they did not put in place coherent long-term strategies to address neighboring communities directly affected by their operations. The initial strategy consisted of ad hoc activities based on the salience of stakeholder and urgency of threat to their performance. The lack of visible benefits, combined with the lack of perceived acknowledgment of claims by the neighboring communities, led them to confront the companies in a variety of ways, ranging from more to less violent, massive, and frequent. Following these conflict episodes, companies changed

their community relations strategies towards more inclusion of local stakeholders, except for African Barrick Gold.

In the process of understanding what makes ABG an exception, I examined standard and alternative explanations. In comparison to the other three company sites, ABG faced more naming and shaming campaigns, while its position in the sector - as part of the larger corporate group in gold mining - would suppose the need to protect the brand name. The company also faced more frequent and violent community pressure, and its relatively low profitability could have brought the need to improve its social performance. Thus, if standard explanations do not seem to justify ABG's practices, it seems the corporate culture of the community department could explain more. In spite of the need for more field research and better access to the company to answer this puzzle, I explored some of the possible reasons hindering ABG's changing process towards more inclusive stakeholder strategies. If the community relations department is unable to bring about innovation, it might be linked to a broader lack of capacity of the company to integrate learning processes within its structure.

Change can arise from within the company, through an equity principle that balances power inequities between the company and the local stakeholders included in the SES, and between the social and the more technical parts of the company. Learning processes that are able to change the strategy of the company also have to come from a deliberate purpose to integrate double-loop learning, enabling the questioning of core assumptions underlying the company's activities. In the end, companies can be part of a large dynamic of change towards a less economical or technocentric paradigm, even if "it may not be reasonable to expect business, as an agent on its own, to change its behavior when a number of interactions with multiple agents discourage such a shift or at least do not consistently motivate the shifting of those values. Consequently, another important explanation for the persistence of technocentrism among private sector actors is the influence of the larger complex system that reinforces the need for such an approach among individual agents" [Valente 2010: 454]. Thus, businesses, like other actors, are a part of a larger system of paradigmatic change; each agent has a role in either reinforcing the actual economic focus or tending toward more "social and economical harmony".

## Notes

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<sup>i</sup> Transactional: "not timed around or predicated primarily on a desire by the company to extract an agreement from a community" [Rees et al. 2012:3]

<sup>ii</sup> Double-loop learning: "underlying organizational policies and objectives" [Argyris 1977:116], that is underlying assumptions, are questioned and changed.

<sup>iii</sup> Single-loop learning: processes of detecting errors and adjusting existing strategies to meet new requirements.

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## ***Interviews***

### **Tanzania Interviews (TZ)**

#### **North-Mara Gold Mine (NMGM)**

1. Acting Regional Police Commander (RPC) for Tarime/Rorya Special Police Zone, Tarime Police Station, 06.06.12, Tarime town, Tarime District, North Mara region
2. DED, Tarime District Council, 06.06.12, Tarime town, Tarime District, North Mara region
3. TAMICO member NMGM, 06.06.12, Tarime town, Tarime District, North Mara region
4. Kewanja village chairman, 07.06.12, Kewanja Village, Tarime District, North Mara region
5. Kewanja Village Executive Officer, 07.06.12, Kewanja Village, Kemambo Ward, Tarime District, North Mara region
6. Matongo Ward Sungusungu Commander, 08.06.12, Nyangoto Village, Matongo Ward, Tarime District, North Mara region
7. Nyangoto Village Executive Officer, 08.06.12, Nyangoto Village, Matongo Ward, Tarime District, North Mara region
8. Farmer/Miner, displaced by NMGM, 26.08.2011, Nyamongo Village, Tarime district, North-Mara region, Tanzania
9. Former Gold miner and local leader, 27.08.2011, Nyamongo Village, Tarime district, North-Mara region, Tanzania
10. Kerende former chairperson, 28.08.2011, Kerende village, Tarime district, North-Mara region, Tanzania
11. Elder women and sons, skin affected by water pollution, 28.08.2011, Matongo ward, Tarime district, North-Mara region, Tanzania
12. Matongo ward Chairman, 28.08.2011, Matongo ward, Tarime district, North-Mara region, Tanzania
13. Journalist for the DailyNews for Tarime District, 01.09.11, Tarime town, North-Mara region, Tanzania
14. Journalist for Mwanza region (newspaper in Kiswahili), 09.10.11, Mwanza town, Mwanza region, Tanzania
15. Sungusungu Assistant Commander for Matongo and Kemambo Wards, 08.06.12, Nyangoto Village, Matongo Ward, Tarime District, North Mara region
16. Search for common grounds, member of staff, 04.10.2011, Tarime town, North-Mara region, Tanzania
17. DCCC member, Dar-Es-Salaam Christian Communication Center, 16.09.2011, Dar-Es-Salaam

#### **Geita Gold Mine (GGM)**

18. Branch chairman, Benjamin secretary, GGM branch secretary, worker member, TAMICO Geita, 10.09.2011, Geita town, Mwanza region, Tanzania
19. Camp of homeless displaced people, 10.09.11, Geita town, Mwanza region, Tanzania
20. Knowledge management and sustainability manager for AGA Continental Africa region, 22.09.11, Dar-Es-Salaam,
21. Environmental superintendent, GGM, 24.05.12, Geita District, Geita Region
22. Security Manager, GGM, 24.05.12, Geita District, Geita Region
23. Community relation and sustainable development front line manager, GGM, 25.05.12, Geita District, Geita Region

24. Officer Commander – Criminal Investigation Dpt (OC-CID), Geita District Police Station, 29.05.12, Geita District, Geita Region
25. acting District Executive Director (DED), District Council, 30.05.12, Geita District, Geita Region
26. Sungusungu leader, village chairperson CCM, deputy secretary village, VEO, Isamilo Village Office, 01.06.12, Isamilo Village, Geita District, Geita Region

### **Guinea Interviews (GU)**

1. General Secretary, Extractive Industry Transparency Initiative (EITI), 25.11.2011, Conakry
2. Revenue Watch, consultant at the Ministry of Mines and Geology, 25.11.2011, Conakry
3. SMD, Community Development Superintendent, Société Minière de Dinguiraye, 25.11.2011, Conakry, and 28.10.12, Léro
4. AD, journalist & member of the civil society, 26.11.2011, Conakry
5. MD, director, PROJEG (national NGO), 26.11.2011, Conakry
6. Barry, Local Development Program in Guinée (Programme de Développement Local en Guinée) PDLG, 28.11.2011, Kankan
7. Director of the Rural Radio in Siguiri, 30.11.2011, Siguiri
8. Community Relation Superintendent, SAG Société Aurifère de Guinée/Société Ashanti Goldfield, 2.12.2011, Siguiri
9. SAG, Environmental Department Superintendent, 2.12.2011, Siguiri
10. SAG, community liaison (Facilitateurs communautaires), 2.12.2011, Siguiri
11. SAG, Security Department Senior Manager, 2.12.2011, Siguiri
12. « Le Lion », politician of the RPG (ruling party) from Siguiri, 2.12.2011, Siguiri
13. Wise Men (Doyenat), 3.12.2011, Boukaria, Siguiri prefecture
14. Wise Men, 3.12.2011, Boukaria, Siguiri prefecture
15. District elected chairmen, 12.12.2011, Lero, Siguiri prefecture
16. SMD, Environmental Department Superintendent, Société Minière de Dinguiraye, 12.12.2011, Lero, Siguiri prefecture
17. SMD, Security Department Director, Société Minière de Dinguiraye, 12.12.2011 and 29.10.12, Lero, Siguiri prefecture
18. Wise Men, 13.12.2011, Lero, Siguiri prefecture
19. Youth representative, 13.12.2011, Siguirini, Siguiri prefecture
20. SMD, M.C., agent communautaire de Société Minière de Dinguiraye, 14.12.2011, Amina, Siguiri prefecture