

Corporate Social Responsibility, Relationships and the Course of Events in Mineral  
Exploration – an Exploratory Study

by

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## **Abstract**

A description of the characteristics of the mineral exploration and mining industry is followed by a brief review of the related corporate social responsibility literature. Nine case studies of mineral exploration projects in Canada, Mexico, Ecuador, Peru and Argentina were conducted, involving over 220 interviews of members of the various actor groups. The results were analyzed and interpreted using symbolic interactionism as a theoretical framework. It was found that relationships exerted a significant influence on the course of social events and on the perceived present and future benefits and harms related to mineral exploration projects. Key interactionist concepts used included: meeting transactional needs; dimensions of building trust; meanings; reference communities; identities and relationships. The latter were successfully operationalized using the indicators trust; respect; communication; mutual understanding; conflict resolution; goal compatibility; balance of power; focus; frequency; stability; and productivity. These indicators clearly differentiated the cases. The qualitative “risk-of-conflict measure” related to each of the relationship indicators resulted from the underlying processes: meeting transactional needs and implementing the tactical trust building dimensions visibility; sincerity and personalization; showing face; and establishing routines. A seven-stage generalized model was developed that describes the interactionist processes leading to the development of relationship patterns and new social structures surrounding mineral exploration projects, and determining the course of social events and the perceptions of present and future benefits and harms. The processes at the core of the proposed model are: creating dialogue space that enables meeting transactional needs; developing relationships; and continual adjustment of meanings

through interactions. Consistent application of these processes can bring social responsibility initiatives into the transformational range and can help overcome some of the problems associated with many of the overly instrumental approaches that are currently being used. Implications for government policy and industry approaches are discussed and possible applications of the model are suggested.

## Preface

My professional career includes a Ph. D. in geochemistry, teaching physical chemistry at a Venezuelan university, oil sands research and research management, and leadership of the Alberta Geological Survey and the Geological Survey of Canada. I have been a member of the Geological Association of Canada and of the Canadian Society of Petroleum Geologists and I am currently a member of the Prospectors and Developers Association of Canada (PDAC), the Canadian Institute of Mining (CIM) and the Instituto de Ingenieros de Minas del Perú (IIMP). Through my career I became very familiar with the mineral exploration industry and its people, and my background and the positions I occupied gave me the opportunity to conduct field studies and live and work in various culturally different countries. This led me to obtain professional certificates in intercultural communication and conflict resolution.

I explored the possibility of using these skills and my familiarity with Latin American culture to support Canadian mineral exploration companies searching for mineral deposits in Argentina, a country with huge mineral potential and hardly any mining history at the time (1994). I set up a company and as part of a market analysis I visited a number of Canadian exploration projects in Argentina. I was able to observe the interactions between company staff in general and between local and Canadian staff in particular, with a specific focus on the office atmosphere and the flow of interactions between people. There were huge differences between companies in both office atmosphere and relationships, and between the companies' perceptions of their needs for intercultural support. Possibly not surprisingly so, companies' judgement of their

intercultural prowess differed significantly from my (albeit cursory) judgment of their intercultural prowess. It was my perception that companies with open, easily flowing relationships achieved a seamless inclusion of local staff. This made me think that these companies would also be better at interacting with the communities surrounding their project. However, I did not have the time or the resources to follow up on this, and the managers of these projects made it clear that few of them would be either able or willing to assign resources for studies and advice.

After my retirement I obtained an M.A. in Globalization and International Development and the subject of my thesis was the role of governments in corporate social responsibility (CSR) in mineral exploration and mining. My interest in this subject led me to become a member of the CSR Committee of the PDAC and of the Executive Committee of the Centre for Excellence in CSR in the extractive industries. I am still a member of the latter. My study of the CSR literature and comments made by various interviewees made me realize that, while CSR can make a valuable contribution, it still is considered as an add-on by too many companies and many have not yet fully integrated it into their way of doing business. I also concluded that CSR as currently conceived cannot resolve the problems many hoped it could, for a variety of reasons. Through participation in the PDAC annual conventions I kept abreast of developments in this field and witnessed growing interest not only in intercultural issues, but also in social issues more generally, and conversations with fellow members supported my growing conviction that relationships both within a company and between a company and its surroundings have a strong effect on what happens in the field. I believed that the relationships surrounding mineral exploration warranted specific attention. My beliefs were strengthened by my

experience as a manager and by Antoine de Saint-Exupéry's words: "La grandeur d'un métier est peut-être, avant tout, d'unir les hommes: il n'est qu'un luxe véritable, et c'est celui des relations humaines" (de Saint-Exupéry, 1939). As mineral exploration is one of the early steps in the mining cycle, it sets the tone for relationships with surrounding communities for years to come and it seemed crucial to understand what was going on at this stage. The question that I believed needed to be answered was: "How do relationships affect the course of social events and the perceptions of present and future benefits and harms associated with a mineral exploration project?" The present study of this subject looks at how the "course of social events and perceived present and future benefits and harms" are influenced by factors such as patterns and characteristics of relationships; symbolic interactionism processes and concepts such as meeting transactional needs; tactical dimensions of building trust; meanings; reference communities; company and community characteristics; external influences; and time.

I believed that the understanding resulting from the study would benefit both communities and companies and extend the range of usefulness of CSR, and a literature search suggested that not much sociological research had been done in this area. Most work had been undertaken from a business perspective and was focused around stakeholder analysis. I began graduate studies in sociology to obtain the knowledge and support I needed to try and answer the above questions from a sociological perspective.

Many question CSR as it is currently framed. Is it an industry attempt to retake the agenda; an astute adaptation of the capitalist system to changing societal demands; an economic necessity; a risk management tool; a fig leaf for unscrupulous companies; an ethical approach to business; or a mixture of all of these? Concepts of CSR have

continued to evolve and I believe that approaches such as the Social and Environmental Value Governance Ecosystem and Integrated Social Responsibility are steps in the right direction, as they focus on all actors, not only corporations, and thereby enhance the probability of success.

The research reported in this thesis was supported by, among others, the PDAC and the Secretaría Nacional de Educación Superior, Ciencia, Tecnología e Innovación del Ecuador (SENESCYT), reason for which staff of the PDAC and of the Instituto Nacional de Investigación Geológico, Minero y Metalúrgico del Ecuador (INIGEMM) participated in several of the field studies.

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The work described in this thesis was financially supported by Ontario Graduate Scholarships, the University of Ottawa and the Organization of American States (OAS) for the studies I undertook in 2008. For my studies during the period 2010 to 2013 I received financial support through a 50/50 shared grant from the Prospectors and Developers Association of Canada (PDAC) and MITACS (a federal-provincial granting agency) for studying the Cartier Resources, Cauchari-Olaroz and Lindero projects; and the Secretaría Nacional de Educación Superior, Ciencia, Tecnología e Innovación del Ecuador (SENESCYT) through its program "Prometeo – Viejos Sabios" provided financial support for my stay in Ecuador to develop the social responsibility strategy of the Instituto Nacional de Investigación Geológico, Minero y Metalúrgico del Ecuador (INIGEMM), and to conduct the Ecuadorian case studies. The INIGEMM provided logistics and staff for the Fruta del Norte and Curipamba case studies. The OAS again supported my studies from February 2013 to February 2015, the period during which I undertook the Morelos and Palma case studies and compiled and analyzed the results of all case studies. The OAS also funded various visits to Argentina for consultations with

companies and the Universidad Nacional de San Martín, and for a visit to the Navidad project in the province of Chubut, Argentina, which allowed me to test the validity of the process model I had developed.

Dr. Wallace Clement, my Ph. D. supervisor at Carleton University provided ongoing support and guidance together with the members of my internal thesis committee: Dr. Neil Gerlach and Dr. Sefa Hayibor. Lic. Roberto Sarudiansky of the Universidad Nacional de San Martín (UNSAM) in Buenos Aires was my co-supervisor for the OAS-funded parts of the study. He shared his great knowledge of the Latin American mineral exploration and mining industry with me and together we organized a number of knowledge dissemination events in Argentina. His unwavering support, creativity in finding solutions, and his ability to always stay calm and take events in a stride meant very much to me. I am also grateful to Dr. Hugo Nielsen of UNSAM for helping Roberto make my studies possible.

In Canada Tony Andrews, Dennis Jones and Bernarda Elizalde of the PDAC believed in my study and helped obtain the MITACS grant. Justin Moores of MITACS provided excellent advice and processed the grant request in record time. Philippe Cloutier, of Cartier Resources enthusiastically supported the PDAC study of his projects, in which Bernarda Elizalde and Karen Mulchinok (also of the PDAC) participated.

In México, Andrés Recalde of Torex Gold approved the study of the Morelos project and Jose Luis Peralta and his community relations team provided logistical support and shared their knowledge and experiences.

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## List of Acronyms

Acronym	Definition	English translation
ABAT	Action Boréale à Abitibi-Témiscamingue	Boreal Action in Abitibi-Témiscamingue
AEMQ	Association de l'exploration minière du Québec	Mineral Exploration Association of Quebec
APEOSAE	Asociación de Pequeños Exportadores Agropecuarios Orgánicos del Sur de la Amazonía Ecuatoriana	Association of Small Organic Farming Exporters of Southern Ecuadorian Amazonia
C.C.	Comunidad Campesina	Peasant Community (legally defined)
C.P.	Centro Poblado	Populated settlement (subset of a C.C.)
CEGEP	Collège d'Enseignement Général et Professionnel	General and Professional Education College. Unique to Quebec, but comparable in certain ways to colleges elsewhere in Canada, with the difference that a CEGEP diploma is required for university entrance
CIM	Canadian Institute of Mining	
COFENAC	Consejo Cafetalero Nacional	National Coffee Council
CONACAMI	Coordinadora Nacional de Comunidades Afectadas por la Minería	National Coordinator of Communities Affected by Mining (Peru)
CONAIE	Confederación de Naciones Indígenas del Ecuador	Confederation of Indigenous Nations of Ecuador
CSR	Corporate Social Responsibility	
CSV	Creating Shared Value	
DFATD	Department of Foreign Affairs, Trade and Development	
ECUARUNARI	Ecuador Runakunapak Rikcharimuy	Confederation of Kichwa Peoples of Ecuador
EIA	Environmental Impact Assessment	
ENAMI EP	Empresa Nacional Minera Empresa Pública	National Mining Company – Public Company
ETAPA	Empresa Pública Municipal de Teléfonos, Agua Potable y Alcantarillado.	Public Municipal Telephone, Drinking Water and Sewage Systems Company (of the city of Cuenca)

<b>Acronym</b>	<b>Definition</b>	<b>English translation</b>
FDSFNP	Frente por el Desarrollo Sostenible de la Frontera Norte del Perú	Front for the Sustainable Development of the Northern Border of Peru
FOA	Federación de Organizaciones Indígenas y Campesinas del Azuay	Federation of Indigenous and Farmer Organizations of Azuay (Ecuador)
GAD	Gobierno Autónomo Descentralizado	Autonomous Decentralized Government (Ecuador)
IIMP	Instituto de Ingenieros de Minas del Perú	Peruvian Institute of Mining Engineers
IMF	International Monetary Fund	
INIGEMM	Instituto Nacional de Investigación Geológico, Minero y Metalúrgico del Ecuador	Ecuador National Institute for Geological, Mining and Metallurgical Research
IPAE	Instituto de Protección Auxiliar del Estado	State Institute for Auxiliary Protection (Mexico)
MEM	Ministerio de Energía y Minas	Ministry of Energy and Mines (Peru)
MITACS	Mathematics of Information Technology and Complex Systems (definition appears rarely)	(Federal-provincial granting agency – Canada)
NCP	National Contact Point for the OECD dispute resolution mechanism	
NGO	Non-Governmental Organization	
OAS	Organization of American States	
OECD	Organization of Economic Cooperation and Development	
OGS	Ontario Graduate Scholarships	
ONDS	Oficina Nacional de Diálogo y Sostenibilidad	National Dialogue and Sustainability Office (Peru)
PDAC	Prospectors and Developers Association of Canada	
PDYOTLE	Plan de Desarrollo y Ordenamiento Territorial de Los Encuentros	Los Encuentros Development and Land Use Plan (Ecuador)
PRONOEI	Programa No Escolarizado de Educación Inicial	Community-based early education program (Peru)
PUCP	Pontificia Universidad Católica del Perú	Pontifical Catholic University of Peru

<b>Acronym</b>	<b>Definition</b>	<b>English translation</b>
SENESCYT	Secretaría Nacional de Educación Superior, Ciencia, Tecnología e Innovación del Ecuador	Ecuador National Secretariat for Higher Education, Science, Technology and Innovation
SENPLADES	Secretaría Nacional de Planificación y Desarrollo del Ecuador	Ecuador National Secretariat for Planning and Development
SNMPE	Sociedad Nacional de Minería, Petróleo y Energía	National Mining, Petroleum and Energy Society (Peru)
UNAGUA	Unión de Sistemas Comunitarios de Agua del Azuay	Union of Community Water Systems of Azuay (Ecuador)
UNSAM	Universidad Nacional de San Martín	National University of San Martín (Argentina)

# Chapter 1. Introduction

In 2013, over 1000 Canadian mineral exploration companies were active in more than 130 countries, often in remote locations (Drake, 2013), and 40% of equity financing for mineral exploration in 2011 worldwide was raised by companies listed on Canadian stock exchanges (Natural Resources Canada, 2013). Among the many issues that arise in their interaction with local communities, conflicts and the relative distribution of benefits and harms are prominent. Many international institutions and industry organizations have developed guidelines to help address those issues. While these guidelines mention the importance of establishing and maintaining productive relationships with relevant actors, a sociological framework for understanding the relationships involved and the processes through which they exert their influence is still lacking.

To fill this gap, interviews were conducted in and around nine mineral exploration projects in Canada, Mexico, Ecuador, Peru and Argentina. The theory of symbolic interactionism, together with a relationship characterization tool developed for the purpose of this study, were used to analyze and interpret the results and to develop a generalized model of the processes that drive the course of social events and the perceptions of benefits and harms. The present study presents a coherent framework for understanding the relationships between the actors, the underlying processes, and the influence of these processes on the course of social events and perceptions of present and future benefits and harms. The chapters following this introduction describe the details of the study and its conclusions.

Chapter 2 provides the context in which mineral exploration companies operate. Their activities focus on the early part of the mining cycle that consists of the stages: production and dissemination of geoscience knowledge by government geological survey organizations; prospecting and staking mostly by individual prospectors; early stage exploration by junior companies; advanced exploration by larger companies; mine construction and operation by mid-size to large companies; and mine closure. The revenue of companies involved in the stages up to mining derives from the sale of the rights to develop the prospect to the entity that operates the next stage. On average, only a very low percentage of exploration projects ever become a mine and the high financial risk involved at most stages creates considerable uncertainty, which in turn affects community relations. Maintaining conflict-free socially responsible operations in a globalized environment in which projects are under constant scrutiny is a challenge, and the industry is resorting to Corporate Social Responsibility (CSR) strategies to try and meet it. Mineral exploration companies tend to be small, operationally nimble, risk-taking and adventurous and perennially on the look-out for capital to finance their operations.

The actor groups that play a role in mineral exploration include companies, Non-Government Organizations (NGOs), governments, communities, investors and financiers, and Chapter 2 will briefly outline the characteristics of each.

As social conflicts that arise during the exploration stage often affect the course of social events during the subsequent stages of the mining cycle, it is important to understand and where possible address them at this stage. Factors that play a role in the occurrence or absence of social conflicts include cultural differences, local and country history, socio-economic conditions, development models, and company and community

characteristics and actions. Social conflicts occur in all industrial sectors and have been gaining increasing attention, which has led to the phenomenal growth of CSR over the past few decades. The concept has been defined in a great variety of ways, almost all of which view it as a voluntary effort over and above the requirements of the law. The simplest definition is that of the European Commission: “corporate social responsibility is the responsibility of enterprises for their impacts on society” (European Commission, 2011). In view of the great importance attached to CSR by all sectors of the economy and the mutual influences between these sectors, Chapter 2 provides a general update on the field and further suggests that CSR as currently practiced does not appear to be the sole answer to the problems it was hoped to solve. Companies at the low end of the expectation spectrum only hoped that CSR would buy them social peace and enable them conduct their work without interruptions. Companies at the high end of the expectation spectrum aimed to contribute to the well-being and development of the communities in their area of influence and invoked moral considerations. Very few if any looked at larger systemic issues such as the structure of the industry or at alternative economic models. Other actors had expectations too: communities had little understanding of the CSR concept but many viewed it as the company’s duty to make considerable (mainly financial) contributions, while the host and home governments saw CSR as a development tool. The success of CSR initiatives in meeting these expectations has been mixed and it appears that a broader, more transformational change may be needed: Bowen et al. reviewed over 200 papers on community engagement strategies which they classified into the categories: transactional, transitional and transformational (Bowen, 2010). Chapter 2 considers the adjective “corporate” to be misleading as it draws

attention away from the fact that all actors involved need to be socially responsible. The characteristics of the transformational approaches described by Bowen et al.: collaborative processes; community decision making; acting together; supporting; empowerment; leadership; and intensive alliances lend support to this contention. Unfortunately, these characteristics are often lacking. One reason for this is the instrumentalist approach taken by many companies, as reported in the literature cited in Chapters 2 and 3. According to Bowen et al. "...transformational engagement has the possibility of not only symmetrical, independent benefits to firms and communities from engagement, but also of conjoined benefits accruing to both parties." Chapter 7 will show that application of the model developed as part of the present study can help promote these characteristics, which would also help meet the expectations referred to above.

Chapter 3 considers that, while the importance of relationships in mineral exploration has long been recognized, and while stakeholder approaches are quite common, little attention has been paid to the sociological processes that play a role in relationships and interactions, and their effects. This led to formulation of the research question:

*How do relationships within and between the actor groups involved in mineral exploration projects influence both the course of social events and the distribution of perceived present and future benefits and harms?*

The chapter explains the reasons for choosing symbolic interactionism and associated relationship considerations as a theoretical framework. The present study is an exploration of this topic and identifies avenues that warrant further investigation. It

would have been desirable to select case studies that include end members on the spectra that cover low-to-high conflict situations and low-to-high company skill sets. However, barriers related to logistics and company willingness to participate made this impossible. It was especially difficult to gain access to high-conflict situations and to companies with low skills in this area. A planned case study in a high-conflict situation had to be cancelled because a spike in conflict that occurred around the time of the study would have exposed the interview team to an unacceptable level of physical danger. As a result, the sample of case studies is biased towards the “positive” side. This was partially compensated for by including a case that had been studied by the author for other reasons and on which extensive literature information was available.

The approaches taken for interviewing a total of 246 persons are described and detailed interview guides are provided in Appendix A.

Chapter 4 discusses symbolic interaction theory and identifies meanings; relationships and associated interactions; interpretations; decisions; and reference communities as the key concepts involved in the micro-processes at work. Each of these concepts is discussed in some detail together with examples taken from field observations made during the present study. In addition, the importance of meeting transactional needs (identity verification; benefits from the encounter; inclusion; trust; transparency) in interactions is explained and stressed, together with the advisability of using the tactical dimensions of building trust (visibility; sincerity and personalization; showing face; and establishing routines). As individuals have multiple identities each of which carries its own network of relationships and interactions and each of which draws on a different reference community, situations can be quite complex. This chapter also explains how

group identities form, and argues that the interplay between the various identities could be a driver of change. It further outlines how group identity can be linked to interpersonal networks, drawing on the work of Deaux & Martin (2003a).

As meanings, interpretations and decisions are being continually adjusted through interactions, and as interactions are strongly influenced by relationships, a tool for characterizing relationships was developed. The tool describes relationships in terms of the indicators trust; respect; communication; mutual understanding, conflict resolution; goal compatibility; balance of power; focus; frequency; stability; and productivity. Chapter 4 also mentions boundary conditions that constrain the range of possible “solutions” that would allow society to function in the face of the complexities outlined above. They are related to factors such as climate, geography, resources and physical and social distance and their existence can divide a larger actor group into subsets.

Chapter 5 summarizes each case study using the headings: title; field study information; project description; context; observed patterns and characteristics of relationships; company social responsibility approach; perceived benefits and harms; and summary and conclusions.

Chapter 6 analyzes and interprets the field study results. For each case study, a risk of conflict measure was assigned to each relationship indicator, which resulted in a “relationship indicator profile” for each case. Combination of these profiles into comparison table showed that the relationship indicator profiles clearly differentiate the cases. This is followed by an interpretation of the field observations in terms of symbolic interactionist processes involving meanings, reference communities, relationship patterns

and change. It shows that the relationship indicators coupled with a symbolic interactionist framework successfully linked micro-level interactions to meso-level actions and provided a credible explanation of the factors influencing the course of social events surrounding mineral exploration projects.

Chapter 7 presents a generalized interactionist model for mineral exploration projects that links CSR and relationships to the course of social events and to perceived present and future benefits and harms associated with a mineral exploration project. The model consists of seven “core stages” with a number of additional influences feeding into it. The chapter explains each of these stages and influences and how they lead to the course of social events and perceptions of present and future benefits and harms.

Chapter 8 presents a summary and conclusions, discusses limitations of the present study and outlines areas for future research. It also considers the implications of the findings of the study for government policy and industry approaches and suggests actions that could influence the change processes and discusses ways in which the model could be applied. The most important conclusion is that the model proposed by this study presents a coherent framework for understanding the relationships between the actors, the underlying processes and how they influence the course of social events and perceptions of present and future benefits and harms. Also, application of the model will help promote transformational change.

Symbolic interactionism provided an excellent theoretical and methodological basis for describing and understanding the processes that link relationships to the course of social events and to perceived harms and benefits. It did so by paying close attention to

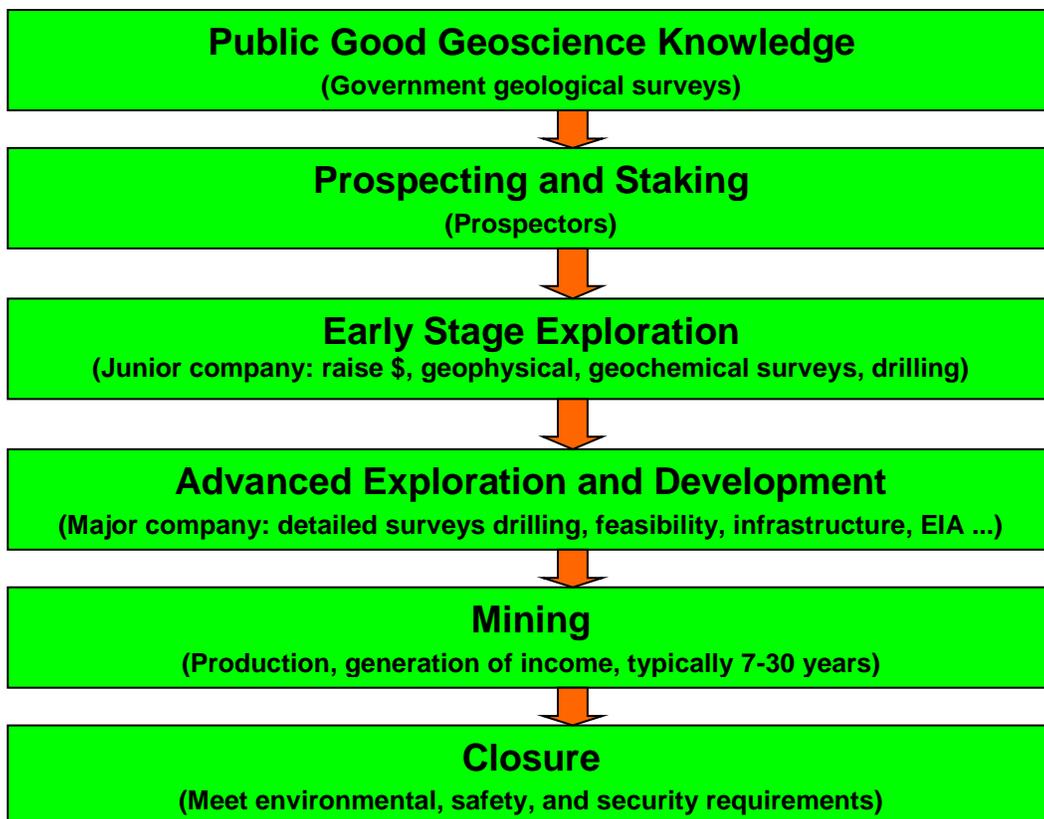
interactions at the person-to-person level through the concept of meanings, then tracing the path to decisions weighed against reference community norms and following the change process by identifying the nodes where the change of meanings begins and how it diffuses out into the community. The relationship patterns formed by repeated cycling through this process led to new social structures. The relationship characterization tool developed for the purpose of this study allowed relationship patterns to be characterized. The findings of this study have government and industry policy implications. The model developed provides a theoretical underpinning for both the Government of Canada's Enhanced Corporate Social Responsibility Strategy and industry codes such as e3 Plus, and helps improve implementation of these approaches.

## Chapter 2. Context

### Mineral exploration and mining

While the details of social issues that arise during both mineral exploration and mining vary with specific circumstances they have common root causes, reason for which the following discussion applies to both. The structure of the mineral exploration and production industry is best described in relation to the mining cycle that is schematically represented in Figure 2.1.

**Figure 2.1.** The Mining Cycle



Geoscience information, usually collected by government agencies and thus a public good provides, in addition to clues on the mineral potential of an area, important environmental and natural hazard information that helps address environmental, safety and security aspects of operations. Prospectors use simple tools and geological maps and work alone or in small groups. The relative simplicity of the operations of geoscience information collection and prospecting should reduce the probability of social conflict at these stages. However this is not always the case, for example Instituto Nacional de Investigación Geológico, Minero y Metalúrgico del Ecuador (INIGEMM) geologists have had to flee on a number of occasions to escape physical harm. Early stage exploration is usually carried out by small companies that often believe that they lack the capacity and resources needed for community engagement and therefore they may, albeit not intentionally, cause friction and suspicion. On the other hand their small size means that, once they find ways to implement socially responsible practices, they can do it quickly and with good internal buy-in. The advanced exploration stage involves diamond drills, possibly earth moving equipment and crews that can have up to 50 members. Because of their greater impact, social aspects need to be managed with greater care. The probability that an exploration target in an area where mines are already operating becomes a profitable mine is about 1 in 24, while in greenfield exploration it is between 1 in 1000 and 1 in 3333 (Kreuzer & Etheridge, 2010). Communities that do not know the mining cycle may have unrealistic expectations, both about the prospects of a prosperous future and about the “depth of the junior company pockets”. Also, activities during the exploration stage can vary strongly with time, for example when a period of extensive drilling is followed by a period during which the drill cores are analyzed in the laboratory

and there is no field activity. This often confuses communities that sometimes are not sure whether or not a project is still ongoing or whether equipment has been left behind forever. Therefore, managing expectations during the exploration stages is very important.

The total time elapsed between geoscience studies and completion of mining infrastructure development can be anywhere from five to 20 years. Furthermore, total investment up to the start of the mining stage can amount to billions of dollars. Issues arising during these stages may be related to access to land; environmental protection; local and national power relations; employment; human rights; safety and security; environment; social impact; and distribution of risks and benefits. Communities see the entire cycle as a single undertaking and do not distinguish between the different actors involved in the various stages. Therefore, events during the early stages can have a profound effect on later stages (if they materialize) and it is important to understand the social processes that take place during the exploration stage because of their potentially lasting effect.

The vast improvement in communications technology over the past few decades has had a major impact on almost all aspects of mineral exploration and mining, both technical and social. With respect to the latter, civil society has used the technology as a magnifying glass through which to focus the spotlight of public opinion on questionable practices. In reaction to environmental and social pressures and in an effort to retake control of the agenda, but also driven by normative ethical considerations of industry leaders (Dashwood, 2005), the mineral exploration and mining industry, like many other industrial sectors, embraced the global Corporate Social Responsibility (CSR) concept,

defined by the European Commission as “the responsibility of enterprises for their impacts on society” (European Commission, 2011). Dashwood pointed out that, while the norms have been accepted, actual performance may still not reach the levels required by these norms (Dashwood, 2011). Also, changes in the practices of companies remain strictly anchored within the capitalist model. The present thesis focuses on relationships and their effect on outcomes, not on CSR per se. However, the CSR concept is the driver of the mineral exploration and mining industry industry’s attitudes and community engagement activities, reason for which the author provided fairly extensive contextual information on CSR.

Over the past decade, communities have been steadily gaining power through instruments such as ILO 169 (International Labour Organization, 2012), the United Nations Declaration of the Rights of Indigenous Peoples, their right to Free, Prior and Informed Consent (or Consultation) (United Nations, 2007), and in Canada the Crown’s duty to consult. Also, many communities are resorting to vociferous protests that have led to violence in many cases. The industry is well aware that, even though the authorities may have approved their project, obtaining a “social licence to operate” from the communities affected by their activities is essential for their survival. The “social licence to operate” concept has recently come under fire for being too narrow and instrumental, and for establishing the wrong impression of what really is involved (Owen & Kemp, 2013).

Governments set the context for much of the above, and they have their own political considerations that can lead them to align with one side or the other (not infrequently with industry). Often they are beholden to the world economic system (for

example their real or perceived need to attract foreign direct investment and foreign exchange to finance their policies), and lack the political will or the resources to satisfy the social expectations raised by mining.

The mineral exploration industry is somewhat different from mining. Distinguishing features include: small company size, therefore possibly less resources and maybe less power. Also, limited resources and investor focus on quick returns may make it difficult to add social expertise to the staff complement. However, several of the companies that took part in the case studies either had parent mining companies that provided them with the resources needed, or they found creative solutions to overcome these challenges. As was mentioned earlier, their probability of success is low— only a very small percentage of exploration projects ever makes it into a mine. This is often not understood by communities and managing expectations is important and difficult: exploration projects do not generate income and depend on promising findings and investor patience for survival. This also means that they cannot invest huge amounts into community development and company existence is fleeting – there is a high turnover rate of companies. While exploration has much less environmental impact than mining, there is a fairly high risk of unethical behaviour: many juniors are in the business to prove up a prospect and then sell it to a medium-size large mining company. As the selling price depends on the perceived mineral potential, there is a strong temptation to exaggerate findings. Agricola already warned his readers about this risk (Agricola, 1556). The well-known Bre-X scandal is an extreme contemporary example, which led stock exchanges to tighten regulations (Ankli & Varadan, 1999).

The large number of exploration companies makes it difficult to make voluntary industry standards binding (Gunningham & Rees, 1997) and the industry's trade organization (Prospectors and Developers Association of Canada) has not (yet?) made adhering to its voluntary social responsibility code a condition of membership. The power imbalance between exploration companies and communities, while it can exist, is usually less pronounced than in mining. Communities can use the ability to withhold approval and to organize protests, and to disrupt operations as power tools more effectively against a smaller company. In cases where communities have well-defined rights to the land there can be power equilibrium. As will be seen, this was the case in the Cauchari-Olaroz case study.

Actor groups related to mineral exploration and mining include corporations, NGOs, local and national governments, international institutions, communities, and investors. A brief discussion of the characteristics of each of the major actors follows (Boon, 2009).

## **Companies**

The day-to-day running of a company is entrusted to the President and Chief Executive Officer (CEO), who reports to a Board of Directors and is assisted by a team of professional. The tone set by the management team has a major influence on the organization's internal social climate and on the way it approaches other actors. The length of the chain of command, the span of control of individual managers, criteria used to define organizational units (function, product, region, etc.) also play a role. Many companies have a managerial/engineering mindset that focuses on quantitative,

measurable results (“what is measured gets done”). Problems are there to be solved, mostly through a linear series of steps. Meeting targets and deadlines is all-important, as is lowering costs. While these attributes are necessary and useful for a company to achieve its goals, they are often not helpful in dealing with other actors. For example, companies often do not take sufficient time to build bridges with communities (Frynas, 2005).

## **NGOs**

NGOs play a role as “watchdogs” of corporations and deliver a variety of social services, independent of the industry. Many strive to represent the interest of communities, independent of being watchdogs. Several NGOs also act as operators of CSR initiatives in joint ventures with or under contract to mineral exploration or mining corporations. Corporations may focus on members of a community who are willing to cooperate and dismiss or ignore others. NGOs and unions can effectively counteract such tactics, provided they properly address their own accountability (i.e. how well they represent the different elements of the local population on whose behalf they are bargaining). In a number of cases, the involvement of NGOs has actually decreased the responsiveness of corporations to community campaigns (Garvey & Newell, 2005). A number of authors have pointed out the need for NGOs to become more accountable and to involve their stakeholders more effectively in the design of their strategies and activities (Bendell, 2005; McAleer & McElhinney, 2006; Odell & Silva, 2006). Jackson and Warren reported that complex and pluralistic indigenous movements sometimes are at risk of being pressured into accepting NGO political and economic agendas (Jackson & Warren, 2005).

## **Governments**

The powers at the disposal of governments vary with circumstances and countries. The governments of developed nations helped set a neo-liberal agenda and some are now involved in setting a context for corporate behaviour through their influence in international bodies and the means at their disposal for influencing the foreign activities of companies headquartered in their countries (e.g. diplomatic assistance, tax rules, capacity building, and public shaming). They can influence “home” activities of such companies through regulation or the threat of regulation. Australia, Norway, and Great Britain are investing in awareness campaigns and education and the Norwegian Government Pension Fund decided to drop its investments in Barrick Gold early in 2009 because of “an unacceptable risk of the Fund contributing to serious environmental damage (Coumans, 2009). The powers of governments of developing countries are limited in a number of ways. First, their need for foreign direct investment to create jobs and generate income puts them in a weak negotiating position. Also, state dependence upon loans from institutions such as the World Bank or the IMF, whose loan conditions required export-led industrialisation, often has provided incentives to promote industrial expansion at the expense of social and environmental safeguards, which sometimes led to communities becoming the victims of state aggression or discrimination, (Garvey & Newell, 2005). Second, national and local governments often lack resources and capability and are poorly prepared for effective co-operation with both communities and corporations in development programs, and they frequently lack the resources to enforce (International Development Research Centre, 2003). Third many governments, especially in developing nations, face the challenge of bribery and corruption. The

Extractive Industries Transparency Initiative and the OECD Guidelines for Multinational Enterprises (Extractive Industries Transparency Initiative; OECD, 2011) contain clauses that specifically aim to reduce the incidence of such situations. In Canada the Corruption of Foreign Public Officials Act was updated in 2013 and the Government of Canada has considerably increased its enforcement activities (Hutton & Beaudry, 2014). Finally, communities often lack government support that may instead be given to more powerful groups or constituencies (Garvey and Newell, 2005: 393).

## **Communities**

Extractive industries have to be located where the resource is, often far removed from the centres of political power and mainstream economic activity. Communities are heterogeneous and consist of sub-groups that can be categorized by income, age, gender, occupation, religion, education level, part of town, dialect, and others. A single individual can have multiple identities related to his or her membership of different subgroups. As will be demonstrated later, interpersonal relationships play an important role. The internal dynamics of a community can be quite complex and influences how individual choices are converted into community choices, a process that affects the future of both the community and the corporation that plans to establish operations there (Garvey and Newell, 2005: 399, 400). Symbolic interactionism provides a useful framework for understanding community internal dynamics related to mineral exploration projects as will be shown later in this thesis. Mineral exploration projects affect communities within their zone of influence in a number of ways. Not only does the company occupy the physical environment with its equipment, buildings and other infrastructure but its economic weight, employment practices, work organization and hierarchies, and value

system inevitably influence the social structures, values, worldview and attitudes of the communities, especially when the latter are small. At the same time, the community influences the company and its internal culture as will be shown later. Many checks and balances present in developed countries do not apply in developing nations. Neo-liberal aspects of globalization have weakened their government structures and led to asymmetrical power relationships between companies and governments. This weakening extends down to local governments: they are even less of a match for the resources and skills of many companies. When communities need to arrive at a decision on a proposed corporate development, negotiate a deal and ensure that, once in operation, the corporation will adhere to its commitments, they face a number of issues. First, during the proposal stage, who will guide the debate and how? How to ensure representation of all views in the community? How to decide when a position is ready to be carried forward? How to maintain unity? To prepare itself, the community needs to build skills in negotiation and conflict management and NGOs can help with community capacity development (International Development Research Centre, 2003: 7). This can position it to deal both with its internal differences and handle the negotiation process with the company. While ultimately the community has to make its own decisions, NGOs and unions can provide useful assistance, provided any questions about their own accountability are addressed. Companies may just want to “buy peace” during critical initial project phases and focus on selective parts of the communities that are most likely to be affected by these initial project operations, and any social support initiatives may not be sustained once the critical project phases have been completed (Frynas, 2005: 585). While the negotiation agenda often is ostensibly set jointly, the imbalance of power

between community and company may still allow the latter to control the agenda and frame the issues in a way that neutralizes opposition (Garvey and Newell, 2005: 392). Communities must also find ways to understand the technical aspects and potential impacts of the proposed development. Some companies are reported to use expert knowledge to “snow” those with less education or less access to information. Communities could seek NGO support in this respect, but the latter’s approach may be biased and potentially unscientific (Garvey and Newell, 2005: 401). In line with the endogenous development paradigm it may be advantageous to work with local universities or professional organizations where possible (Mas Herrera, 2005).

## **Investors and financiers**

Under the present business paradigm the mineral exploration part of the mining cycle is completely dependent on investors: without investments there will be no exploration by junior companies. Over the past decade and a half, ethical investing has grown in importance. Many institutional investors such as pension funds have developed or are developing social and ethical criteria that have to be met by corporations in which they are willing to invest. A number of large banks have agreed to the Equator Principles that set out the social, environmental and ethical considerations they will take into account when making project financing decisions (Equator Principles, 2013). These principles are similar to the International Finance Corporation Performance Standards (International Finance Corporation (IFC), 2012). Also, shareholders are becoming more activist and are increasingly making their voice heard at Annual General Meetings to question company practices. Investors do not tend to play an active role “on the ground”, but they can provide communities with leverage.

## Social conflicts

As was mentioned earlier, mineral exploration and mining are controversial activities and many projects have to deal with social conflict. Table 2.1 shows the list of common basic themes of conflicts and factors in community protests presented by de Echave et al.

**Table 2.1.** Basic themes of social conflict (de Echave, Diez, Huber, Ricard Lanatta, & Tanaka, 2009)

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Identity and respect (e.g. way of life, social significance of land, relational expectations)  
Defence of autonomy  
Risk perception  
Environment (water, soil, air)  
High expectations (employment and other benefits)  
Competition for resources (water, land)  
Development models  
History of the area: there may be existing or latent conflicts that date from the past  
Mining legacy issues (for example La Oroya in Peru is said to be the most polluted place on earth. It is etched into the Peruvian mind and came up during many of the interviews in Peru, far away from La Oroya)  
Distribution of economic benefits  
Existence of multiple hidden agendas  
Identity and respect (e.g. way of life, social significance of land, relational expectations)

## Social responsibility

As the extractive industries view community relations through a corporate social responsibility lens, and as establishing relationships with communities is a key component of CSR strategies, an understanding of the concept and its evolution provides a context for the present study. As was mentioned earlier, the present study is not focused on CSR as such. This section discusses social responsibility in a broad sense. The mineral exploration and mining industry has embraced the concept of Corporate Social

Responsibility (CSR) that was defined in Chapter 1 and adopted a discourse of “socially and environmentally responsible mining”, or “new mining” (Salas Carreño, 2008). This discourse is permeating the industry, together with its associated guidelines, codes and private regulation frameworks. In the mining and mineral exploration industry the approach tends to be somewhat instrumental, and its use of the CSR concept often does not take underlying systemic issues into account (Kemp & Owen, 2013; Owen & Kemp, 2013; Sagebien & Lindsay, 2011; Stiglitz, 2006). While many view it more as a “technique” than as a foundational philosophy, some have linked it to deeper philosophical considerations. For example Humberto Ortiz Roca put it in the ethical context of the Social Doctrine of the Catholic Church (Ortiz Roca, 2012).

The concept of Corporate Social Responsibility is not new: already in 1953 Bowen advocated that business actions should be desirable in “terms of the objectives and values of society” (H. R. Bowen, 1953). Donaldson considered corporations to be moral agents with the corresponding obligation to behave in accordance with society’s values (Donaldson, 1982). Carroll developed a conceptual model of corporate social performance that considered three dimensions each of which plays a role in a corporation’s social performance: social responsibility, social responsiveness and social issues involved (Carroll, 1979). He defined social responsibility as: “...the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time.” Its components are simultaneously present to varying degrees depending on the case. Social responsiveness refers to the philosophy of the company with regard to how it goes about meeting social expectations. Its philosophy can be located anywhere on the spectrum that ranges from reaction through defense and accommodation to proaction.

Finally, a company needs to decide which social issues are relevant, and Carroll made the point that these issues are different for different industries and that they change with time. Carroll's model provides a useful framework within which to place social performance. Wood proposed a model with the components: principles (legitimacy, public responsibility, managerial discretion); processes (environmental assessment, stakeholder management, issues management); and outcomes (impacts, programs, policies). She commented that the impact of social performance on stakeholders and society in general is at least equally as important if not more so than on the firm (Wood, 2010). These papers provide clear, well-reasoned and structured frameworks that resonate with what Saul called "The dictatorship of reason in Western society" (Saul, 1993). However, like much of the CSR literature, they do not address larger systemic issues, such as existing economic and power structures (Stiglitz, 2006).

The past decade has seen the development of a plethora of principles, guides, codes, reporting guidelines and similar documents related to CSR in mining and mineral exploration. Well-known approaches include the e3 Plus Framework for Responsible Exploration of the Prospectors and Developers Association of Canada (PDAC), Towards Sustainable Mining of the Mining Association of Canada (MAC) (Mining Association of Canada, 2010), the International Finance Corporation Performance Standards (that replaced the earlier Safeguards), the Global Reporting Initiative (that began in 1999 and rapidly gained strength over the past decade), and ISO 26000 (International Finance Corporation (IFC), 2012; ISO, 2010; Mining Association of Canada, 2010; Prospectors and Developers Association of Canada, 2010). An extensive range of certification institutions have come into being, applying a legal certification process to a voluntary

activity that aims to adhere to specific standards. It should be noted that ISO 26000 was specifically designed not to be a certifiable standard. In addition to firms specializing in CSR, many existing legal, organizational development, and management consulting firms are adding a CSR component to their offerings, and more and more companies publish CSR statements, CSR protocols and produce “CSR”, “Social” or “Sustainability” reports. Impressive machinery has come into being that, as noted earlier, is heavily instrumental in its approach. A recent paper by Kemp et al. argued that this instrumentality in the area of CSR audits is damaging to the development of operational-level knowledge and practices through internal dialogue, experimentation and learning, and suggests approaches to overcome this problem (Kemp, Owen, & van de Graaff, 2012a).

In June 2011, the United Nations Human Rights Council unanimously endorsed the final report of John Ruggie, the Secretary General’s Special Representative on Issues of Human Rights, Transnational Corporations, Other Business Enterprises: “Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework” (Ruggie, 2011). The Framework itself was published in 2008 and it addresses the state’s duty to protect against human rights abuses, the corporate responsibility to respect human rights and the responsibility of both the state and corporations to provide access to remedies (Ruggie, 2008; Ruggie, 2008). These reports will continue to play a very influential role in the development of human rights practices all over the world. For example, the UN Framework has now been incorporated into both the International Finance Corporation Performance Standards and the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (International Finance Corporation (IFC), 2012; OECD, 2011).

Sagebien and Lindsay were of the opinion that firm-centred CSR cannot get to the root cause of the problems it is supposed to address and is only a small piece of the overall puzzle. Their Social and Environmental Value Governance Ecosystem approach views corporations as only one of many actors in a complex ecosystem with environmental and social values at its core and overall system governance taking place through a variety of mechanisms, one of which is CSR ( Sagebien & Lindsay, 2011). The system operates through a multitude of interactions between actors whose actions can be both enabling or disabling effective overall governance. Corruption is seen as a pervasive disabling factor, whereas dialogue and CSR are viewed as enabling factors.

Michael Porter and Mark Kramer developed a new concept: Creating Shared Value (CSV) that they defined as “policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. It focuses on identifying and expanding the connections between societal and economic progress.” Value in this context refers to benefits relative to costs, in which the costs include societal issues that have to be placed at the core of business together with “standard” operational, financial and marketing corporate considerations. Porter’s diagram showing opportunities for creating shared value in mining seemed to contain nothing new and it replaced “CSR” with “CSV” as a merely a cosmetic action (Porter, 2011; Porter & Kramer, 2011). Also, in contrast with Sagebien and Lindsay’s ecosystem model, the thinking patterns underlying CSV and its language are heavily business-oriented and unlikely to resonate with the culture of many communities. The phrase “...enhances the competitiveness of a company while simultaneously advancing the economic and social conditions in the

communities...” fully incorporates communities into the capitalist model, which may be untenable in many cases.

Guay proposed to replace the term “Corporate Social Responsibility” with the term “Integral Social Responsibility” that applies to all actors (Guay, 2012). Guay’s thinking was echoed by a member of a Peruvian NGO who felt that the “C” in CSR unfairly insinuates that only corporations have to clean up their act whereas in fact they are surrounded by a sea of irresponsibility (personal communication, Manuel Glave). The use of monikers reduces awareness of the complexity of the relations and interactions surrounding mineral exploration and mining projects, and of the huge importance of their cultural, historical, geographic and political context. The meaning of “value” used in the CSV concept is, of course, quite different from its meaning in “values and ethics”. The former implies a business proposition, the latter a moral proposition. In mineral exploration and mining projects, the moral proposition comes into play in the relations and interactions mentioned earlier.

Among communities, aboriginal communities occupy a special place, as relations with them are governed by two important documents: the 1989 International Labor Organization Convention 169, commonly referred to as “ILO 169”, and the 2007 United Nations Declaration on the Rights of Indigenous Peoples (International Labour Organization, 2008; International Labour Organization, 2012; United Nations, 2007). ILO 169 recognizes land and property rights, equality and liberty, and autonomy for indigenous peoples. By ratifying it, countries commit to enact appropriate related legislation and regulations. The UN declaration emphasizes, among other things, freedom

from discrimination; right to self-determination; self-government; right to live in freedom, peace and security as distinct peoples; right not to be subjected to forced assimilation; that indigenous peoples shall not be forcibly removed from their land or territory – this includes the right to free, prior and informed consent (FPIC); right to participate in decision-making that affects indigenous rights. States are obliged to establish mechanisms to safeguard these rights. Both ILO 169 and the UN Declaration have had a significant impact on CSR strategies. The interpretation of “free, prior, and informed consent” is being hotly debated by all actors. For example, Canada did not ratify ILO 169 and endorsed the Declaration with a statement that says, among other things, that FPIC does not represent a right of veto for Aboriginal peoples on projects in Canada. However, Section 35 of Canada’s Constitution Act 1982 recognizes and affirms the existing aboriginal and treaty rights of aboriginals, and a number of Supreme Court of Canada decisions oblige governments making decisions that may have an impact on Aboriginal rights or treaty rights to consult the potentially affected Aboriginal communities (even prior to final proof of the rights in court or final settlement on the rights in negotiation processes) (Department of Justice, 2012; Newman, 2009). A number of industry associations have established aboriginal affairs committees that have led to aboriginal people assuming a higher profile in the industry. For example, the past president of the PDAC is Aboriginal, Aboriginal people are members of the boards of various Canadian companies and First Nations communities are becoming participants in mineral exploration and mining ventures. Agreements between industry organizations and aboriginal or community organizations are also becoming more common. Examples include the Memorandums of Understanding that were signed between the Canadian

Assembly of First Nations (AFN) and PDAC and the Mining Association of Canada (Mining Works for Canada, 2009; Mining Works for Canada, 2009; Prospectors and Developers Association of Canada, 2008). This is also happening in other countries, for example the Chamber of Mining of the province of Salta, Argentina, has signed an agreement with the Colla aboriginal communities of Salta (Gobierno de Salta, 2012). The aboriginal communities of the Departamento de los Andes of the Province of Jujuy (Argentina) published a declaration in which they supported mining while emphasizing that it should be done in a sustainable fashion and that industry should provide employment and help build capacity in the communities (Conciencia Minera, 2012), and a number of communities in the Department of Susques pushed Jujuy provincial legislators to approve the environmental impact study of Minera Exar (personal communication, Santiago Campellone).

Community development agreement approaches currently being debated in Canada focus on benefit sharing models that include royalty and profit sharing, equity stakes, community foundations and assigning part of government revenues to local development initiatives. A recent report suggests that cynicism towards mineral exploration and mining, and lack of capacity are among the reasons why many communities prefer immediate philanthropic benefits over these more sustainable approaches (Sarkar, Gow-Smith, Morakinyo, Frau, & Kuniholm, 2010; Sarkar et al., 2010). However, Impact Benefits Agreements (IBAs) have been part of the standard approach in Canada for the past two decades and many have been quite successful (IBA Research Network, 2010).

Bowen et al. conducted a systematic review of the literature on industry community engagement strategies (Bowen, Newenham–Kahindi, & Herremans, 2010). They recognized a spectrum of increasing intensity of engagement from transactional through transitional to transformational approaches and considered individual (rather than group) citizen engagement to be an important strategic approach that merits close attention. Bowen et al. also pointed out that communities’ responsibilities to firms and to other stakeholders should be debated (ibid: 312), an observation that supports Guay’s Integrated Social Responsibility model. While much distance remains to be covered, the mineral exploration and mining industry in general has made important progress in how it deals with community-related matters within existing systemic conditions.

Over the past few years actors such as financial institutions, investors, and stock exchanges have been assuming an increasingly important role in CSR. Many financial institutions are now applying the Equator Principles and giving increasing weight to social and environmental factors in their lending decisions. This includes international financial institutions such IFC, whose “stamp of approval” often carries a heavy weight in obtaining additional financing. The stock exchanges, through their increased reporting requirements, are also helping move the mining industry towards increased attention to its social responsibilities. Academia is also playing an important role through developing new concepts, research on processes and approaches, studying interactions, and proposing new methodologies. While there is little doubt that many CSR initiatives have resulted in positive outcomes within the scope of the concept, they also can backfire and increase polarization if not properly designed and executed (Warnaars, 2012). It is not certain that the current scope of application of CSR in mineral exploration and mining

will lead to the lasting transformational change that may be needed. The characteristics of transformational change outlined by Bowen et al. were cited in Chapter 1 (2010). They can also be expressed as explicit recognition of their social responsibility by all actors involved, the development of mechanisms and a framework within which meaningful interaction between all actors can take place, and the development of business models based on broad societal considerations. The Integral Social Responsibility model stands a better chance of supporting such change. A survey of CSR in the Canadian extractive sector showed that 68% of companies are involved in CSR outside Canada and one could say that the glass is more than half full. On the other hand, of the 32% of companies not involved in any CSR activities outside Canada, half have no intention to become involved (Price Waterhouse Coopers., 2012). In other words, one out of every six companies either has no interest in the social aspects of its operations, or is simply ignorant. There is a great risk of bad apples causing significant damage: the empty portion of the glass presents a danger. Also, while it is difficult to put numbers on it, there is a significant “CSR bandwagon” effect and a certain percentage of companies are only superficially involved. Methodologies for measurement of the costs and all the benefits of CSR are still in their infancy and much remains to be done in this area in all industrial sectors. According to Porter and Kramer “...companies are widely perceived to be prospering at the expense of the broader community. ...the more business has begun to embrace corporate responsibility; the more it has been blamed for society’s failures. ...companies must take the lead in bringing business and society back together” and they believed that their Creating Shared Value model is part of the solution (Porter & Kramer, 2011). Banerjee viewed discourses of corporate citizenship, corporate social responsibility, and

sustainability as ideological movements that are intended to legitimize and consolidate the power of large corporations whereas Shamir argued that the growth of the CSR movement “shows capitalism’s ability to transform critique into commercial and managerial assets”(Banerjee, 2008; Shamir, 2010). These authors do have a point: there is a significant risk that the gradual movement of part of the industry towards new vistas will be more than offset by the practices of a larger part of the industry that is using CSR as a fig leaf. When trying to bring business (back?) in line with society, companies have to demonstrate that they walk the talk. Any serious misbehavior will create public cynicism and mistrust not only towards the particular company that is guilty of it, but by association to the entire sector. Walking the talk would require companies to embed CSR in all organizational behaviours and actions, a goal that is difficult to achieve for many reasons. Sikka pointed to the tension between the ostensible values underlying CSR and the systemic pressures to increase profits and for executives to maximize their pay. He also showed why tax avoidance is seen as a common business practice by many (Sikka, 2010). For example this leads to a gap between the talk of behaving responsibly and the practice of dedicating significant resources to cheating the state out of what it is due (by exploiting loopholes in the letter of the law to subvert its spirit), a systemic hypocrisy that is the outcome of conscious decisions made by senior executives. Sikka provided a long list of examples of companies that were “found out”. It includes the infamous Enron and WorldCom cases, WalMart, the Swiss bank UBS, KPMG, and Ernst and Young. All these firms had committed to live by their ethics and values statements (Sikka, 2010). There is little doubt that similar situations do occur in the mineral exploration and mining industry, although they may be at a smaller scale for exploration companies. These

examples seem to confirm that a sea of irresponsibility does surround corporations, and they also suggest that water from this sea may seep into corporations through gravity: from top to bottom. Expanding on this metaphor, incorporating CSR into all behaviours and actions of a company and its employees may be akin to trying to waterproof a ship while the captain and his or her officers are very much afraid that the caulking may reduce the speed of the ship and make it less competitive. Gunningham and Rees argued that an effective industrial morality is needed, and they described conditions under which such a morality could be established, many of which involve a strong role for governments. They emphasized that mechanisms for dealing with “bad apples” are crucial to success. Their work makes it clear that this is a major undertaking the success of which is by no means assured (Gunningham & Rees, 1997).

The context to the above discussion is a world in which much power has become concentrated in private multinational corporations and the associated global financial markets and systems and it is fair to ask: to what extent is CSR no more than a smoke screen, a sophisticated move to retain this power? Can corporations really create shared value and accumulate capital at the same time? Adequately answering these questions is beyond the scope of this Ph. D. project. There are signs in the mineral exploration and mining industry that its mood is shifting, albeit slowly. Milton Friedman’s theories are now considered to be outlandish by many, and according to Hevina Dashwood, extractive industry discourse has reached a tipping point and could be on the verge of being converted into action in significant ways (Dashwood, 2011).

The Integral Social Responsibility and Social and Environmental Value Governance Ecosystem models require all actors to be socially responsible and as such

widen the field of action, offer a more comprehensive view, and present potential for improving power balances. In contrast to standard stakeholder models, the Social Doctrine of the Catholic Church puts humanity rather than the firm at the centre. It assigns corresponding responsibilities to businesses and their owners and managers and contains extensive sections on human rights and the environment (Pontifical Council for Justice and Peace, 2005). To break the mold requires transformative change, and experimentation in social enterprises that are occurring in other sectors are being extended into mineral exploration and mining. The novel approach taken by Rakai Resources is an example (Rakai Resources, 2014).

# Chapter 3. Research Question and Research Methods

## Research question

As was mentioned earlier, the mineral exploration and mining industry tends to apply the Corporate Social Responsibility (CSR) concept in a rather instrumental way, for example McIntyre et al. observed that an “audit culture”, has emerged as a dominant feature of the mining industry’s approach to CSR (Macintyre, Mee, & Solomon, 2008). Kemp et al. pointed out that “...As part of these more instrumentalist processes, operational-level personnel tend to become subjects of rather than participants in deliberations about the challenges of CSR and the possibilities for improved social performance in their particular context” (Kemp, Owen, & van de Graaff, 2012). In addition to affecting operational-level personnel’s ability to influence the company’s social performance, it makes for significant affective gaps in the company’s strategy; and reduces its flexibility, adaptability, and ability to build meaningful relationships with local actors. Junior companies work in complex situations that involve a system of relational links between and within actor groups. The social network analysis literature suggests that networks with very strong relationships between nodes have difficulty establishing new relationships with other networks, an indication that relationships within groups have “external” effects (Degenne & Forsé, 1999) .

The present study aims to develop a coherent conceptual framework for understanding interactions between companies and communities that pays close attention to relationships and their effect on interactions and related meanings, interpretations and decisions. While the importance of establishing “good” relationships early on in the

mining cycle is generally recognized in the industry, relationships in mineral exploration per se have not been a specific subject of study. Boutilier et al. used a stakeholder management approach in which they obtained information on stakeholder networks and their influence relations. This information was then used to model the decision processes that led stakeholders to choose their level of support for a project. Their approach involved factor analysis of agree/disagree statements and the use of a Geopolitical Influence and Strategy Tool (GIST) to model the decision process of multiple stakeholders and predict the effect of various company strategy options (Boutilier, Henisz, & Zelner, 2013). They focused on overall socio-political dynamics and their statistical approach did not explain the micro-processes of relationships. The research question posed in this thesis aims to elucidate the role of relationships per se. It is:

*How do relationships within and between the actor groups involved in mineral exploration projects influence both the course of social events and perceived present and future benefits and harms?*

To answer the “how” part of the question the interviewee comments were coded with particular attention to comments that could be linked to relationship patterns and characteristics involving all actors and actor groups. Examples of codes were actors; relationships; outreach; communication; company functioning; conflict; ethics; governance; reference communities; and concerns. Chapter 6 contains a detailed description of the method that was used to assign a qualitative risk-of-conflict measure to each of the relationship indicators that will be described in the next chapter (trust; respect; communication; mutual understanding; conflict resolution; goal compatibility;

balance of power; focus; frequency; stability; and productivity) based on interviewee comments. The resulting “indicator profiles”, together with the coded interviewee comments, made it possible to make inferences about risk of conflict, reference communities, and mechanisms of change for each case study. As will be explained in greater detail in Chapter 6, the qualitative risk-of-conflict measure for each relationship indicator was derived from carefully relating interviewee comments to the indicator and interpreting them in terms of the definition of the indicator. In future studies it may be possible to insert more direct questions about the indicators in the interview guide.

The term “course of social events” relates both to a history of specific events (such as the flaring up of conflicts or the signing of agreements) and of changes in social structures (such as the strengthening of communal life or polarization and division in communities). “Distribution of perceived present and future benefits and harms” refers to the perceived benefits that have been or will be received and perceived risks or negative consequences caused by the mineral exploration project, and who benefits or is harmed. Information on these variables was extracted from interviewee responses by using codes that paid particular attention to comments that could be linked to these variables. Typical codes included benefits and risks; concerns; capacity building; CSR initiatives; environment. The interview guides for most of the case studies captured the themes: patterns and characteristics of relationships; social responsibility approach of the mineral exploration company; and the benefits and harms as perceived by the actors. In a typical interview, respondents were asked to draw a schematic map of the most important actors and actor groups, to comment on each actor, and to comment on the links between the actors. Chapter 4 describes the symbolic interactionist framework and the relationship

indicators mentioned earlier. Application of this framework and the relationship indicators allowed the research question to be answered for each case study. Chapter 5 provides a summary of the case studies, Chapter 6 analyzes and interprets the results and Chapter 7 proposes a generalized model for linking relationship patterns and characteristics to the course of social events and perceived benefits and harms in mineral exploration projects. Initially, contingency theory was being considered as a framework for this study. According to this model, organizational effectiveness is contingent upon differentiation of the organization (the exploration project) to meet the demands of its environment. The various subsystems of the organization may differentiate to different degrees depending on their particular interactions with the external environment (congruency with the demands of the external environment). However, the managerial and strategic subsystems need to manage boundaries appropriately to ensure that the subsystems remain integrated (Burrell and Morgan, 1979: 179). However, as the organizational structure of exploration projects often fluctuates considerably over short time periods, contingency theory was considered to be inappropriate and symbolic interactionism theory was selected instead. It views the world as always “coming into being” and aims to explain the path that leads from individual interactions to decisions and outcomes. This approach is attractive in view of the varied interactions between the diverse actors and groups of actors that are involved in mineral exploration projects. During the study it became clear that symbolic interactionism does indeed fit the characteristics of exploration projects much better than does contingency theory.

Symbolic interactionism has been applied to wide range of subject areas that include hospital or hospice settings (Nugus, 2008; Nugus et al., 2010); the study of

groups (Frey & Sunwolf, 2004); (Barge & Keyton, 1994; Berteotti & Seibold, 1994; Forte, 2010; Hackman & Morris, 1975); communities characterized by certain diseases (Adelman & Frey, 1994; Adelman & Frey, 1997); deviant behaviour (Alderton, 1980; Bennett, 1978), ethnicity (Ballis Lal, 1995); interpersonal networks (Deaux & Martin, 2003); power (Dennis & Martin, 2005); social structure (Dennis & Martin, 2007); trust (Gawley, 2007; Haas & Deseran, 1981); respect (Grover, 2014) and natural resources development projects (Berkaak, 1983; Campbell, 1985). The latter two authors did use the symbolic interactionist concept of meanings, but focused on local economic interests, institutional preconditions and general world view; and disputes among experts, respectively, and did not focus on relationships. The present study is the first to apply symbolic interactionism in a systematic way to the study of relationships and their effects on the course of social events and perceived benefits and harms in mineral exploration. It was systematic in the sense that a single framework containing the concepts relationships, meaning, interpretation, decision and reference community was consistently applied to nine different case studies. This was achieved by paying particular attention to interactions between actors and by carefully coding interviewee responses to bring interactionist dimensions to the fore.

Study participants belonged to a range of cultures, had very different goals in life, and interacted in an environment often characterized by underlying conflicts. The reference community concept was found to be very helpful in explaining changes over time and the proposed overall model was able to link interactionist micro-processes to social structures, as will be seen in Chapter 6.

## **Research Methods**

### **Case study selection**

A priori it appeared that the quality of a company's approach to social responsibility and the community's "proneness to conflict" would differentiate cases. According to de Echave et al, the stronger a community's social organization and the greater its perception of the negative impact of mining, the more likely it is that social conflicts develop (de Echave, Diez, Huber, Ricard, Lanatta, & Tanaka, 2009). Country of operations and company size were thought to be relevant contextual factors. Ideally, one would select case studies that represent the extremes of the spectra of these variables (Flyvbjerg, 2001). To try and achieve this, a list of Canadian exploration projects was drawn up that covered a range of countries (initially Canada, Colombia, Ecuador, Peru, Chile and Argentina), a range of company sizes (from 10 to over 100 staff), and a range of degrees of conflict (as judged from media and Internet reports) and 10 potential candidate projects were identified that would provide a suitable country-size-conflictivity range. Internet data were not sufficiently reliable to select for company social responsibility prowess in advance. The first step was to contact the Canadian office of the selected companies. It turned out to be difficult to find the right person: many first contacts weren't sure how to handle the request within their company hierarchy. It took up to three months to get a positive or negative reply, and a number of companies never replied. Also, as mentioned earlier, junior companies are always in flux and many companies felt uncomfortable having someone conduct interviews during a period of change. For example, in one case ongoing contact with the company for three months led to their agreement to take part in the study. At a face-to-face meeting in Toronto to

hammer out the details, it turned out that the project had been sold the day before and the new owners did not want to participate in the study while the community was becoming accustomed to the change of ownership. In addition, the mineral exploration industry entered a period of great uncertainty towards the middle of 2013, and some of the projects that had been selected for study ceased operations because it had not been possible to raise sufficient investment capital. The Canadian embassies in Peru, Ecuador, Chile and Argentina lent much support in identifying potential cases for study, and the author was able to benefit from some fortuitous opportunities that presented themselves. The cases that resulted from this approach covered a range of sizes (from around ten employees to over 200 employees) and countries (Canada, Mexico, Ecuador, Peru and Argentina), but there remained a gap at the high conflictivity end of the spectrum. The author studied the Río Blanco mineral exploration project for a different purpose in 2008 and decided to include this case to extend the range into the “conflict zone”. The Río Blanco project is located near communities with a strong social organization and a strong perception of the negative impacts of mining, which made it prone to social conflict. Careful coding of the interviewee comments made it possible to analyze it through a symbolic interactionist lens, and it was included in the present study.

The final distribution of case studies covered country and size differences fairly well, but it was somewhat biased towards companies with good Corporate Social Responsibility skills and towards situations of relatively low levels of company-community conflict.

## **Field studies**

Table 3.1 lists the mineral exploration projects that were involved in the study.

**Table 3.1.** Case studies. A slash in the “company” column indicates a change in company ownership that occurred after completion of the case study. The changes in ownership did not result in personnel changes. Salazar Resources is an Ecuadorean company listed on the Toronto Stock Exchange.

Project	Location	Company	Parent	Home country
Río Blanco	Piura, Peru	Río Blanco Copper	Zijin	China
Curipamba	Bolívar, Ecuador	CuriMining	Salazar	Ecuador/ Canada
Palma	Lima, Peru	Chungar	Volcan	Peru
Loma Larga	Azuay, Ecuador	Iamgold/INV Metals	Iamgold/INV Metals	Canada
Cartier	Quebec, Canada	Cartier Resources	Cartier Resources	Canada
Morelos	Guerrero, Mexico	Media Luna	Torex Gold	Canada
Fruta del Norte	Zamora Chinchipe, Ecuador	Aurelian Ecuador/ Kinross	Kinross	Canada
Cauchari-Olaroz	Jujuy, Argentina	Minera Exar	LithiumAmericas	Canada
Lindero	Salta, Argentina	Mansfield/Goldrock	Mansfield/Goldrock	Canada

The Cartier and Cauchari-Olaroz field studies were part of an evaluation of “e3 Plus – A Framework for Responsible Exploration”, the CSR tool that was developed by the Prospectors and Developers Association of Canada (Prospectors and Developers Association of Canada, 2010). E3 Plus is based on the principles: responsible governance and management; ethical business practices; human rights; due diligence and risk assessment; community engagement; community development and social wellbeing; environmental protection, and health and safety of workers and local population. Its community engagement tool emphasizes the importance of trust; respect; communication; mutual benefit; agreement on the roles of the partners; and conflict resolution in building relationships. The purpose of the evaluation was to determine how

the tool is being used in the field and what improvements would need to be made, if any. The PDAC prepared an interview guide that paralleled e3 Plus and that was used in both the Cartier and Cauchari-Olaroz case studies, the first of the present series of case studies. For the Lindero case a new interview guide was developed that was more closely aligned with the research question posed in the present study. With the assistance of staff from the Instituto Nacional de Investigación Geológico, Minero y Metalúrgico del Ecuador (INIGEMM) it was expanded for use in all other case studies except Río Blanco. For the Palma case a specific question about reference communities was added, as the importance of the reference community concept had become clear at that stage. As was mentioned, the Río Blanco case study was conducted as part a different project that had its own interview guide. Appendix A contains copies of all interview guides.

The Cartier field team consisted of Bernarda Elizalde, Karen Mulchinok (PDAC) and the author of the present study. The Cauchari-Olaroz field team consisted of Bernarda Elizalde (PDAC) and the author. The Morelos, Río Blanco, Palma, Loma Larga and Lindero projects were studied by the author; the Fruta del Norte project by Jéssica Marçayata and Dayana Velasco (INIGEMM) and the author, and the Curipamba project by Carmita Aliaga, Natalia Carpintero and Jacqueline Clavijo (INIGEMM). Before the field work commenced, a social responsibility workshop was organized at the INIGEMM as part of which participants practiced interviewing techniques. Where possible, potential interviewees were identified in advance with the help of people in the study area: either company personnel or third parties such as university personnel or consultants. They were supplied with a list of the categories of people sought for interviews. Because of time, availability and scheduling constraints it was not possible to meet with respondents

in all target categories in any of the cases. Table 3.2 shows the number of interviewees that participated in each case study.

**Table 3.2.** Number of interviewees

<b>Project</b>	<b>Company</b>	<b>Other</b>	<b>Total</b>
Río Blanco	0	18	18
Curipamba	1	61	62
Palma	6	24	30
Loma Larga	3	15	18
Cartier	4	12	16
Morelos	6	8	14
Fruta del Norte	6	14	20
Cauchari-Olaroz	15	16	31
Lindero	20	20	40
<b>GRAND TOTAL</b>	61	163	249

Interviews followed a semi-structured format, with participants having much leeway to expand on topics of interest to them. The interview guides mainly served to check on progress and to ensure that no important themes were missed. Respondent's comments were recorded in writing during and immediately after the interview and later typed into MS Word documents. These documents were coded using Atlas.ti software (Atlas.ti, 2012). The resulting code structure and outputs were used to build a detailed report for each case study. The reports consisted of the following chapters: project description and history; context (geography; governance; socio-economic; and political information at the country, province, local area level); detailed descriptions of the interview results (including a description of each bilateral relation for which information was available, as well as a general description of overall relations); analysis and interpretation; and conclusions.

The detailed descriptions of bilateral relations were based on meticulous reading of interviewee comments, as illustrated in Chapter 6. The detailed case study reports were shared with the respective companies to check for factual errors and to meet the conditions under which the company provided access to its personnel and premises. Chapter 5 contains summaries of the case studies. The descriptions of the bilateral relationships were used to construct a “relationship matrix” the cells of which represent bilateral relationships. Table 3.3 shows an example. For each cell, its degree of “negativity” or “positivity” was shown in hues of red and green, respectively. The green hue of the cell representing the bilateral relationship between Kinross and “general community” (row 13, column 4, Figure 3.3) was assigned on the basis of the community interviewee comments shown below:

“...It should be mentioned that [in the beginning] the president of the parish council did not want there to be mining in the zone for which reason he imposed rejection of Kinross on the community [male community member, NGO]...Now people are in favor of the company although there are persons who are against mining...The moral thing is very important! Kinross managers are people with values...Kinross had a big impact on the community, but actually there is very little opposition to its work...The relation between the president of the parish council and the management of Kinross is very much based on respect and trust, which makes that community objectives are achieved...The community will not allow a company other than Kinross to enter ...The connections with Kinross are very good because they look after our needs, not all of them, but they try to meet the majority even though the community sometimes has to push ... The relationship of the company with the community with respect to education is very good, as it created the condensed basic education program that was an incentive to study more... Getting to know how Kinross is managed helped grow support for mining and for the company ... The different mentality of the people working in Kinross contributed to better management with the community... The key values of the company are that people come first, and it considered differences to be strength... The company treats its workers fairly – it would prefer losing money over losing people. For example, when an illegal miner suffered an accident, they sent a helicopter to take him out of the bush... They care very much about the people of the region and take a wide range of aspects into account [male community members of various walks of life]...”

While the majority of community comments were positive, there were a few complaints as well:

“...I believe that they exclude the Shuar [indigenous] community from employment...The connection should be like it was with Aurelian, there is no communication now [female Shuar community member]...”

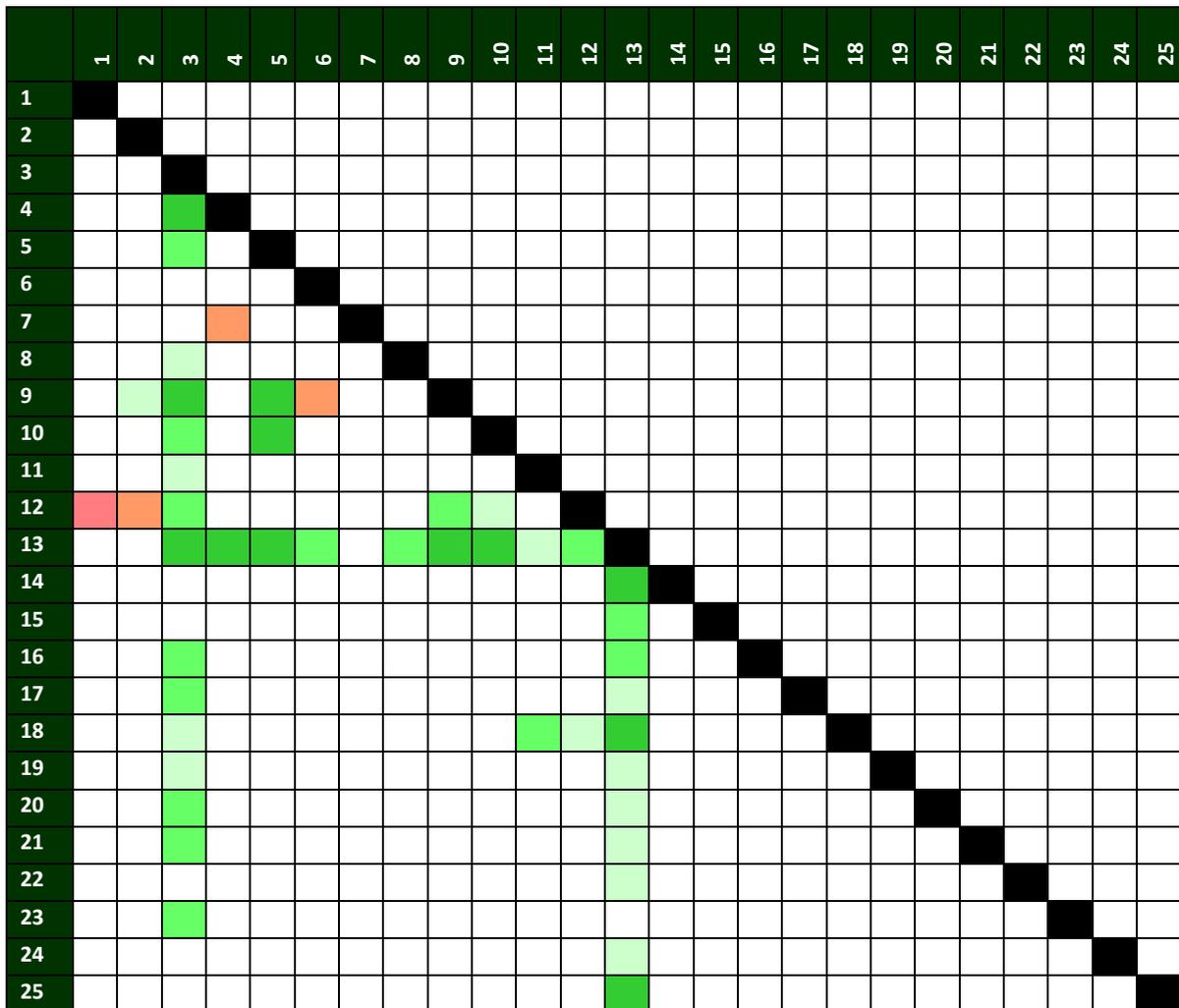
The red hue assigned to the cell representing the relationship between the Governor of the province (representative of the national government) and the provincial prefecture (allied with a different national political party) was based on press and internet reports and on an emphatic comment of an interviewee closely linked to one of these offices:

“...The relationships between the Prefecture and the Governor’s office are bad...”

A similar process was used to assign hues to the other cells shown in the example shown in Table 3.3. The matrix clearly shows that Kinross and the parish council were the main relationship axes, followed by the Shuar Federation. Such a matrix was produced for each case study and it provided an immediate impression of the most important actors and their relationships. The relationship matrices allowed the author to see at a glance both the number of actor groups involved and which actor groups had the highest number of connections to other actor groups (“relationship axes”). In almost all cases the company and the local authorities constituted the main relationship axes. In the Río Blanco case the Catholic Church and the Rondas Campesinas (see Chapter 5 for details) constituted additional relationship axes, whereas in the Morelos case the other mining companies in the region represented an additional relationship axis. In the Cartier case it was not possible to construct a relationship matrix because of the low number of community interviewees. As the relationship matrices did not differ greatly between cases, they have not been included in this document.

**Table 3.3.** Example of a relationship matrix, Fruta del Norte case. Green represents a positive relationship, red a negative relationship. The intensity of the colour indicates the relationship's perceived intensity and importance. For the blank cells either a relationship did not exist, or no relevant information was available. Because the matrix is symmetrical, only elements below and to the left of the diagonal have been coloured.

1	Provincial prefecture	8	Water Council	15	Artisanal Miners Association	22	Artisanal Miners Association
2	Mayor's office	9	Shuar Federation	16	Pick-up truck cooperative	23	Pick-up truck cooperative
3	Parish Council	10	Catholic Church	17	Women's organization	24	Women's organization
4	"Community" (general sense)	11	Political lieutenant	18	APEOSAE	25	Educational institutions
5	Communities of Los Encuentros	12	Governor	19	Cattle Association		
6	National government	13	Kinross	20	Volunteer Group		
7	Political parties	14	Employee Association	21	Sports clubs		



## Reflections

While the author is quite familiar with the mineral exploration industry and its actors, he had not been directly involved in an exploration project and knew details about what is happening on the ground mainly from stories. Many of these stories relate to operational and technical issues. The social stories are mostly told at conference sessions dedicated to this theme and naturally, many have a company bias. As was mentioned in the preface, the author's interest was piqued by his observation of differences in internal relationship characteristics between companies. This led him to assume that the characteristics of internal relationships could possibly be correlated with external relationship characteristics and hence with conflict resolution. It was clear that this deserved further study. Therefore, it was decided to work within the flexible symbolic interactionist framework. This really needs detailed naturalistic inquiry (Blumer, 1969; Athens, 2010). However, this would require much more time and resources than were available and it was decided to undertake an exploratory study that could lay the basis for later more detailed naturalistic studies and to try and obtain whatever data could be collected and interpret these in symbolic interactionist terms. This led to the decision to participate in the field study of the effectiveness of the Prospectors and Developers Association of Canada's (PDAC) e3Plus tool. As the study progressed, and the "PDAC restraint" no longer applied, the interview guides were adjusted to more closely align with the details of the research question and with relevant interactionist concepts. A question about reference communities was only added for the last field study: the Palma project. For future studies, interview guides could be further refined to better link to interactionist concepts such as meanings, interpretations, decisions and reference communities. The

refinements would have to be tested before taking them to the field. In spite of the exploratory nature of the present study and of the interview guides, it was still possible to obtain relevant insights through careful coding of interviewee comments.

With respect to case selection for future studies, in view of the difficulties of gaining access to projects that represent the entire spectrum mentioned earlier, more time than was available for the present study should be set aside. Also, it may not be possible to interview company personnel in high conflict situations and it may be necessary to rely on community members and secondary sources of information instead.

## Chapter 4. Theoretical Framework

### Symbolic interactionism theory

Symbolic interactionism provides a sociological framework for the study. Its basic assumptions are that: human beings act toward things on the basis of the meaning these things have to them; the meaning of the things is derived from the social interaction one has with one's fellows; and these meanings are handled in and modified through an interpretative process used by the person in dealing with the things she/he encounters (Blumer, 1969). When interpreting a situation we make assumptions about the attitudes of immediate others involved, and on that basis tell ourselves what they are about to do, i.e. we define the situation. Then we place ourselves in the shoes of our "reference communities" and test our definition against what we believe to be their norms – the norms that tell us how to handle the situation. Athens used the term "phantom community" rather than "reference community" and defined it as: "the audience of real or imaginary people whose conception or picture of communal life, especially our and other people's place in it, we always hold close to our hearts and usually take for granted" (Athens, 2010). Athens' definition was largely adopted for the present study, but the term "reference communities" is used because they *are* reference communities and the plural is used because there is a reference community for each of the identities a person assumes. As an added advantage, the term resonates more with one of the target audience for the results of this research: the mineral exploration and mining sector. Paraphrasing Athens' citation of Blumer, we interpret situations in a two-step process (Athens, 2010: 93): during the first step we make assumptions about the attitudes of others involved and use these to predict what they are planning to do

(interpretation/definition) and during the second step we decide what action to take by comparing our options to the norms of our “reference communities” (decision). We can always redefine the situation and re-judge our action before taking it.

In this thesis, the meanings given to things and people by the actors were derived from context (such as reports and articles) and interviewee comments. In various cases the assumed meanings were reasonable assumptions based on the behaviour of those who assigned the meaning. The giving of meanings in many cases occurs semi-consciously, reason for which uncovering them from interviewee comments often involved a degree of interpretation. The concept “reference community” played a key role in the interpretation and analysis of the case study results. It has been described in various ways and has been given different names. The Cambridge Dictionary defines a reference group as: “a group of people that influences the decisions and opinions of a person or group.” (Cambridge Dictionary, 2014). Ashford and Fried described informal interactions and how the processes posited by symbolic interactionism “lead to a collectivity and a common meaning: norms and expectations evolve concomitantly to regulate and maintain the collectivity”. Ashford and Fried’s paper suggests that symbolic interaction processes in structured organizations may be more intensive than they are in more diffuse bodies such as communities, a factor that should be taken into account when communities and companies interact (Ashford & Fried, 1988).

Reflecting on the results of the present study it appears that, when looking for a normative framework against which to judge their options for action, people often draw on more than a “reference community” of real or imaginary people. They are also influenced by the relevant sections of a plethora of publications, data bases, reports,

newspaper articles, social media communications, workshops, and television and radio programs (that also influence the value system of the real people in the reference community). Therefore, it is appropriate to expand the concept “reference community” to include these additional sources. This means that a huge “field of reference” or broader reference community, of which particular communities of reference are subsets, surrounds all of us at all times. These subsets are really networks that are accessed by people when they weigh their options for action. The networks are dynamic and ever changing, both in terms of their network properties and of their norms-related content. The decisions made by the person drawing on the network recursively modify this content. The more widely defined reference communities are a link between the micro-processes observed in the case studies and the macro-processes of society. The wider reference community concept is particularly useful where a person can access a wide, sometimes global network. For example, the nodes in Aurelian/Kinross’ network included the company’s head office in Canada; community relations practitioners in sister companies in other countries and continents; the Mining Association of Canada; organizations such as the Global Compact, Organization for Economic Cooperation and Development, and the Global Reporting Initiative. These nodes were additional to the more local nodes such as the parish council, cantonal, provincial and national governments and the Ecuador Council for Responsible Mining. Some considerations apply to reference communities. First, they are dynamic and change with circumstances and time; second, members of different subsets (whichever way defined) within a larger group likely have different reference communities; and third, the less established and the more diverse the group, the more diverse and diffuse the reference communities related to

the subsets within it. The weighing of decision options against the *perceived* norms of the reference community takes place “in one’s head”. Reference communities are populated by real and imaginary people and it should be possible to trace the networks of the real people. Useful insights into reference community processes and norms could be obtained even from analysis of incomplete networks. Also, the use of more informal network tracing approaches will avoid the ethical challenges that the use of Social Network Analysis would pose (Borgatti & Molina, 2003).

We define ourselves through an interactionist process in which we assume the attitudes of those who know us well and we tell ourselves how they see us. We then test this image against what we believe to be the norms of our reference community, and our self-image is born (Athens, 2010). Athens’ “self-image” is what Turner called “core identity”. Turner pointed out that identities play an important role in encounters between people. He approached interactional processes from a symbolic interactionist perspective and posited that interaction is strongly influenced by the transactional needs individuals have in all encounters with others. The most important of these needs relate to verifying self, i.e. their identities. In his opinion, these identities are, in order of decreasing importance: core identity: the image and emotions that people have about themselves and that they carry into most encounters; social identity: self-conception related to belonging to categorical units such as race, gender, and culture; group identity: self-conception related to membership in groups, organizations, and communities; role identity: self-conception related to the roles individuals are assuming such as teacher, father, wife, or professor. The emotional intensity experienced by the participants in the encounter and inclusiveness/generalness of the related need (in terms of the range of situations to which it

applies) decreases from the beginning of this listing, whereas their level of conscious awareness of the need increases from the beginning. Additional transactional needs include: (i) the benefits drawn from an encounter should equal or exceed the value of the effort invested; (ii) a feeling of being part of the ongoing flow of interaction; (iii) trustworthiness of the other party; and (iv) things observed in a situation are what they look like (i.e. there are no hidden agendas or obfuscation) (Turner, 2011). As will be shown in Chapters 6 and 7, meeting transactional needs is at the core of establishing relationships and all actors should take this into account. Gawley's and Henslin's trust building model listed four tactical dimensions that add a useful practical component (Gawley, 2007; Henslin, 1968): being visible, but avoiding being too visible; expressing sincerity and personalizing encounters; "showing your face": making the audience aware that you too have trust expectations. Consistency of expectations of action and maintaining a presence are a key factor in this respect; and establishing routine activity. Application of these tactical dimensions provides practical support to meeting transactional needs. Both Turner and Gawley's concepts are key components of the model that will be proposed in Chapter 7.

It would be easy to make the mistake of looking at a group as though it were a person, as is commonly done in daily conversation. However, a group is NOT a person and it would need to go through an elaborate process "to assume the attitudes of those who know it well", to agree on "how they see us" and to "test this against the norms of its reference community (on the definition of which its members would have to agree)". However, groups do exist and their attitudes and actions do affect the course of social events. What framework to use for describing and explaining their decisions? Blumer

posited that “...group action takes the form of a fitting together of individual actions. Each individual aligns his action to the actions of others by ascertaining what they are doing or what they intend to do – that is by getting a measure of their acts (Blumer, 1969)”. However, Blumer did not describe the mechanisms through which the alignment of actions spreads across the entire group, nor did he define “group”. Deaux and Martin proposed linking large-scale group identity to an interpersonal network of others who share a category of membership (linked to a certain concept, field, issue, political direction...) and who provide support for the group identity by assuming reciprocal roles for the selected identity, thereby sharpening the identity through roles and counter-roles (Deaux & Martin, 2003b). For example, the loosely coordinated group that was opposing mining in the province of Azuay in Ecuador had adopted as its identity the slogan “El agua es la vida” (water is life). The role identities and counter-role identities that supported the formation of this identity especially through the teacher-student, leader-follower, organizer-organized, and philosopher-executor role and counter-role identities mainly played out through its leader. Through a fortunate coincidence, a series of photographs of speakers that took part in the “referendum” organized by this group provided a graphic representation of a number of the nodes in this interpersonal network; members and leaders of a number of indigenous organizations, some politicians and others (Flickr, 2011). In this model, the interplay between the identities of group members drives change and the nature of this change can determine the course of social events.

The processes described above are dynamic and recursive and involve relationships, and therefore meanings, identities and reference communities are being

continually modified. The relationships, interactions and interpretations at work in mineral exploration situations constitute the dynamo that drives the unfolding of social events. While symbolic interactionism focuses on “micro” interactions between individuals, these manifold interactions combine to create social structures that themselves recursively affect meanings. Individuals are simultaneously creating social structures and being changed by them (see also (Nugus, 2008).

## **Relationships**

A relationship between persons or entities exists if and when actions of one of the parties involved affect the behaviour and actions of one or more of the other parties. Relationships are the vehicle for the social interactions from which meanings are derived. They are formed in the minds of the parties and provide the framework in which their interactions take place, and they evolve over time. As was mentioned earlier, the extent to which transactional needs are met in interactions strongly influences the characteristics of the relationships that develop and recursively drive interactions. Relationships, as a social construct, are always embedded in a context and any study of relationships has to be framed as such (Atkinson, 2004). History, prior information and reputation of the parties play an important part, and Ferris et al. described the stages of development of a relation (Ferris et al., 2009). As mentioned earlier, the establishment of relationships involves meeting transactional needs and Chapter 6 will show that the degree to which transactional needs are met is a crucial factor determining the characteristics of the relationships that result from the interactions of the parties. In the present study, relationships are viewed in the context of mineral exploration and the communities potentially affected by it, and of the related factors and circumstances. As was mentioned

earlier, aspects of relationships mentioned in PDAC e3 Plus tool include trust; respect; communication; mutual benefit; agreement on the roles of the partners; and conflict resolution (Prospectors and Developers Association of Canada, 2010). While not specifically using the word “power”, the guidelines suggest mechanisms to provide resources to communities that allow them to negotiate on a more equal footing. E3 Plus guidelines were the source of a number of indicators for characterizing relationships. Mutual understanding was added as an additional “check” on the quality of communication; and goal compatibility, frequency, stability and productivity were added as it was judged that these could affect the course of social events. Moffat and Zhang studied the factors that affect community trust in the company and found that a strategy based on high quality community-company contacts is more likely to increase trust than a strategy based on high frequency contacts (Moffat & Zhang, 2014). However, their study also showed that frequency and quality are correlated and Demir observed that frequency was positively correlated with convergence of meanings (Demir, 2011). While each indicator focuses on a different aspect of relationships, the indicators are interdependent to a certain extent. Table 4.1 shows the resulting list of indicators together with a brief description of each.

How to apply the above model in real life? How to make sense of the meanings, interpretations and decisions of large numbers of people and of the corresponding interactions and relationships? The author’s experience with teaching physical chemistry made him draw a parallel with the way interactions between large numbers of molecules that lead to macroscopic properties such as temperature, pressure, viscosity and others can be modelled using the methods of statistical thermodynamics or mechanics. A

literature search for images from this field that might be transposable to large numbers of people turned up Figure 4.1. It graces the cover of the book “Statistical Mechanics: Algorithms and Computations” by Werner Krauth, a book that provides tools for describing the average behaviour of mechanical systems using probability statistics (Krauth, 2006).

**Table 4.1.** Indicators for characterizing relationships

Indicator	Description
<b>Trust</b>	To believe despite uncertainty. It involves taking risk, and beliefs about expected behaviours of the other
<b>Respect</b>	To take notice of; to regard as worthy of special consideration
<b>Communication</b>	Hear and being heard
<b>Mutual understanding</b>	Degree to which each side can correctly express what the other side is saying
<b>Conflict resolution</b>	Degree to which conflict resolution mechanisms exist and are productively used
<b>Goal compatibility</b>	Degree of compatibility between the goals of the parties (to what degree achieving the goals of one party supports or hinders the achievement of the goals of the other party). It is possible to achieve two groups of completely different goals through the same project (for example the construction of a dam to generate electricity at the same time creates a lake that offers opportunities for fishing and tourism)
<b>Balance of power</b>	The extent to which each party influences the other and to which each party affects final outcomes
<b>Focus</b>	Clarity about who should be legitimately involved in the relationship and about the matters at stake in the relationship
<b>Frequency</b>	Frequency of significant interactions between the parties (whether positive or negative)
<b>Stability</b>	Degree of predictability
<b>Productivity</b>	Degree of achievement of target results

It is a photograph of an installation by Robert Filliou in the collection of the Musée d'Art Moderne et Contemporain) in Geneva, Switzerland that consists of 16000 wooden dice of different colors and sizes. The installation is an analog for the collection of individuals touched by an exploration project, each die representing one person with the die's faces representing the multiple identities of that person. Other analogies include the order of

**Figure 4.1.** 16000 different wooden dice – Filliou



magnitude of the dice, their distribution in physical space, and the “incipient” structures seen in figure 4.1a that could represent subgroups within a community. Using the analogy, it could be said that the static installation is put into motion by the interactions between the people (represented by the dice and their faces) that are mediated by their relationships. For example, when the president of the Parents Association approaches the president of the comunidad campesina to obtain support for the addition of a floor to the school house, or when he raises his voice in the general assembly to let fellow community members know that the school needs volunteers to paint the school house he interacts with his fellow citizens in through his “Parents Association” identity. In the same meeting, through his identity of a regular “comunero” he may express strong opinions about the location of the proposed garbage dump, and in his identity as a

political person he may promote and defend the positions of the “green” team, one of the three teams (green, yellow and red) running for election to form the next town government.

**Figure 4.1a.** Detail of Filliou installation

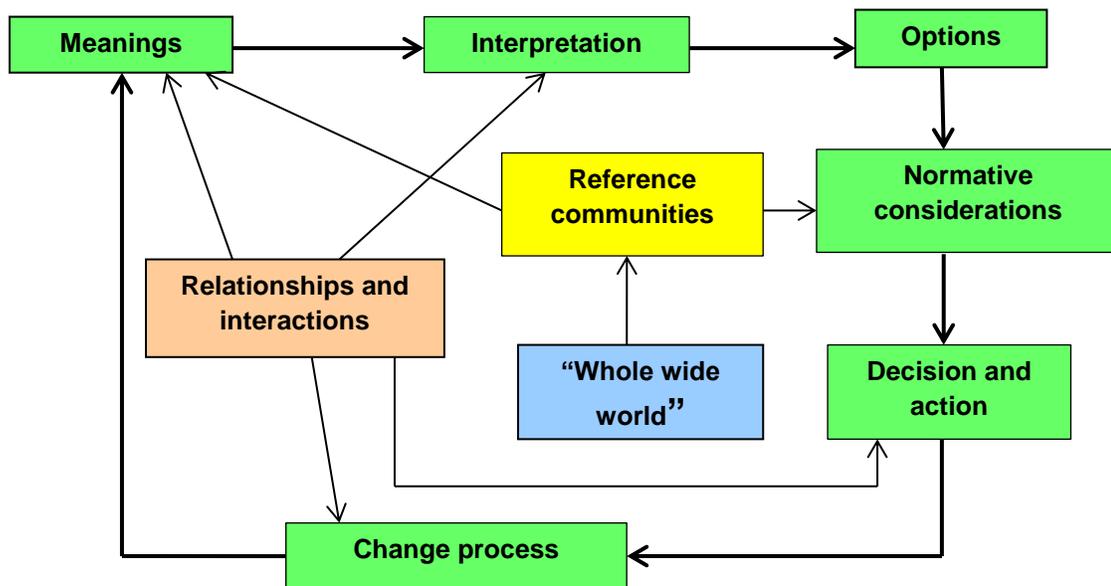


Each identity is linked to its own web of relationships that shape the interactions with others, and these “personal” webs have nodes in common with other “personal” webs. Meanings are formed, modified and transmitted through these interactions, situations are interpreted on the basis of these meanings, and individuals make decisions based on their interpretations and the norms of their reference communities (that vary with identities). These webs of relationships, interactions, meanings, interpretations and decisions are overlaid on the seemingly random distribution of dice in Filliou’s installation and bring it to life, making it the scene of incessant change as though it were a constantly fermenting

layer covering the landscape. Various boundary conditions reduce the possible number of realizations of the layer: the physical environment can have a strong influence, for example, the steep slopes of the Andes make for a huge vertical variation in climatic conditions that links altitude to the plants that can be grown, the animals that can be kept and the types of activities in which people are engaged. It also affects the frequency of interactions: people living in the same altitude zone can interact daily, whereas contact between people living at different altitudes will be the less frequent the greater the separation in altitude. Other physical factors that influence daily life and therefore relationships, interactions and meanings include rivers; lakes; mountain ridges; slope orientation; annual precipitation rate; and soil types. Prior history can have a determinant effect, for example the images of colonial mining in Peru and of the environmental damage wrought by the Cerro de Pasco Corporation in La Oroya in the early parts of the previous century are etched into the collective psyche of the people of Peru and inevitably affect the meanings they give to mining. These images are also part of a reference community in the sense that they constitute a “negative” norm. Availability and spatial distribution of resources also can play a role. For example a significant part of relationship patterns in some case studies was linked to management of irrigation and drinking water supplies. These patterns in turn affected interactions and meanings, which in one parish led to a decision to take forceful action against the mineral exploration project and those who supported it. Physical proximity promotes interaction and meaning formation: the greater the physical distance, the lower is the likelihood of interaction and meaning formation. In addition to physical proximity, social distance can play a part. Lammers et al. noted that social distance can be thought of as the property of an object

“other” for example of an out-group, about which people tend to think in a more abstract manner, but it can also be a consequence of a person’s mindset: she or he may think about the world in a more distant manner (Lammers, Galinsky, Gordijn, & Otten, 2012), The farther socially away a person or entity, the less likely it is there will be interaction and meaning formation through interaction. These boundary conditions lead to the formation of “sub-units” within which meanings, interpretations and decisions converge around a “majority position” that is more amenable to tracking than are individual meanings, interpretations and decisions. Sub-units can be organizations, cultural groups, neighbourhoods or entire communities, depending on the case. Sub-unit members whose meanings, interpretations and decisions have not converged around the majority position can become catalysts of the process of changing meanings. Figure 4.2 is a schematic representation of the symbolic interactionist processes involved.

**Figure 4.2.** Schematic of symbolic interactionist processes



Initial meanings are given at the first encounter between the community and the company. These meanings are arrived at through interactions between fellow citizens on the community side and employees on the company side. Further interactions lead them to an interpretation of the situation, and to the development of options for action. These options are then weighed against the perceived norms of the actors' reference communities, a decision is made and associated actions are taken. Change processes that can be triggered by several factors (e.g. people who have not adopted the meanings of the majority, consequences of the actions, changes in reference communities or in their norms) feed into a further change of meanings and the cycle starts all over again. Relationships drive interactions, which in turn drive change, meanings and interpretations. Reference communities can affect meanings, for example the principles and guides for responsible exploration developed by the Prospectors and Developers Association of Canada, a reference community for company managers, have affected the meaning given to communities by companies and is beginning to affect the meanings given to a company by those communities that are aware of e3 Plus and are using it in the development of their approach. As was mentioned earlier, reference communities themselves are affected by the global context in which they exist.

Chapter 5 provides a summary of each case study and Chapter 6 discusses and interprets the results of the field observations in terms of relationships and symbolic interactionist processes.

## **Chapter 5. Summaries of the Case Studies**

This chapter summarizes the case studies and Chapter 6 will provide an interpretation and discussion of the interactionist processes at work. To avoid duplication certain details of the case studies that are used in Chapter 6 to illustrate the interactionist processes are not included in Chapter 5. Please note that, in blocks of citations, comments from different individual interviewees are separated by three periods.

The socio-economic indicator “unmet basic needs” is mentioned in the context section of many of the case studies. Basic needs are unmet if at least one of the following conditions applies: (i) 3 or more persons per room; (ii) homes in an “inconvenient” type of housing (rented room; precarious or other type of housing, excluding a house, apartment, or hut); (iii) homes without any type of toilet (iv) presence of children between 6 and 12 years of age not attending school; (v) households with four or more members per working person, and where the head of the family has less than grade three education.

### **Río Blanco**

Much of the material in this section was taken from Boon (Boon, 2009).

### **Field study information**

The research was conducted by the author in August 2008. Table 5.1 shows the categories and numbers of participants.

**Table 5.1.** Participants in the Río Blanco case study

Interviewee Category	Number
Campesino	6
NGO	1
Police	1
Business/Merchant	3
Professional	2
Services	1
National government	2
Regional government	1
Other	1
<b>Total</b>	<b>18</b>

The interview guide for the study is shown in Appendix A.

## **Project description**

The Río Blanco project site is located in Northwestern Peru, in the Region of Piura, Province of Ayabaca, close to the border with Ecuador. The communities that would be most affected by a mine are Huancabamba, the capital of the province of the same name, and settlements in the adjoining District of Carmen de la Frontera. The study was centred on the towns of Huancabamba (capital of the province of the same name) and Sapalache (capital of the District of Carmen de la Frontera) and surrounding small settlements. The District of Carmen de la Frontera consists, in addition to Sapalache, of 44 small settlements, the most remote of which are two days' travel on mule back away from Sapalache. Segunda y Cajas and El Carmen, two of the settlements, have been frequently mentioned in the literature on the Río Blanco conflict (e.g. (Bebbington, Connarty, Coxshall, O'Shaughnessy, & Mark Williams, 2007)).

Copper at the site was discovered in the early 1990s, and exploration rights have been held by a variety of companies until Monterrico Metals, a U.K. company, in 2003 began the exploration work that proved the existence of a large ore body. While some

respondents indicated that a good relationship existed between the earlier explorers and the communities, tensions arose very shortly after Monterrico started work:

“...Minera Majaz/ Río Blanco Copper S.A. [successor to Majaz when Chinese Zijin Minerals bought the company] have not demonstrated good judgement. They lied and played games a bit. In the end the campesinos became aware and lost confidence. The good relations that had started forming right at the beginning of the project before Minera Majaz took over from its predecessor were destroyed [male community member, business]...”

Underlying causes leading to this situation included a clash between national and local development models (mining versus agriculture); the negative environmental legacy of mining in Peru; the template provided by the success of the earlier protests against the establishment of a mine in nearby Tambogrande; a power struggle about balancing local and national needs and desires; and company attitudes and behaviours (Bebbington et al., 2007).

Díez Hurtado's thorough description of the stages in the development of the conflict is summarized below (Díez Hurtado, 2009):

1994 to 2002. Discovery of the deposit, drilling of exploratory holes, incorporation of Minera Majaz (a subsidiary of Monterrico Metals, UK), its purchase of all shares and rights to the deposit, and the incorporation of Río Blanco Copper.

2002 to 2004. Río Blanco Copper took over Minera Majaz and made plans for an open pit copper-molybdenum mine with projected annual revenues of \$ 500 million. Initial community approval was based on community lack of understanding. Opposition to the projects came from both the Rondas Campesinas and the municipalities. Under the Ronda Campesina system each member of a community is obliged to regularly take part in nightly rounds (rondas) of community territory and can arrest wrongdoers. The Rondas

Campesinas have legal status and are very influential in this area. The municipality of Huancabamba declared the forests of Carmen de la Frontera inaccessible to mining, and the community of Yanta, in a general assembly, officially revoked the earlier exploration permission given by its leadership. Environmental protection fronts were established in both Ayabaca and Huancabamba provinces.

2004-2005. Two marches on the exploration camp were organized. During the first march, one campesino died when hit by a police tear gas canister and legal proceedings started against 23 others. A number of bishops in the area declared their dioceses to be untouchable by mining. Mutual aggression between the two sides included abductions, attacks, accusations of narcotics trafficking, and road blocks. Institutional attempts to establish a dialogue failed. During the second march, a confrontation between police and community members at the exploration camp site resulted in the death of one community member, five wounded and 32 arrests. This led to repeated mobilizations and road blockades in the entire mountain region of Piura, and converted the conflict into a national issue. The mayors of the provinces and districts involved, the Rondas Campesinas, the Defence Fronts, members of the National Council of Communities Affected by Mining (Coordinadora Nacional de Comunidades Afectadas por la Minería - CONACAMI) and other activists established the Frente por el Desarrollo Sostenible de la Frontera Norte del Perú - FDSFNP (Front for the Sustainable Development of the Northern Border of Peru).

2005-2007. The Ministry of Energy and Mines (Ministerio de Energía y Minas – MEM) was unable to find common ground between the parties and withdrew. FDSFNP consolidated its organization and strategy drawing on the experience and expertise of the

Red Muquí (an NGO network that formed as a result of the Tambogrande case), and that helped take the conflict to the global stage. Incomprehensibly in present-day terms, the company adopted an aggressive strategy such as establishing of counter-organizations and demonstrations, and an aggressive radio program that increased tensions and caused further polarization resulting in an active Ronda Campesina campaign to destroy these counter-organizations. Unexpectedly, the company publicly apologized for its past mistakes and offered \$ 80 million for community development, an offer that was rejected.

2007-present. The Chinese Zijin consortium acquired the project at a discounted price (US\$ 182.3 million, well below the estimated US\$ 500-1,000 million value of the copper resource (Economist Intelligence Unit, 2007). The state ratified its support for the project. In September of 2007, a peaceful local consultation process was conducted in the Districts of Ayabaca, Pacaipampa and Carmen de la Frontera, under the control of the Rondas Campesinas and in the presence of national and international observers and the national and local media. 98.3% of those who participated voted against mining. Regardless of the dispute over the participation rate (either 66.1% or 55%), more than half the population was voting against a mine. A state attempt at re-establishing a dialogue failed. The national government issued decrees that would lead to the creation of a mining district (Todo sobre Río Blanco, 2008). This action was the subject of popular opposition that is reported to have led to the offices of Río Blanco Copper being set on fire on January 5, 2009 (El Comercio, La República, & Correo Piura., 2009). The accusations of terrorism and torture against 35 campesino leaders from the communities of Ayabaca and Huancabamba (Piura) and San Ignacio (Cajamarca), local authorities, and members of human rights organizations in the Majaz case were found to be

unfounded (Defensoría del Pueblo, 2008). Ronda Campesina leaders were attacked on two occasions by people linked to Río Blanco (Todo Sobre Río Blanco, 2008). Zijin Minerals has temporarily scaled down its activities in the region, but there is every indication that it will ramp up work once the García government-imposed pause is over in 2015 (Low, 2012). There is little doubt that this will lead to resumption and worsening of the conflict. As mentioned earlier, the type of conflict escalation surrounding the Río Blanco project is not unusual in Peruvian history.

## Context

The vast majority of the residents of this region were campesinos engaged in subsistence agriculture and cattle farming; other occupations included professionals, teachers, taxi drivers, merchants/businessmen and civil servants. Tables 5.2 and 5.3 summarize some socio-economic and population indicators for the area.

**Table 5.2.** Socioeconomic indicators for the Piura Region, Ayabaca and Huancabamba Provinces and the District of Carmen de la Frontera. The index of unmet needs ranges from 0 to 1, with higher values indicating more unmet needs. (Bebbington et al., 2007; Foncodes, 2008)

Geographical unit	2005 Population	Index of unmet needs	Population without (%)			Female illiteracy rate (%)	1999 Malnutrition rate (%)
			Water	Sanitation	Electricity		
Piura Region	1,630,772	0,5775	35	32	38	14	33
Ayabaca Province	138, 245	0.9580	82	74	86	29	57
Huancabamba Province	123,456	0.9396	60	65	87	36	59
Carmen de la Frontera District	12,963	0.9357	73	68	96	35	60

**Table 5.3.** Population characteristics, Piura Region, Provinces of Piura, Ayabaca and Huancabamba

Province	% Rural	Districts	HDI*	Life expectancy at birth (yrs)	Literacy rate (%)	School enrolment	Educational achievement	Per capita income (S/ per month)
Piura (Region)	27	64	0.5714	69.4	89.5	80.3	86.4	263.3
Piura City region	14	9	0.5785	69.0	91.4	83.2	88.7	274.0
Ayabaca Province	90	10	0.5253	68.1	78.2	73	76.5	226.9
Huancabamba Province	89	8	0.5134	67.1	75.1	73.1	74.4	229.5

\*The Human Development Index is a UN measure composed of three parameters: long and healthy life (derived from life expectancy at birth), education level (measured from the adult alphabetization rate and the gross combined primary, secondary and post-secondary enrolment rate), and level of living with dignity (measured through per capita GNP). In 2008 one S/ was equivalent to approximately \$ 0.23. (Grupo Propuesta Ciudadana, 2006). HDI Ranges: High: 0.6063-0.8085; Medium Quintile: 0.5667-0.6062; Medium Quintile: 0.5387-0.5664; Medium Low Quintile: 0.5075-0.5385; Low Quintile: 0.4013-0.5074.

## Patterns and characteristics of relationships

There was a strong polarization between the “pro-Río Blanco” and “anti-Río Blanco” camps. “Anti-Río Blanco” was not necessarily the same as “anti-mining”. Various interviewees were of the opinion that mining could bring benefits to the community, but said that the company had made crucial errors:

“...while the air may be clean and it is safe and quiet in Huancabamba, employment is sorely needed. Without employment life is very difficult [female community member]... Mining would bring many benefits, especially in infrastructure ... For my business it would be good if there were to be a mine... Minera Majaz/ Río Blanco Copper S.A. [successor to Majaz when Chinese Zijin Minerals bought the company] have not demonstrated good judgement. They lied and played games [male community members, business]...”

The communities had little trust in the national government and all respondents, even those who were not opposed to mining, characterized Río Blanco Copper S. A.’s

approach to community relations as ineffective. Also, the history of mining has been etched into the collective psyche, and the national government has been largely absent and is perceived as not willing to engage in true dialogue, as is apparent from interviewee comments:

“...The regional and national governments are making an error. Cerro de Pasco has been a disaster, and we don't want that to happen here [modern mining in Peru was begun by the Cerro de Pasco Corporation early in the 20<sup>th</sup> century. Its practices caused the area to become the most polluted place of Peru and possibly of the world] . The open pit gold mining in Cajamarca has also caused much contamination [male community member, business]... We met with MEM [Ministerio de Energía y Minas] but in the end we did not get anything out of that. The differences of opinion of the two sides are too great. They want the project to go ahead [male local NGO member]... The central government has not done much to educate people and increase skill levels in this province. Therefore, when the Río Blanco project arrived, the people were not ready and there was a significant power asymmetry [male community member, business]... The community has to be respected and listened to, and the government needs to reconsider its strategy [male local NGO member]... There will be a battle because the government is on the side of the company. It will be the destruction of the community. There is a high risk.... The government does not want a dialogue to resolve the problem... If the government keeps pushing, it would violate the communities' law... There is no relation at all with the central government... The government has always neglected the region (in terms of investment, education, communication), which is a contributing factor to the vast differences that play out in conflict situations. Therefore, the government is partly responsible for the problems that arise – the parties are at completely different wavelengths [male community members]...”

The following comments point to errors made by the company and they illustrate the complete lack of trust of the community has in the company:

“...Both Manhattan Minerals and Monterrico/Majaz/Río Blanco Copper made a crucial error: the project manager was not living in the region, did not get to know the local people, and did not have his children going to the same schools as the local children. In view of the huge cultural differences between and within the regions of Peru, even managing the Río Blanco project from Piura would be a risky proposition, let alone managing from Lima [male community member, business]... If you were to conduct interviews without the approval of the Ronda Campesina, you would risk being physically assaulted by campesinos that might mistakenly think that you were linked to the Río Blanco project in some way [comment by male taxi driver]... The company is cheating the entire community but the community soon became aware of this [male local NGO member].... The company's tactic is to divide the community and it is destroying the community in the process [male community member].... The term “sustainable development” is used more often, and it is taken to include the social aspects. The company has not displayed it [male local NGO member]... The company publications are

not truthful... There is no interaction. If the company had behaved differently, there would have been a greater possibility of resolving the problems... The company dressed workers in police uniforms. The police took 20 hostages and moved them to Jaén and Piura, on the orders of the company... The company killed people... The company does not respect the life of the community members... The company has made many mistakes and has not been honest and straightforward [campesinos ]...”

The Rondas Campesinas and the Catholic Church were well organized and the communities benefited from their presence in many ways. One community respondent commented:

“...The Ronda is not for sale and not corrupt; the police are for sale, corrupt and accept bribes [campesino]...”

The FDSFNP (Front for the Sustainable Development of the Northern Border of Peru) was composed of an alliance of municipal, district and provincial governments and NGOs in the entire mountain region and organized the popular consultation (many called it a referendum) that was mentioned earlier. The National Government was pushing mining and continues to do so, whereas the Provincial, District and Municipal Governments favoured an agricultural development model. These competing approaches need access to the same water resource, which explains part of the strong animosity between these actor groups. Former and current Ministerio de Energía y Minas (MEM) officials viewed the Catholic Church as a formidable opponent:

“...The Church is often against mining, more so in some zones than in others. Anti-mining priests include Marco Arana (Cajamarca); Monsignor Barreto (Guancayo); Monsignor Turley (Chulucanas); Cantuarias (already retired); Muquipo (Jaén)...[male former and current officials of MEM]”

The Ronda Campesina and local government power structures were strongly intertwined and the ronderos dominated the General Assembly:

“...The Rondas exercise power over some authorities by withholding their political support if they don't agree with them. The Rondas Campesinas are assuming more power than they legally have, and they probably suppress divergent opinions. The mayor of

Sapalache is the son of the president of the Ronda Campesina of the District of Carmen de la Frontera [male city of Piura media person]...”.

Direct interaction between people was considered to be very important. For example, the study area has a self-organizing system of transportation: any person walking by the roadside is offered a ride. During a ride from Sapalache to Huancabamba a number of fellow passengers were on their way to a participatory municipal budget exercise. They were well informed about the process and the decisions that needed to be taken, and confident in their ability to have a significant effect on the outcomes of their personal actions.

There was reported to be good communication between the communities and the authorities at the municipal, district and provincial levels, some with authorities at the regional level and little with those at the national level: there is a rift between the local community, district and provincial authorities on the one hand and the (higher level) regional and national authorities on the other:

“...There is communication between the local authorities and the community – through meetings... The mayor’s office has said “no” to mining and has respected the people. The regional authorities are in favour of mining – a kind of political trap, as they are “Aristas” [i.e. they belong to the national governing party]. There is no dialogue because they already know what they want... Local authorities do communicate and always co-ordinate...The regional authorities do co-ordinate, but they are more in favour of a mine...The national authorities got it all wrong. President Alan García says that Huancabamba will grow when there is a mine, but it is actually they [the government people] who will grow [in richness]. Prime Minister Jorge del Castillo met with a delegation in Ayabaca earlier this year and broke the dialogue. They don’t want to have anything to do with the community any more... Good communication at the municipal, district and provincial level...President César Trelles Lara (Piura Region) is in favour of the mine...Little interaction at the national level (the state is absent) [male community members]...”

Perceptions of communication between the authorities and Río Blanco Copper S.A. were somewhat of a reverse mirror image of those between the authorities and the

community (albeit not as clearly cut): the higher the level of authority, the more communication there was perceived to be between the company and the authorities and one interviewee commented that there is no communication between the company and the community at the local level:

“...There is communication and co-ordination between Río Blanco and authorities at high levels (national), but there is no co-ordination at low levels... The regional and national levels support the mine and did not make any contribution to the community...There is no communication with the local community [multiple replies]...They seek confrontation and want to impose... There will be a battle because the government is on the side of the company... They [Río Blanco] communicate with those who are in favour, never with those who are against [male community members]...”

-

This is not entirely surprising, as authorities up to the provincial level were opposed to the project, while those at the regional and national level were in favour. One community respondent commented on the possible reason for which the company interacts more with the national government:

“...Maybe the company thinks that it doesn't need to pay attention as it has the support of the national government. The president of Peru, Alan García publicly accused the community of being like “perros hortateros” (dogs in a manger) and of needing the mine to alleviate their ‘extreme poverty. His comments inflamed the community [male local NGO member]...”

## **Company social responsibility approach**

The summary of its social responsibility approach that the company had posted on its website in 2008 contained words such as harmonious coexistence; modern mining; sustainable development; and conservation of the ecosystem and the customs, values and traditions of the local population. It also mentioned respect for human rights and a participative process involving the local population. There was a huge discrepancy between the stated CSR objectives of the company and comments made by interviewees

and it is clear that its community engagement strategy was not successful. Relations had soured to the point that it would be unrealistic to even think of implementing the posted CSR strategy. Unfortunately the web site has since been taken down.

## **Perceived present and future benefits and harms**

A small number of people in the communities were employed by the company, but unfortunately it was not possible to contact interviewees who were in favour of mining to hear about benefits.

In terms of harms, the company was not able to proceed with its mining plans and appeared to be biding its time. The project caused huge social upheaval, split the community and families. It led to violence and much unrest in the region. So far, the harms appear to have outweighed the benefits. As mentioned earlier, one respondent opined that, while the air may be clean and it is safe and quiet in Huancabamba, life is difficult without employment. In spite of this, most campesinos interviewed are of the opinion that there are no great differences in income – everybody is equally poor:

“...The income difference is small, we are all poor, but nobody goes to sleep without food... There are rich people and poor people, but the difference is not very large... The people are very humble. There is not much difference between rich and poor... The difference between rich and poor is not that large [campesinos]....”

## **Summary and Conclusions**

The initial meaning the community gave to the project appeared not to have been that of a threat and it may have been possible to begin a dialogue (a key element of the model proposed in Chapter 7), however fragile, to firm up the relationships between the company and the communities and to achieve convergence of meanings. “Convergence

of meanings” in this context does not mean that meanings become identical, but that there are sufficient touching points for dialogue to continue and for a change process towards positive outcomes, however defined. However, because of misunderstandings and errors meanings diverged at an accelerating rate. No “bridge builders” presented themselves and, based on the norms of some very important reference communities, the majority decision was to fight. However, some community interviewees suggested an idealized model that they believed could make it possible to start all over with a clean slate:

“...If the company had been more honest, if it had engaged in a true dialogue, if it had admitted its mistakes [which it did once in an advertisement], things might have turned out quite differently [male community member, business]... The only road to a “yes” vote appears for the company to start from scratch, and throw out the present management team [female community member, business]...”

A number of the company decisions and actions did not meet the guidance criteria offered by most modern CSR codes and guidelines. Mistakes such as telling conflicting stories to communities and shareholder and starting up parallel competing organizations could have been avoided, and dialogue appears to have been absent. The story of Río Blanco is a story of relationships gone awry. The interactionist processes surrounding the Río Blanco project will be discussed in more detail in Chapter 6.

## **Curipamba**

### **Field study information**

Table 5.4 shows the distribution of participants in the field study across gender and community units. In addition to the company employee who took part in the field study, the author of this thesis met with four company personnel, including management, prior to the field study. The conversations during this meeting did not follow the

interview guide, but their comments have been included where appropriate. With respect to their functions in society, they included farmers, engineers, council members, lawyers, priests and stay-at-home parents. The study team consisted of Carmita Aliaga, Natalia Carpintero and Jacqueline Clavijo of the INIGEMM, and José Araujo was the driver. The interviews, a number of which were conducted with groups of community members, took place from February 19 to 22, 2013. The INIGEMM provided logistics support, including transportation.

**Table 5.4.** Community unit and gender of participants in the field study - Curipamba

Unit	Men	Women	Total
Curimining	1	-	1
Las Naves	1	-	1
San Carlos	2	-	2
Echeandía	3	1	4
La Vaquera	1	-	1
Santa María de las Naves	1	-	1
Sector de San Francisco	1	2	3
Sector Estero Lindo	2	1	3
Sector de San Antonio	-	2	2
San Luis de Zapotal	2	-	2
Sector El Cristal	1	-	1
Sector de Chacarito	3	1	4
Sector de la Industria	2	1	3
Sector El Guabito	2	-	2
Sector El Pasaje A	-	2	2
San Luis de Pambil	2	-	2
Sector La Unión de las Naves	1	1	2
Sector El Triunfo	2	-	2
Las Naves Chico	4	4	8
Sector de Jerusalén	2	2	4
Sector Buenos Aires	1	3	4
Municipio de Quinsaloma	4	-	4
Salinas de Bolívar	1	-	1
<b>TOTAL</b>	<b>42</b>	<b>20</b>	<b>62</b>

## Project description

Salazar Resources Ltd. is a company listed on the Toronto Stock Exchange (TSX-V: SRL) that dedicates itself to the exploration and the development of new highly

prospective areas of Ecuador. Exploration activities in Ecuador are carried out by Curimining S.A., a wholly owned subsidiary of Salazar Resources Ltd. Curimining had a relatively small core of employees and contracted additional staff as needed. The Curipamba project is located in West-Central Ecuador, in the Western Mountain Range. Initial studies were conducted in 2007, and in 2010 exploration permits were obtained. 200 wells have been drilled to measure the indicated resource. The major discovery to date has been the El Domo deposit that is located in the canton of Las Naves, province of Bolívar (Salazar Resources, 2012).

## **Context**

The province of Bolívar had 183,641 inhabitants in 2010, 61,508 of which were between 0 and 14 years of age, 104,362 between 15 and 64 years, and 17,771 65 years and over (Instituto Nacional de Estadística y Censos, 2010a). 21.1% of the population of age 12 and over identified itself as indigenous. Peoples that live in the province belong to waranka kichwa, afroecuadorian, montubio, manaba, white mestizo, Matiavi Salinas indigenous communities, and other cultures (Articulación de Redes Territoriales, 2011). Some of these groups, especially the Matiavi Salinas communities are strongly opposed to mining.

The most important sectors of the economy of the province were agriculture, cattle ranching, hunting, forestry and business. The mining sector was almost insignificant in comparison (less than 0.03%) (Banco Central del Ecuador, 2007).

Curimining's El Domo deposit has the following indicated and inferred resources as determined through a Preliminary Economic Assessment (Salazar Resources, 2014):

Category	Cut-off	Tonnes	Copper	Zinc	Lead	Gold	Silver
	\$	(Mt)	(%)	(%)	(%)	(g/t)	(g/t)
Indicated	30	6.08	2.33	3.06	0.28	2.99	55.81
Inferred	30	3.88	1.56	2.19	0.16	2.03	42.92

Category	Contained Copper	Contained Zinc	Contained Lead	Contained Gold	Contained Silver	Contained Copper
	(M lbs)	(M lbs)	(M lbs)	(ozs)	(ozs)	(M lbs)
Indicated	312.95	409.56	37.76	584,457	10,911,281	312.95
Inferred	133.46	187.39	13.96	253,607	5,357,690	133.46

At a June 1, 2015 market price of US\$ 1193/oz for gold, the sum of only the gold indicated and inferred resources gold resource would have a value of approximately \$ 1 billion, or about 47% of the value of the gross product of the province. Therefore, if the exploration project results in a mine, it will have a significant impact on the economy of the province. Bolívar is one of the poorest provinces of Ecuador. In 2010, the degree of poverty of its cantons expressed on the basis of consumption was between 55 and 78% and expressed on the basis of unmet basic needs it was between 65 and 77%. For the canton Las Naves the corresponding numbers were 82 and 77%, respectively, which make it one of the poorest cantons of the province (Frankel, 2010). Therefore, a mine could create huge economic expectations and the distribution of benefits derived from mining in an equitable way could present a considerable challenge.

In 2007 the communities of Guaranda and Echeandía in the canton of Las Naves closed the access roads to the camp of Curimining. They demanded the immediate departure of the company, citing legal and environmental reasons for their action. (Observatorio Latinoamericano de Conflictos Ambientales, 2007). In April 2010 about 20

communities of the parishes of Las Mercedes and San Luis de Pambil of the canton of Las Naves, as well as the community of El Pasaje (province of Los Ríos) began an indefinite strike demanding the annulment of all mining concessions in the province of Bolívar and in the entire country. They said to feel threatened by the presence of Curimining S.A. (Observatorio de Conflictos Mineros de América Latina, 2010). It should be mentioned that the organization that reported these events is taking a highly critical perspective of mining, which may colour their reporting. The following interviewee comments illustrate the occurrence of some conflicts:

“...On September 30, 2010, people from the community of Jerusalén conducted an armed attack on the exploration camp, damaged equipment, and got into a showdown with members of the local community who supported the company...There were confrontations with the police and the military. As a result, the company found it necessary to identify those involved and take legal action to protect its people and investments: it formally accused certain individuals of sabotage and terrorism [male company employees]...Also in September 2010 there was an unsuccessful attempt to legalize an ordinance that would declare the canton “Free of Mining”[male community member]...”

It is interesting to note that, even though Jerusalén declared itself to be against mining, resentment about jobs in Curimining appears to have been a factor in the 2010 conflict (personal communication, Señor Gavilanes).

## **Patterns and characteristics of relationships**

Among the communities surrounding the project in which interviews were conducted, Jerusalén was the most fiercely opposed to mining, partly because a number of its members were active in the NGO “Acción Ecológica”. The interviewee comments cited below describe the conflicts and the situations leading up to them

“...We battled not to have mining, because we don’t want them to contaminate the water. There were confrontations with the police and the military...We had problems when Curimining was conducting exploration, it is said that they have contaminated the water;

regarding the confrontation we had on September 30, Curimining brought legal action against us for sabotage and terrorism [male community members]...In 2006-2007 the first problems between the communities and Curimining appeared, caused by lack of information and lack of engagement by the company. We became embroiled in various problems with the community of Jerusalén because several environmentalists were part of this community, specifically the environmental movement “Acción Ecológica” that in 2010 categorically opposed the development of mining in the zone. This movement conducted several meetings in the community to incite an uprising of its members to mining. This social movement is trying to stigmatize mining in the zone [ Diego Bastidas, Curimining]...”

The relationships between Curimining and other communities varied considerably and there had been conflicts in some cases. Insufficient information was obtained on the relationships within and between communities, for which reason the study focused on the relationships between Curimining and the communities. The interviewee comments reproduced below illustrate that there is a range of opinions on Curimining, from positive to negative:

“... There is no negative social impact with them because of the development of everything. The production of corn, oranges, cacao and bananas has increased considerably...I recommend that Curimining continue as they are – we liked the help we got from the foreign technicians they brought in to build capacity in orange and cacao farming... I support Curimining, and want them to continue working with the community, helping, supporting etcetera. We are prepared to accept their work [male community members]...They have supported in certain things, but not in others...According to me mining would not work in this zone, I have heard that they are losing money. People are not fond of them, they think that they are going to extract the minerals from the earth and will depart with the money and that they are not going to give any support to the community [female community members]... I have lived in the community for two years and have seen that there is a division between pro-mining people and anti-mining people. I look at these categories as destroyers and ecologists respectively. With mining comes destruction; if we are forced politically to accept mining in the community we will be left without river, vice would increase: more bars, more prostitution. I don't agree with the development of mining in this province [male local NGO member]... They are not liked in my community because they say that mining contaminates the water. They have been here already for three years, one year they left but then they came back. We don't know what activities they are undertaking right now. They say that they have left a series of open mines. We want them to leave; we don't want them to use explosives in the zone. Let them go and not contaminate the river [female community member]... There are groups of ecologists that led NO to mining and NO to contamination campaigns during festivities [male community members]...”

On the basis of the comments made by interviewees from the different communities, the interview team prepared Table 5.5 which shows that among the communities in the area of direct influence of the project some were in favour of Curimining (+), some were against (-), and some were divided on the issue. The company had positive relations with 80% of the interviewees in the communities in the zone of direct influence such as Las Naves, Las Naves Chico, La Unión, Pasaje B, and El Triunfo. The company also maintained connections with a variety of organizations:

“...We work with sports, cultural, social and coffee growing associations, the latter in cooperation with the Consejo Cafetalero Nacional – COFENAC (National Coffee Council) [male company personnel]...”

There was strong opposition by many interviewees in Pasaje A, Jerusalén and Buenos Aires, while opinions were divided in El Guabito, Progreso, San Carlos, San Francisco, Cristal and Estero Lindo. Several people had conflicted views: while they ferociously opposed the company, they also sought to take advantage of it. For example, while Jerusalén is opposed to mining, the violent confrontation with Curimining was triggered by resentment about not getting jobs with Curimining as was mentioned earlier and the interviewee cited below appeared to see certain advantages but was afraid that they would come at a cost:

“...Mining would be good for the Church because alms would increase. However, at the same time it would bring social problems [male community member]...”

**Table 5.5.** Communities in the direct area of influence and their attitudes towards the Curipamba project: + in favor; - against; 0 divided.

Communities in direct area of influence	Position of communities in direct area of influence
La Unión	+
Las Naves Chico	+
El Triunfo	+
Jerusalén	-
Buenos Aires	-
Las Naves	+
Selva Alegre	-
San Luis de Pambil	-
EL Congreso	+
El Guabito	-
Pasaje A	-
Pasaje B	+

## Company Social Responsibility Approach

According to the company, the majority of communities only wanted it to make donations that were often not related to the common good:

“... The majority of communities only want us to give them money, or they want us to give or do things that do not contribute to the common good. Curimining does not want to get the communities into a dependency relationship [male company employee] ...”

The company had conducted a series of workshops on subjects such as mining, tree planting and exploration to instruct the communities on these matters. The soccer team “Juventud Minera” and its associated soccer school supported by Curimining were very successful (El Comercio, 2011). Radio San Luis de Pambil 95.3 broadcasts commercials promoting Curimining as a responsible mining company. Company personnel are aware

of opinions that are alive among part of the population, but believe that these are not entirely fair:

“...Social responsibility activities are often considered as expenses rather than as investments. People think that we want to buy the communities. On the other hand, we want to provide employment, socialize the project and achieve co-participation [male company personnel]...”

As was mentioned earlier the first conflicts between Curimining and communities were caused by a perceived lack of information and communication with the communities and the authorities. Curimining adapted its approach:

“...We improved our practices; our professionals became more attuned and talked with the people and now have more respect for and better relations with community members [male company personnel]...”

Curimining had a seven-person community relations team, most of whom were locals, its leader was very well respected in the community, and all technicians working in Curimining were from the area. The company signed an agreement with the State University of Bolívar for training mining technicians, but had not yet developed a long-term social responsibility strategy.

Interviewees working for the municipality felt they lacked detailed information on the project that would allow them to give it permission to proceed to become a mine:

“...The company has not socialized the scope of the project to indicate how it will be conducted, what the results will be, what studies have been carried out, what they are going to do, in order for the municipality can let them know whether they can proceed or not. I don't know exactly how Curimining will be processing at the time of exploitation of the minerals. Until now, they have not caused any contamination [male municipality employee]...”

## **Perceived present and future benefits and harms**

Curimining's operations have had economic effects through employment and local purchases. People who had worked for the company were generally pleased with the way they had been treated, and others hoped that a mine would open and bring employment. The actions of those opposed to mining crowd irritated them:

“...I worked for six months in Curimining and from then on for one year I was working 15 days in the company and 15 days elsewhere on and off. I worked in drilling and with electricity. I don't believe that mining is bad. When I see the news about mining in other places it is not bad. When they allowed the company to work there was more money – at present we have economic problems...We have been vilified because of them, because people did not accept them. I worked in Curimining, they have helped other people, and they always paid punctually... I worked in Curimining and those opposed to the company or the anti-mining people bothered me, but I have no complaints about them...Curimining has given work to the community, that likes the company because of it. They gave us safety at work such as belts, vests, gloves, safety helmets, boots and other accessories. In the same way they were also concerned about our health. The opposition had videos and photos of other places to show us the contamination that mining causes to the water and the environment [male community members]...”

Several interviewees made positive comments of Curimining's initiatives in education, health, sports, dance, agronomy, road construction and reforestation, however there were also some cynical perceptions about the dance group:

“...The company is now socializing the project, it gives some support to the communities, it supports the dance group and sports through the soccer club [male community members]...Curimining has the dance group, but they pay the youth to be there [this perception conflicted with the fact that the company only provided travel expenses and clothes for the performances, and the teacher's salary]...They have done nothing wrong, they have been careful about the environment, they have worked together with us; they brought instructors to the school, have repaired roads, have helped with bathroom facilities and plants for reforestation around the school. I believe that those who oppose the project are purely political [female community member]... They have made repairs to the project access roads. They worked with the village, reforested the grounds, and made it possible to begin sowing. I worked with them for two years and they paid punctually [male community member]...”

While the community projects were appreciated, concerns about Curimining's intentions remained, some suspected that the company was just trying to buy the communities and others worried that mining would bring only short-term benefits. Others complained

about the company not having done anything in their area, about setbacks suffered by specific community relations projects and about the company not having followed through on its promises:

“... Curimining destroys nature with mining, they offer us candies and cases of pop, and believe that they will buy us that way. They approach the most needy to offer help so that they will favor them. The people sell their conscience for trifles [female community member]... Bread for today but hunger for tomorrow [male local NGO member]... They have not helped this community with anything... They had promised to asphalt the streets of Guabito but they have not done it... They repaired the roads but took what is most valuable and left contamination behind, they offered to build a hospital but did not do it ... They also wanted to build a dining hall for the students but there were groups that opposed it, for which reason they did not carry through this idea [male community members]...”

The communities of Jerusalén, Bella Vista and Buenos Aires remained strongly opposed to the project.

As illustrated by the interviewee comments cited in the earlier section on patterns and characteristics of relationships there were persistent concerns about contamination of water and the damage mining could cause to the environment. These perceptions were based on fear, not on fact, as others pointed out that Curimining had not caused any contamination of which they were aware and that the population itself often contaminates the river, and as no official reports of contamination exist:

“... Until now they have not caused contamination... There is no evidence of contamination of the river... There is no evidence that they have contaminated the river... In winter the river always has dirty water, that has nothing to do with their presence... Several women in the community tried to demonstrate that the river was being contaminated by the work of this company, but I am aware that the population itself contaminates the river [female community members]...”

Other concerns apparent from a number of the comments cited in previous sections had to do with the suspicion that the miners would go off with their profits without leaving much for the community, with considerable lack of trust of Curimining, and with a

negative feeling and fear of social effects. It should be noted that these concerns are only felt by a certain part of the population.

The great differences between interviewees in their perception of harms, especially related to the environment, illustrates the appropriateness of the Spanish saying “en este mundo nada es verdad ni mentira – todo depende del color del cristal con que se mira” (nothing in this world is true or false – everything depends on the colour of the glass through which you are looking). In terms of symbolic interactionism initial meanings are given from a certain perspective – “the colour of the glass” – and modified through interactions with one’s peers. The polarization between those opposed to and those in favour of mining meant decreased likelihood of interactions that could lead to changing meanings. In fact, various interviewees in favour of mining commented that they had been harassed by those opposed to mining. Several interviews professed to not knowing much about the Curipamba project which suggests that Curimining’s early communication strategy had some gaps that allowed its opponents to provide some of their peers with looking glasses of a certain colour in the period prior to the present study. The company reports that the activities of Acción Ecológica had ceased at the time of submission of this thesis and that the colour of the glasses through which the communities view Curimining’s operations is correspondingly changing.

## **Summary and conclusions**

The meanings given to the project varied considerably between individual actors and groups of actors. Acción Ecológica effectively used teacher-student, leader-follower, organizer-organized role and counter-role identities to make meanings converge and

thereby make group action against the project possible (Deaux and Martin, 2003b). If Acción Ecológica was able (albeit possibly not consciously) to make meanings converge this way, how did the “pro-mining camp” go about changing the meanings of those initially opposed to mining? It is probably easier to congregate meanings and achieve group resonance around certain symbols such as “the environment”, or “water” than around “mining”. This bears further investigation. Prior community history was an important factor, as was the strong influence certain reference communities had on meanings. For example, it could be said that Acción Ecológica consciously made itself the reference community of certain communities that were already somewhat predisposed against mining.

## **Palma**

### **Field study information**

Interviews were conducted between July 6 and July 10, 2013 (inclusive), and a total of 30 people took part, six of whom were Empresa Chungar personnel and 24 were members of the Comunidades Campesinas Santa Rosa de Chontay, Cochahuayco, Villa Pampilla, Sisicaya and Espíritu Santo and of the Centros Poblados Palma, Chillaco, Antapucro and Nieve Nieve. As mentioned earlier, a question on reference communities was added to the interview guide for this case study. Interviewees included both proponents and opponents of mining. All interviews were conducted by the author, who received financial support from the Organization of American States.

### **Project description**

Mining activity in Palma dates from before 1985. In 2009 Volcan Compañía Minera S.A.A (a Peruvian company), through Empresa Administradora Chungar S.A.C., acquired the concessions and started a drilling program in the third quarter of 2011. The Palma project was studying a lead-zinc-barite deposit (Volcan Compañía Minera S.A.A, 2010). It is located on the left bank of the Lurín River, in the district of Antioquía, province of Huarochirí, Lima Region, at about 60 km. east of Lima. Normally the project has 8-10 employees, but because of a contraction in the minerals markets other Volcan projects had been suspended and a number of geologists from those projects had joined Palma to speed up analysis of drill cores. The Palma project is small. Its governance consists of the project manager and two managers who report directly to him. The managers oversee the work of consultants. In this sense it is an “administrative” project. Many of the employees of the consulting companies are from the area, they identify with the work in which they have specialized such as sampling, photography, and classification of drill cores. Daily meetings in which the exploration team members discuss safety and security, tasks, activities for the day and evaluation of the previous day are an important part of project governance, facilitating communication and cooperation.

The settlements closest to the project are the Centros Poblados (C.P.) Palma at a distance of four km., and Chillaco at seven km. The land belongs to the Comunidad Campesina (C.C.) Cochahuayco (Volcan Compañía Minera S.A.A, 2013). Comunidades Campesinas are “...organizations of public interest, with legal status and juridical personality, consisting of families that live in and control certain territories; are linked through ancestral, social, economic and cultural bonds, expressed through communal property of the land, communal work, mutual assistance, democratic government and

development of multi-sector activities...Annexes of the Community are the permanent settlements located in communal territory and recognized by the General Assembly...” (Art. 2, Ley General de Comunidades Campesinas (Centro Peruano de Estudios Sociales (CEPES); Congreso de la República, 1987). A Centro Poblado is “...any place in the national rural or urban territory, identified by a name and permanently inhabited” (Gerencia Regional de Planeamiento, 2006). In the study area, most Centros Poblados form part of a Comunidad Campesina, with the exception of Palma, that occupies land belonging to three Comunidades Campesinas: Cochahuayco, Sisicaya and Espíritu Santo.

## **.Context**

The local economy is land-based and the farms in the valley produce apples, quince, avocados, and vegetables that are sold at local markets and in Lima. In 2009, 15.6% of the population was living below the poverty line and the “(FGT1) gap” (the idealized cost of eliminating poverty) would be approximately three times the value of the poverty line per capita (Ministerio de Economía y Finanzas del Perú, 2009). In that year the poverty line was located at S/. 250 per month (approximately C\$ 100) (Quispe López, 2009). The district municipality is the most important local governance entity, as it is the channel for infrastructure project budgets. A community interviewee mentioned that in the past, the budgetary processes were used by some mayors to buy votes.

“...The previous mayor bought votes (by giving cement and other materials to people) and people became used to it. It was a waste of resources. The present mayor does not do this [female community member]...”

The comunidades campesinas are second in importance – they manage lands and social issues. Their presidents are the most important persons in the communities,

although their actions are prescribed by the general assembly that has supreme power. As is to be expected, there were differences in quality of governance between communities. Both presidents and town councils are subject to criticisms, the most common one related to not carrying out their duties and the most serious one to accepting bribes:

“... There is envy between the presidents of the communities in the valley and to counteract it I have organized sporting events that “circulate” through the comunidades campesinas (e.g. soccer and marathons) [male company personnel]... The president lives in Lima which is a disadvantage – there was nobody here to receive visitors. He is a lawyer – it helped him get elected. He did not organize pre-meetings of the town council in advance of the general assemblies. His meetings don’t have an agenda and he is disorganized – much time gets wasted [female community member]... The president of Santa Rosa de Chontay hardly takes part in the meetings of the parents committee even though we invite him [male community member] ... The community is not learning – the president is bad. We have not improved at all in two years ... The president brought people in from outside [Lima] – political manoeuvres [female community member]...The president is on balance so-so. He relates with the company...The president looks out for the village in dealings with the mining companies...The president is not very interested ... There are presidents that don’t have much support. The assemblies function well – the majority of people are interested and the decisions are accepted ...The community dismissed the town council because they were implicated: the company gave \$ 2,000 to each of them not to denounce the company for exploitation without a permit [male community members]...”

The administrative structures under which the Comunidades Campesinas operate play a key role in the functioning of local society and any matter is discussed at the general assemblies. Their minutes are legal documents that record decisions and spell out the actions to be taken by whom. The existence of two classes of citizens, pobladores and comuneros, is an interesting aspect of governance that dates back to Inca times. It has been “re-officialized” since 1920 (Del Castillo, 2006) and the associated legislation is regularly updated. Comuneros are those born in the comunidad campesina, the children of comuneros and people who become members of the comunidad campesina through a formal process. Only qualified comuneros have the right to vote or be elected. People living in a community who are not comuneros are called “pobladores”. The general

assemblies and the associated town councils of the comunidades campesinas have no jurisdiction over the pobladores while the district municipality has jurisdiction over both.

Many citizens contribute directly to the functioning of the communities through their participation in communal tasks, for example construction of irrigation canals, cleaning up the town in preparation for the patron saint celebrations, and the construction of speed bumps. Each task is managed by a committee established for the purpose. There is neither police nor a fire brigade in the district, but the governance mechanisms described above appear to cover these functions at least partially. Land is communal property, and the comunidad campesina assigns lots to the comuneros on which to build their houses. The comunidad campesina manages the use of the communal lands, which for the majority of communities are officially registered. The lands of Cochahuayco and Villa Pampilla had not yet been registered pending resolution of ongoing litigation. The exploration camp is located on rented land in the Cochahuayco part of C.P. Palma. There are also private lands, for example the C.P. Antapucro consists of pobladores who own private property within the C.C. Sisicaya and different rules apply.

Each community manages its own drinking and irrigation water supplies through corresponding water boards. Communities seek support from the municipality and some have received support from international organizations (for example, in Cochahuayco, the Japanese have supported the construction of the potable water system and a Spanish NGO has helped with construction of the jam and juice plant). In many communities, local action has been instrumental in obtaining electricity and other infrastructure such as Bailey bridges and extension of school buildings.

## Observed patterns and characteristics of relationships

The Palma project operates in the context of the scandal surrounding the Huascarán project, a previous exploration project in the Lurín valley close to C.C. Espiritu Santo. Minera Huascarán's project was shut down by the regulatory agency because of environmental and permitting violations, and the aftermath of this corruption scandal was not handled satisfactorily. There were also accusations of Minera Huascarán having fraudulently obtained town council member signatures on official documents.

As was mentioned earlier, general assemblies are an important governance tool.

The following interviewee comments illustrate aspects of the way they operate:

“...In the assembly I defend education – I bring issues forward [male member of the parents association] ... Close to 60-70 people attend – for a total population of more than 100 less than half...There are 5-6 assemblies per year [other communities reported higher participation rates]. Most often they take two to four hours. Usually they arrive at reasonable agreements [female community members]...The assembly has supreme power, the president depends on the assembly ... All actors are part of development for different aspects...Through the assembly the presidents of the associations act as such, or they act as individual members, depending on the issue...All relationships are important – we are in contact every day ...Conflicts are resolved through the assembly – the “fiscal” is charged with that [the “fiscal” is the member of town council responsible for keeping order and apply the rules]. There are statutes and regulations that include fines, penalties, calls to attention, and communal work. The members of the executive are juridical persons. This functions well ... I am a member of the mining committee of the assembly. How to convince them that it is possible to do it right?...There are extraordinary assemblies, for example when we decided to form our own council [not all Centros Poblados have a full council]...We know the company's community relations officer – sometimes we receive support from him. Our requests for support are submitted in writing and are part of the official minutes of the assembly... There was a “careo” [face-off between witnesses] in the general assembly [related to the Huascarán corruption case]. Neither of the two sides could prove their version of events...We had an extraordinary assembly 4-6 months ago to revoke the permit for the Road of the Inca to the National Culture Institute. ... Conflicts about land between comuneros are resolved by tribunals of the assembly. The general law of comunidades campesinas regulates all this ... My advice to the company: to come and have a conversation with an extraordinary assembly – this would be beneficial [about the Huascarán corruption case] ...There are 68 active comuneros. Including all citizens, there are 100 inhabitants. There is a general assembly each month and usually more than 40 comuneros take part. Quorum for the general assembly is one half plus one [male community members]...”

For conflicts that cannot be resolved through the mechanisms available to the general assembly or through conversations, the lieutenant governor and afterwards the judge of the peace (who mediates in any type of conflict) are brought in. If the judge of the peace cannot resolve a problem he hands it over to the “judicial chain” that extends to Lima. Land issues are a frequent source of conflict, often caused by lack of registered title:

“...There always has been much conflict between the comuneros of Sisicaya, almost always related to land. As they don't have title the issues are very difficult to resolve and there are always people who take advantage of others [male company personnel]...”

Many conflicts do not reach the general assembly and rarely get resolved – they remain hidden and latent. One community member opined that it is important to be open about problems and discuss them; otherwise there will not be a solution:

“...Not everything functions perfectly – there will always be inconveniences. For example families who say nothing [even when there is a problem] and nothing gets resolved. However, there are people who talk [male community member]...”

There is friction between the different levels of authority of the municipal district:

“...There are always differences of opinion between the municipality and the Comunidad Campesina which leads to conflicts [male community member]...”

The relationship axes of the bilateral relationship matrix involved the judge of the peace and the comunidad campesina governance structures, with relationships linked to Empresa Chungar representing a secondary axis. As was mentioned earlier there was a certain degree of friction and envy between all administrative units, be they comunidades campesinas or centros poblados. In most communities, everyone knows everyone and several interviewees commented that all relationships, while different, are important:

“...All relationships are important, but they are different. The villages prioritize as a function of customs, culture, feelings, not in function of necessity [male company employee]...All relationships are important...All relationships are very important...In the village the day-to-day relationships are friendly...The entire village is like a family – family relationships are also important [female community members]...”

There were many connections and there was much mutual support and cooperation (albeit some of it under pressure):

“...Everything is interlinked and there is also support between community members in case of illnesses etcetera. There is no problem with working together: if someone doesn't work, he is fined. If he doesn't pay his fines three times he is withdrawn from the community until he pays up [this refers to “faenas”: chores imposed by the committee that organizes them] [male community member]...”

With respect to the relationships between the company and the community, the contract employees who are comuneros of Cochahuayco played an important role:

“...We are ambassadors and information channels in two directions [male company contractors]...”

The patron saint festivities played a very important role in community life into which much effort was invested and in which everyone participated. There were elaborate structures in place to support the preparations and the festivities themselves, and every community member is expected to do his or her share, as the following interviewee comments indicate:

“...The ‘cajueleros are the people who contribute most to the communal festivities and they are part of the community president's function. In the procession they carry images of the saints ... They belong to the Association of Cajueleros and are devout persons who take on responsibility for certain aspects of the festivities that often coincide with the role of mayordomo...The mayordomo takes care of the expenses of the patron saint's festivities, in exchange of a benefit (for example a lot for a house - some 100-200 m2) or for farming (a hectare)...Everything is free: drinks, communal meal etcetera. For days for which there is no mayordomo, an S/. 100 fee is levied on everyone...Both the company and the community contribute to the festivities: drinks, food and music...The community organizes it – the comuneros living on communal lands are obliged to cook the meals...All lands are communal [male community members]...”

According to several interviewees there are two types of comuneros, those who live in Lima and those who live in the community. The former appeared to be causing problems:

“...There are two groups of comuneros: those that live in Lima and those that live here. The first group is always looking for money, but the company does not give money, it gives social and other support. The first group tries to convince the second group that they should provide them with benefits. Because they are more erudite they are agitators. This is a problem – we need to make it clear to them that we are here for the communities... We have a major challenge with the information and manipulation that comes from outside, for example by the children of comuneros that live in Lima [male company personnel]... Talking about the garbage dump: the people from here that live in Lima have put obstacles in the way – they protested against the construction of the dump. We can no longer use it because they denounced the mayor to the Ministry of the Environment that, without undertaking any study, disapproved the dump just through a paper certificate. Now we have to move the site and we are losing resources. The community had already approved the dump [female community member]...”

Comments about the general characteristics of people in the area showed some consistency and it is worth summarizing these as they provide a context for the relationships and interactions that drive the symbolic interactionist processes. The positive comments say that the people are humble and unassuming, and that they are happy to live without money:

“...They live from what the earth gives them and have simple goals...They receive you with open arms...They are cooperative [male community members]...”

These same characteristics also have negative aspects from the point of view of community development:

“...They have no initiative, they have a fearful attitude and it is as though they were living in a cage. There is lack of interest, lack of trust, and fear. For example, when an NGO offered a leadership course few took part. They could organize themselves, but half of the people are slackers and they like being drunk...In addition, there is much envy between Centros Poblados, annexes and Comunidades Campesinas. They distrust people from outside, because of jealousy. They are not building their capacity, they don't seek, they don't go out and are conformist....There is much ignorance, rancour and egoism...They don't want to do things right...They are always dissatisfied – would this be hereditary?...For these reasons many things cannot be achieved...Self-respect is very

low which leads to lack of trust and to the formation of small groups led by those who have a little more knowledge [male community members]...”

These interviewee comments agree with the observations of Claverías Huerse and Alfaro Moreno on the problems the agricultural producers in the Lurín watershed have with creating spontaneous productive chains: “...They don’t manage to build networks or producer organizations to work together and identify strategic objectives, and they don’t associate because they don’t trust each other or other agents in the chain. In addition, they don’t manage to orient themselves towards the new demands of the markets. The producers don’t have the confidence to associate, there is much distrust between them and there are divisions in the community. The parents are very traditionalist, there is no attitude of generalized change, and the young are the only hope. The young who want to improve their situation are educating themselves for change, but the parents don’t worry about change, they are very conformist (Claverías Huerse & Alfaro Moreno, 2010).

## **Company Social Responsibility Approach**

The official policy of Volcan Compañía Minera has the following areas of focus (Volcan Compañía Minera S.A.A, 2012): development and strengthening of sustainable productive capacities; support to education and health; promotion of local employment; support for basic road and public services infrastructure; institutional support; and promotion of culture. Volcan Compañía Minera only began paying attention to social responsibility half a decade ago and the meaning given to social responsibility by many within the company was that of a cost item rather than an investment opportunity. For example, the reference community of the people in the finance department was that of financial accountants’ professional organizations whose world views do not (yet) include

social aspects of the business. The community relations officer was of the opinion that changing the company mindset was a greater challenge than establishing productive relations with the communities. In comparison to other case studies, the community relations aspect of the Palma project was somewhat poorly resourced.

The principal social objective of the Palma project was:

“...Not to change the people’s customs, to maintain friendly relations and to develop productive products with the town councils in health, education, and economy as a first stage [male company personnel]....”

The community relations officer conducted regular analyses of Strengths, Weaknesses, Opportunities and Threats on which he based the focus of his efforts. The Palma project designed its strategy using his advice and prepared an activity chronogram that was coordinated with exploration management in Lima. Their social responsibility program is at the beginning:

“...We have not yet done much in infrastructure. Up to now we have made modest contributions but we have given social support and have been helping the communities to organize for example obtaining land titles in Cochahuayco and Sisicaya through technical (cartography contracts) and legal assistance...The project’s contributions so far include: to education: improve logistics, supply materials, coordination with educational units in financial support for capacity building, and paying more than half the salary of the teacher of the PRONOEI in Centro Poblado Palma [PRONOEI Programa No Escolarizado de Educación Inicial – a program aimed at children that have no access to formal education. Its philosophy involves assigning an important role to the community – (Unidad de Desarrollo Social, )]; to a health centre; to social life: support for mother’s day, Christmas festivities, seniors, relief in case of flooding; to development (for example cement for irrigation canals; courses in raising animals and environment; the chapel; lighting in a hall); assistance with registration of land titles; to sporting events: organized in cooperation with all communities to avoid intercommunity politics from entering into play [male company personnel]...”

## **Perceived present and future benefits and harms**

The communities had carried out various development projects without company support, for example a preserves processing plant electrification, a bridge, and improvements to the school building

“...We constructed the plant with the help of the NGO Centro de Investigación en Educación y Desarrollo (Centre for Research and Development) and the Spanish NGO CODESPA that obtained funding from the city of Valencia in Spain... The plant belongs to the community... We work in the plant in rotating groups. There are apples and quince throughout the year... We have managed to obtain light [electricity], water and the Bailey bridge – through our own effort...Now we have a school building with two floors and we can do more. It was a considerable effort. It is a matter of proposing and achieving...A lookout was constructed with a dining hall, a kitchen and a stage, with money from the community. It was a large construction and many say that it cost almost 50% more than was budgeted. Budget control was bad [male community members]...”

Various communities had additional development ideas:

“...The most important issue is improvements to the irrigation systems – we want to extend the canal by 5 km... The assembly presented a request for support to the municipality, signed by each comunero. They are giving the support bit by bit and it could take two to three years...We need a hotel and sanitary services for tourism...need an antenna. The landline telephone works well [male community members]...”

The Palma project manager was considering contributing technical assistance to the design of more sophisticated irrigation systems. There was a need for capacity building, but barriers to uptake included lack of interest, lack of confidence, fear and lack of credibility of some of the institutions that offer it:

“...The community is building capacity. We want it to grow. The mining company is involved in capacity building. More resolve and action is needed. Growth is necessary. Knowledge improves things – theory, practice and deeds...There is no capacity building in the Centro Poblado...There is no capacity building. We need it in agronomy and useful trades such as carpentry and bread baking... We need to build capacity in paperwork processing and organization...There is no capacity building. There were a few presentations about the mine. A year ago they asked us what we wanted to learn and there still is no program [according to the community relations officer of Empresa Chungar a consultant had done the study on his own account and tried to sell it to Volcan]...The town council members are not building their capacity. An NGO offered a leadership course but very few attended...There is lack of interest, lack of confidence, fear...The Ministry of Agriculture offered courses in health service, agriculture and animal

husbandry, but people did not participate because the Ministry has low credibility [male community members]...”

The observations made by Claverías Huerse and Alfaro Moreno that were mentioned earlier also played a role. (Claverías Huerse and Alfaro Moreno, 2010). The Palma project did offer regular training sessions to its employees and contractors, and some capacity building in the communities.

Opinions on benefits derived from the project were divided. Some thought that the project had brought many benefits, some that it had brought some benefits and some that it had brought no benefits at all. Much of this variance is likely related to the degree the interviewees or their associates had been touched by the CSR activities of the project or had been employed by the project. Those who felt there had been benefits pointed to contributions to the local economy, education, infrastructure and assistance with sorting out land titles:

“...Many have benefited...Yes it has brought benefits...Sales stands, lodging, work, - very good...Benefits: the teacher’s salary; they provide their staff with accommodation in the Centro Poblado and with food through the dining hall run by locals...Yes, they have helped with several things...They repaired the road...The company is advising us on land titles in Cochahuayco and Sisicaya. Once we have titles there will be much less conflict [male community members]...”

However, others were not so sure:

“...Very little benefit. Small things compared to the margin of capital they have. They are not tackling problems with great reach...They are beginning – there has not been much benefit. Many ask for reflection...There are advantages (support) and disadvantages. I am not sure...I don’t know. The community relations officer is supporting us. There have not been disadvantages [male community members]...”

“...The arrival of the company did not have much effect – we are six villages away from the project – it is far...No damage so far – only minor incidents...Until now there have not been benefits. In general no. There are speculations that a certain group has benefited, but this could not be true...So far we have not obtained any benefits, but everything is going well [community members]...”

Others were looking forward to a mine opening for the employment opportunities it would provide and members of communities in the indirect zone of influence complained of lack of attention.

“...Once there is a mine there will be funds for the mayor and there will be employment [female community member]...A responsible mine will be a source of employment [male community member]...”

Several interviewees perceived that the company had benefited:

“...The rented land and the exploration permit – through the agreement...Three years without a single problem, positive reputation of being a responsible company...They haven’t had conflicts because of the work of the community relations officer...The signed agreements allow it to work with more confidence [male community members]...Community Relations is negotiating continually and the agreements assure tranquility. They have created the environment for being able to do the work...Too many requests could pose a risk but it is not a risk now [male company employee]...”

The major concern of the majority of interviewees was the risk of contamination of the water and possible negative effects of a mine on agriculture:

“...My only concern is the risk of contamination...Worries remain – contamination needs to be avoided, but there has been none so far...Agriculture has to be 100% protected...Mining has lacked a conscience – it can contribute to agriculture...With La Oroya [highly polluted mining zone in Peru where large scale mining took off early in the 20<sup>th</sup> century – the Cerro de Pasco mine was notorious for the havoc wrought by its smelter]...Often mining companies destroyed everything and left. We have to avoid that now...The Incas mined gold and did not cause contamination...I visited a mine and saw the containment dikes. I am afraid of the effects huaycos could cause [a huayco is a mud slide caused by rain – in the Lurín valley there are huaycos every year and about once every ten years there is a very severe one that could close off valleys. The name of the town of Cochahuayco is Quechua for “mudslide lake”] [male community members]...Relations with the company worry me. The tailings will poison the river – we depend on the water...There is a risk of contamination and we won’t have prawns in the river any more [multiple additional comments related to concerns about water purity]... To this day I have the feeling that they are fooling us...We fear that we’ll be cheated. We will take everything with caution [female community members]...”

Some interviewees saw independent monitoring of water and air quality as a way of dealing with the risk of contamination. They also realized that their own practices were contaminating the river:

“...We are planning independent monitoring of water and air quality. We need support from the municipality, the Ministry of Energy and Mines and the Ministry of the Environment... We have to defend nature and the life that it gives us. We ourselves are contaminating [male community members]...”

Several interviewees thought that they did not receive sufficient information about the Palma project's operations:

“...We are close to the plant – we need information about what is going on there. Often we know nothing, even though we are close...If there is no information, we are not going to take the risk...I know that Empresa Chungar exists, but we have no information. There could have been much more [female community members]...”

Interestingly, several interviewees volunteered suggestions that in their opinion would benefit the company. Most were linked in one way or another to communication and involvement. While the Huascarán scandal continued to weigh on their minds, several of them suggested approaches that would help clear the air, which is quite different from the situation of the Río Blanco case.

“...There has to be a benefit for all, and that there be regular contact with *all*...Hold meetings whenever possible...Bring in contractors who are sensitive and not authoritarian...Many things need to be done and it would be good if the company became involved...I am sure that, if the new manager [i.e. the manager of Chungar – this is about resolving the Huascarán case] came and expressed the desire to repair things, the general assembly would approve. But nobody came. They have to admit the error they made. We all make errors but intent is important... It would be good if the mining company in its plans gave more consideration to workers from the community to generate better relations. And that they do not commit the same error of deceiving us...Mining generates progress – I defend it, but it has to be responsible. They have to help, not deceive...Relations are bad. They need to be improved – being honest, talking with the assembly. It is their turn to come up with infrastructure plans; they have to leave 10-15% with the community. The *owners* of the company and the community have to negotiate. A representative of the shareholders has to take part in the assembly. It seems that the community relations person is deceiving the company. We need to deal directly with the investors and their representatives who have decision power...They should have a conversation with an extraordinary assembly – that would be beneficial [male community members]...”

## Summary and conclusions

Relationships did play an important part in determining the course of social events and the perception of benefits and harms: they allowed the company to operate without conflicts and implement beneficial initiatives. At the same time, in spite of the generally positive relationships that were established, concerns about the environment persisted, and for some community members they were a reason not to engage in relationships with the company. Espíritu Santo community members presented options for convergence of meanings on the Huascarán case using the general assembly as a conflict resolution mechanism. Volcan Minera had not yet taken up any of these suggestions. If it does, the company may want to apply an interactionist approach to try and create conditions under which meanings can converge before addressing the Huascarán issue in a general assembly. An earlier attempt at resolution by the general assembly failed because the process was overly legalistic and did not meet the transactional needs of the actors (the careo that was referred to earlier). Direct relations between actors are a key part of the process. The general assemblies played a very important role in the communities. The reference communities provide a “point of entry” for community engagement, and for working towards outcomes that benefit all parties. While Minera Chungar had established good relationships, the analysis of relationship indicators (see Table 6.1) suggests that various aspects would benefit from increased attention and that extension of relationships to include senior parent company personnel may facilitate the formation of more explicit meanings about the company which in turn will affect interpretations and actions on both sides. Chapter 6 will discuss interactionist aspects of this case in more detail.

## **Loma Larga**

## **Field study information**

The interviews were conducted by the author December 14-18 (inclusive), 2012, in San Gerardo, Chumblín, San Fernando, Girón, Victoria del Portete and Cuenca. The 18 interviewees included presidents and councillors of parish councils, mayors of cantons, officials of drinking water and irrigation systems, farmers, members of women's organizations, journalists and company personnel. Most of the interviewees were in favour of mining, but fortunately it was possible to meet with some fervent opponents of mining as well. Travel and lodging arrangements were financially supported by the Secretaría Nacional de Educación Superior, Ciencia, Tecnología e Innovación del Ecuador - National Secretariat for Higher Education, Science, Technology and Innovation (SENESCYT) through its program "Prometeo – Viejos Sabios" (Prometheus – Old Sages).

## **The project**

In November 2012 INV Metals bought the Quimsacocha Project from Iamgold, and renamed the project Loma Larga (Long Hill). The project had identified a gold deposit with an indicated mineral resource of 3.3 million ounces of gold. INV Metals is a Canadian company listed on the Toronto Stock Exchange (TSX: INV) with a capitalization of around \$ 30 million. Iamgold suspended operations on the project in 2008, because Ecuador's Constituent Assembly put a temporary stop to mining in the country. The President of the Republic re-established mining under state control and a new Mining Law was approved in January 2009. Iamgold kept its community program in operation until the sale of the project to INV Metals. The latter resumed exploration

activities in March 2013. The Project will minimize environmental impact by constructing an underground mine with underground processing facilities. However, the mine will probably affect the local water regime (Iamgold Technical Services, 2009).

The project is located in the province of Azuay, Ecuador, at a distance of 30 Km. South East of the city of Cuenca. The zone of direct influence of the project is defined taking into account environmental criteria (distance from the deposit, hydrographic boundaries and environmental categories) and social criteria (employment and provision of services and infrastructure). Communities in the zone of direct influence are: the parish of Chumblín (canton San Fernando, at 8 Km. from the deposit); the parish of San Gerardo (canton Girón, at 9 Km); the communities Gualay and Corralpamba (canton Cuenca, at 12 Km.), and Portete (at 14 Km.). Communities in the zone of indirect influence are the cantonal capitals San Fernando and Girón and the parishes of Tarquí and Victoria del Portete (canton Cuenca).

## **Context**

The administrative structure of Ecuador consists of provinces that are subdivided into cantons each of which is subdivided into parishes. The national government is represented in each province by a governor, in each canton by a political chief (jefe político), and in each canton by a political lieutenant (teniente político). The provinces are governed by an elected provincial council headed by a prefect, the cantons by an elected municipal council headed by a mayor, and the parishes by a parish council (junta parroquial) headed by a president.

The province of Azuay's economic activities included, in order of decreasing importance: manufacturing; transportation, storage and communication; construction; commerce; cattle and related processing. The province's gross total product in 2008 was close to \$ 5.7 billion (Banco Central del Ecuador, 2011). The population of the province of Azuay was 712,127 in 2010, 30% of which were between 0 and 14, 62% between 15 and 65, and 8% over 65 years of age (Instituto Nacional de Estadística y Censos, 2010a). The Loma Larga project interacts with communities in the cantons of Cuenca, Girón and San Fernando. The proportion of the population with unsatisfied basic needs in these cantons was 69%; 75% and 85%, respectively (Méndez Urgiles & Patiño Enríquez, 2013).

In Ecuador, mining is very influenced by politics: some political parties consider mining to be a potential driver of development whereas others are ferociously opposed to it. There also is considerable popular opposition to mining in certain regions. Some politicians use opposition to mining as a way of attracting votes or power. For example, the prefect of Azuay changed his stance from pro-mining to anti-mining because that way the Poder Popular movement put him forward as a pre-candidate for national President (El Tiempo, 2012). In November 2011 he posited the necessity to "...Declare the high plateaus of the country to be free of mining...My spiritual and ideological positions are Quimsacocha free of mining" (Administrador, 2011). In March 2012 he organized a large public event in the city of Cuenca attended by an estimated 30,000 people. On this occasion he said: "...Here are the men and women who fight for the education of their children, who sacrifice themselves every day to have bread and make a living, here we

are to defend the water, here we are the men and women that say to President Correa:  
NO, AGAINST WATER AND AGAINST LIFE. (LibreRed, 2012)”

While Alianza País and its leader Rafael Correa won the 2013 presidential elections with 51%, 64% and 51% of the votes respectively in the San Fernando, Cuenca and Girón cantons, parties opposed to mining obtained close to 13% and 12% in San Fernando and Girón and only 5% in Cuenca. Therefore one would anticipate that opposition to mining would be strongest in San Fernando and Girón. Parts of these cantons are indeed opposed to mining. On the other hand, the very strong opposition to mining in the parish of Victoria del Portete in the canton of Cuenca did not translate into a greater share of the vote for the party opposed to mining in this canton, possibly because this parish represents only a small part of the population of the canton.

According to the 2010 census the total population of the canton of Cuenca was 505,585 while the parishes of Tarqui and Victoria del Portete had 10,490 and 5,251 inhabitants, respectively (Instituto Nacional de Estadística y Censos, 2010a). Between the two parishes they have barely 3% of the total population of the canton. The Development and Land Use Plan of the canton Cuenca assigned the area of Victoria del Portete and Tarqui to livestock, and some parts as protected areas. The Plan mentioned that the water in the lower parts of the river basins was being contaminated through the use of pesticides, ranching practices, and untreated sewage and other waste. The Plan expected to promote responsible development of mineral resources (Ilustre Municipalidad de Cuenca, 2011)43).

On October 3, 2011, the irrigation water boards of Tarqui and Victoria del Portete organized a community consultation in which participants answered “yes” or “no” to the question: “do you agree with mining activities in high plateaus and water sources of Quimsacocha?” (Quimsacocha means “three lagoons” in Quechua). Of the 1,557 registered voters 1,037 participated. 92.8% voted “no” (Defensa de Territorios, 2011). The indigenous organizations Confederación de Naciones Indígenas del Ecuador – Confederation of Indigenous Nations of Ecuador (CONAIE) and Ecuador Runakunapak Rikcharimuy – Confederación de los Pueblos de Nacionalidad Kichua del Ecuador – Confederation of Kichwa Peoples of Ecuador (ECUARUNARI) supported the consultation. The area has seen conflicts related to the Loma Larga project more or less from 2005. Velásquez described and analyzed the situation and although her lack of understanding of the natural sciences affected her analysis, her description illustrated the degree of conflictivity in the area (Velásquez, 2012a). The McGill Research Group Investigating Canadian Mining in Latin America also provided a summary of the conflicts surrounding the Loma Larga project (MICLA, 2012). Several interviewees referred to these conflicts.

The cantonal capital Girón and the parish of San Gerardo are located in the indirect and direct area of influence of the Loma Larga project, respectively. San Gerardo is located at only 8 Km. from the project. According to the 2010 national census, the total population of the canton Girón was 12,607 and that of the capital Girón and of the parish of San Gerardo were 8,437 and 1,119 respectively (Instituto Nacional de Estadística y Censos, 2010a). Raising livestock was the most important activity in the canton Girón. In July 2010, Lizardo Zhagüi reported that the authorities and inhabitants of the canton

Girón declared it to be free of mining (Zhagüi, 2010). The mayor was opposed to mining because he considered the Loma Larga project to be close to the sources of rivers that supply water to populated zones (No a la Minería, 2011). However, the parish of San Gerardo was strongly in favour of mining. The canton San Fernando consists of the cantonal capital San Fernando and the parish of Chumblín which, according to the 2010 national census had 3,224 and 749 inhabitants, respectively (Instituto Nacional de Estadística y Censos, 2010a). As in the canton Girón, livestock breeding was the most important economic activity. While the mayor had not publicly pronounced himself either in favour or as opposed to mining, a community interviewee commented that:

“... In general, people of the cantonal capital are opposed, whereas the parish of Chumblín is largely in favour [male community member]...”

Another community interviewee commented on the history and functioning of the parishes:

“...Parishes were established in 2000 without there being a legal framework or resources, and many have been struggling to advance [male community member]...”

An example of the type of challenges parishes face is the drinking water system of San Gerardo:

“... It was designed 30 years ago for 60 families, while there are 300 families now [male community member, drinking water board]...”

There also was a comment on the changing context:

“...Over the past ten to twelve years there have been many changes. People are more aware of their rights and demand more [male community member]...”

Attitudes and leadership were important factors influencing the course of events:

“...The two most recent administrations of San Gerardo had very good presidents...For the good of the parish its leaders are preparing for good use of

the resources that mining will provide... Well-founded leadership – prepared for what is to come - built capacity for administration [male community member]...”

## **Observed patterns and characteristics of relationships**

The entities that played a role in the relationship patterns in the parishes of San Gerardo, Chumblín and Tarquí include INV Metals; the parishes and their community sub-units; their general assemblies, councils and presidents; irrigation and drinking water boards; a variety of organizations, including religious organizations; schools; the parish of Victoria del Portete (because of the fear of attacks it inspired); the cantons of Girón and San Fernando (because of frictions); a commune; Ecuador Estratégico (the national government infrastructure executing agency; ETAPA, the Public Municipal Telephone, Drinking Water and Sewage Systems Company of the city of Cuenca; the provincial prefect and council; the municipality of Cuenca; and the national political lieutenants.

### **San Gerardo**

In the parish of San Gerardo the relationship axes were the parish council, INV Metals and the general assembly. There are many organizations that are well linked:

“...There is much cross-membership between organizations [male community member, water board]...”

Leadership has been important:

“...We have advanced much over the past five years through good management of the president. The two most recent administrations have had very good presidents – the budget was \$ 4.5 million [male community member]...”

The contributions of INV Metals were channeled through the parish council:

“...The parish council negotiates with the company as a representative of the organizations. The latter sometimes interact directly with the company on specific

issues...The company has creative mechanisms to finance joint studies for submission to the Housing Ministry - it saved us one year [male community member, water board]...”

The relationships landscape was considered to be positive:

“...Good and stable relationships both within the parish and with the company – there is respect...The trust in the people that the company shows is a very important factor. Together with transparency, economic support and demonstration of results it has built trust in the community [male community member]...”

The relationships involving INV Metals (earlier IAMGOLD) and its practices were developed over a decade:

“...In 2004 the parish council prepared our institutional plan and the general development plan. The company already contracted an excellent technician who acted as the controller [local male authority]...In 2006 a group of 10 including the technician and people from San Gerardo (both opponents and supporters of mining) visited a mine in Peru...Changes jointly with the company – we signed the first agreement in 2006 that coordinated support and accelerated the process...The continuous presence of the company [even during the interruption of mining activities by the constitutional assembly in 2008] was essential – we did not lose hope [male community members]...”

Undoubtedly the panorama will change to continue with circumstances and time, especially when the exploration stage transitions into the mining stage.

## **Chumblín**

As in San Gerardo, there were many organizations, and the most important actor groups were the parish council and INV Metals. Since the arrival of the company, several aspects of Chumblín have changed:

“...The company has contributed to driving development...Our personal life has improved...Women have become more valued and have gained influence, even though God says that men are in command...Machismo has diminished [female community members]...From “victims of mining” we have become “champions of mining”...There has been a strengthening of organizations...In the past things were not good between organizations. Over the past four to five years there have been discussions within and between organizations through the socialization efforts of the company. It has been a unifying force...Chumblín is much more mining-oriented now [male community members]...”

The interviewee comments indicate that the presence of the company and its actions have been a catalyst for internal change in the community, while at the same time leading to a substantial change in attitudes towards mining. The company's community engagement strategy played an important role in this respect: it first established relationships with the commune (that is located very close to the deposit), after that with the women's organizations and from this base with the parish council. Now all relationships are mediated through the parish council. The pattern of relationships between the groups of actors appeared to be stable and could be characterized as mostly positive and productive. While the relationship between the company and the community was good, an interviewee clarified that the associations and the community are independent and capable of watching over the company:

“...We are not dependent on the company. We know our environment and can monitor the company [male community member]...”

One community interviewee mentioned the “minga” as an important mechanism for establishing relationships:

“...The minga is an important factor in building relationships [male commune member]...”

The minga is the traditional obligation to participate in activities for the common good, such as cleaning the town and organizing the patron saint's festivities. Apparently the arrival of the company had not affected the minga in Chumblín. Some opponents in Victoria del Portete claimed that mining will cause a loss of local culture, including the minga:

“...Even before exploitation they already caused negative impacts during exploration. They destroyed the social fabric and put family members in conflict. By bringing in “Western rationality” they disown our indigenous identity – the minga is disappearing [male members of a group opposed to mining]...”

These widely divergent meanings given to the minga further illustrate the Spanish saying that was cited earlier: “...in this world nothing is neither true nor false – everything depends on the colour of the glass through which you are looking...” It also reminds us that all respondents were looking through their own coloured glass when they were being interviewed. Fortunately, the interactionist framework takes this implicitly into account and postulates credible mechanisms that can change the colour of the glass.

### **Tarqui**

In terms of relationship patterns Tarquí appeared to be similar to San Gerardo and Chumblín, with the parish council and INV Metals being the most important actor groups, with their relationships generally being positive and productive. As only one person was interviewed in Tarquí, a more detailed discussion is not possible.

### **Other actors**

Additional actors were interviewed in the parishes and cantons opposed to mining (San Fernando, Girón and Victoria del Portete), as well as representatives of organizations opposed to mining. Organizations with which several interviewees in this group maintained relations include the Unión de Sistemas Comunitarios de Agua del Azuay (UNAGUA – Union of Community Water Systems of Azuay), the Federación de Organizaciones Indígenas y Campesinas del Azuay (FOA – Federation of Indigenous and Farmer Organizations of Azuay), which forms part of the Confederación de Nacionalidades Indígenas del Ecuador (CONAIE – Confederation of Indigenous Nations of Ecuador). The latter was considered to be very important by several interviewees, as they were of the opinion that the local communities have Cañari nationality. However,

according to the national census, the populations of Victoria del Portete and Tarquí identified themselves as mestizos. However, in a racist environment self-identification of indigenous ethnicity statistics are suspect. In addition, the concept “Cañari nationality” is only applicable to populations that lived in the area before Spanish colonial times. The organizations mentioned above also maintain relations with the parish council of Victoria del Portete. Recent changes led to an increase in the importance of the Confederación de Pueblos de la Nacionalidad Kichwa del Ecuador (ECUARUNARI: Ecuador Runakunapak Rikcharimuy – Confederation of Kichwa Peoples of Ecuador): its new president promised to radicalize resistance (El Universo, 2013).

A community interviewee referred to interactions within and between the cantons and parishes opposed to mining:

“...We have relations with other cantons: Santa Isabel, San Fernando, Nabón. All are opposed and coordinate their actions. There are other cantons at the national level also [member of cantonal authority]...”

The actors in the anti-mining camp kept in close contact and had an interesting take on the meaning they believed INV Metals gave to them:

“...We meet every three or four days for an information exchange and building mutual trust...INV Metals is afraid of us [male community members]...”

During one stage of the design of the new constitution of Ecuador all mining projects were suspended and many indigenous organizations had hoped that this would lead to a prohibition of mining. In the end, the Constituent Assembly decided in favour of mining and a new mining law was promulgated. This process created a sense of betrayal:

“...There was a national dialogue in 2008 and the constitutional assembly through its mandate #6 [(Asamblea Constituyente, República del Ecuador, 2008)] suspended most mining activities. Then a new Mining Law was promulgated under the new constitution,

without consultation or being informed. We would have liked to see legally binding previous consultations in the law, but that was not approved and now the state can impose mining. This is not an optimal mechanism – it has inequalities [male members of the group opposed to mining]...”

Perhaps not surprisingly in view of the divergent meanings of the pro- and anti-mining camps, there had not been much contact between them. However, a careful consideration of reference communities and reading of the material produced by both sides may, with patience, respect and perseverance lead to some bridging of the gaps. The major barrier that had to be overcome is the lack of trust on both sides and it may be necessary to find and involve intermediaries that are trusted by both. The existence of political overtones such as the animosity between the anti-mining camp and the national government may make this difficult.

The town of San Fernando (capital of the canton with the same name) has 21 hamlets, with between 50 and 100 inhabitants each. Each hamlet has its president. Budget planning (approximately \$ 6000 per hamlet) is done jointly, per community, in July. Afterwards all meet in an assembly to discuss the overall budget. The capital of the canton appears to be a tightly knit community with converged meanings, and with little contact with the company:

“...The canton is small and everyone knows everyone. There is much interaction, which leads to virtue and ethical commitment [convergence of meanings]. I have no contact with the company and do not know much about it...Conflicts are resolved through dialogue [male community members]...”

While there was no mineral exploration in the cantonal capital San Fernando or its hamlets, there was some concern about possible repercussions:

“...The presence of the company worries me – resistance to mining can create problems. We live in a green zone with water wells all over. If there are excavations the water will no longer come and the landscape will change. This affects cattle ranching. The future is uncertain. If there is mining there will be fights, and the situation would become uncontrollable. There are much less problems in Chumblín. Everyone chooses his own

destiny [male community member]...”

Concerns in Girón, the capital of the canton with the same name, focused on water:

“...2500 families use the second waterfall for drinking water. Mining will contaminate the River El Chorro. There is no alternative source, and if there were to be a mine there would be a big problem. Where there would not be such a risk of contamination a mine would be OK. We have to protect the water and not expose the citizens to risk [male community member linked to the local authority]...”

According to one interviewee the company had not done much outreach in Girón:

“...Socializing, having meetings, questionnaires, questions – the company has done none of this. They come in without consulting anyone [male community member]...”

The canton Girón had anti-mining allies:

“...We maintain relations and coordinate with other cantons that are opposed to mining: San Fernando, Santa Isabel, and Nabón. We received support from other cantons at the national level and even from organizations at the international level, with which we have contact a couple of times each year. I don't have any relationship with the company, not because of animosity but because the company has a different purpose [male local authority]...”

However, a different interviewee mentioned that the indigenous communities of Nabón were on the verge of supporting mining. In the parish of Victoria del Portete, the drinking water and the irrigation organizations that consist of farmers with water use rights and their presidents were considered to be very important:

“...The principal actors are the communities through their drinking water and irrigation systems. The water associations are the most important [male community member]...”

These water organizations organized a popular consultation process in which a very high percentage of participants voted against mining. Flickr showed pictures of the event (Flickr, 2011). No other organizations or associations were mentioned by interviewees, although they likely exist.

Communities that were in favour of mining considered Victoria del Portete to be an “anti-mining bastion” that occasionally resorted to violence when making its point:

“...When we were sampling water for a baseline study a number of years ago we were ambushed by people from Victoria del Portete who would not let us go and only because police came by were we able to escape. People from San Gerardo on their way to a public mass on top of a hill were ambushed by those from Victoria del Portete who destroyed one of the vehicles of the San Gerardo group because of San Gerardo’s support for the Loma Larga project [male community member, San Gerardo] ...”

Velásquez provided an extensive description of the conflict situation that existed at the time (Velásquez, 2012b). However, a Victoria del Portete local had begun detecting a change in attitude:

“...Attitudes in Victoria del Portete are slowly changing and many are not as opposed as they were before. The risk of me suffering physical harm has decreased [female community member who was in favour of mining]...”

Also, one interviewee commented that the results of a survey supported the contention of the interviewee cited above:

“...I have been told that a recent survey by Ecuador Estratégico in the area found significant support for mining [male community member]...”

The author was not able to obtain a copy of this survey or confirm its existence. It appeared that proponents of mining still feared running into physical risks in Victoria del Portete under certain circumstances and that it was prudent to avoid being physically entrapped. The company that transported the author to Victoria del Portete took special precautions to be able to take him out of the building and out of town quickly if need be by staking out the plaza and having an additional get-away vehicle on the ready.

Many interviewees commented on the role that relationships played. Examples included the delegation of powers between authorities on the basis of personal relationships:

“...He transferred five areas of authority to me [some of which related to spending] [male local authority]...”

and on the previously cited improvement of the internal and external functioning of organizations due to improvement of the relationships within and between organizations; strong relationships between community members that led to virtue and ethical commitment; the establishment of trusting relationships with the women’s organizations of Chumblín that helped strengthen them and led to an increase in productivity for the parish, and to increased respect for women and that also resulted in increased support for mining. According to interviewees not opposed to mining, all have gained either by improvements in the community or by stability and acceptance for the company (see earlier interviewee comments in the Loma Larga section of this chapter). Relationships between proponents and opponents of mining were either absent or adversarial. The latter was expressed through protest marches, and through physical violence.

In summary, the patterns and characteristics of the relationships in the Loma Larga case were that: each parish had extensive networks of cross-member social relationships between organizations; the characteristics of these networks determined if and how they contributed to the functioning of the parish; in each of the parishes of San Gerardo and Chumblín the arrival of the company had a significant impact on the social networks; in general, the interviewees in San Gerardo, Chumblín and Tarquí considered the resulting changes to have been socially advantageous to their parishes; the processes

were dynamic and accompanied by changes in knowledge, perceptions and attitudes, some fairly profound; personal relationships played an important part; there was little dialogue between the pro- and anti-mining camps, although not intentional in all cases; the spectrum of actor groups with which the members of a “camp” maintain relationships (part of their reference communities) was quite different for each camp and politics was ever present. Chapter 6 provides an extensive discussion of the interactionist processes at work in the various parishes and cantons.

## **Company social responsibility approach**

INV’s social responsibility policy was developed by the company’s 15-member social responsibility team and was not based on a specific existing model. They put emphasis on working *with* the communities. The company maintained offices in each of San Gerardo, Chumblín and Tarqui, as well as the main office in Cuenca. Figure 5.1 shows a schematic of the entities involved in the social responsibility sphere of the company in San Gerardo:

**Figure 5.1.** Entities engaged through INV Metals’ social responsibility strategy (INV Metals, Internal Document)



All INV Metals’ initiatives were designed together with the parish councils through which they were also implemented. Both the company and the parish councils contributed financing and, depending on the case, the company provided or contracted technicians. The initiatives were part of the parish development plan. Examples include support for the establishment of women’s organizations; construction of irrigation canals; planting trees and looking after the environment; contributions in health, education, roadwork, culture, social matters, production, capacity building (often the company provided experts) and “Buen Vivir” (“Buen Vivir” is a concept in Article 275 of the Constitution of Ecuador that is linked to rights, and to exercising responsibilities linked

to living together in an intercultural context and in harmony with nature (Secretaría Nacional de Planificación y Desarrollo Ecuador, 2009). The following interviewee comments indicate that the interactions between the company and the communities that are in favour of mining appear to be well structured and understood, and productive:

“...We consult with all levels in the company. Our first and most important link is the community relations officer in the company’s office in town...The general assembly puts forward development proposals that are discussed with the company...The national government contributed \$ 80,000 and the company \$ 97,000 for the projects in this year’s budget...The company is ready to cooperate in development...there is accountability and transparency involving the population, local government and the company...We do everything with them...The agreement between the company and the community contains an execution plan. Through meetings we keep track of fulfillment...The plan is managed by the company, as this avoids bureaucracy and is a fast mechanism. The provincial prefect, the mayor of the canto and the president of the parish council have power of approval...The trust of the company in the people is a very important factor [as mentioned earlier]...The objectives of the company are clear: support and promote productive activities...Each year we make a plan and the company assigns money according to needs and availability of funding. Projects undertaken in the schools include seminars to the students by company staff; recycling; planting trees; a greenhouse with a few hundreds of plants...The axis through which all activities are planned and executed is: parish council <=> the agreement <=> company...Everything goes through the general assembly. Technicians coordinate with the parish council...The company’s manager designs the social responsibility policy. The program is developed through the parish council and the president is a key person...There has been capacity building with the company in several areas– they have money...I have read the company reports on the activities and I agree with what they say [multiple comments]...Yes, the company is concerned about the people in the region [multiple replies]...They pay attention to the elderly and the sick...The company offers honesty and attention to all...We are building capacity in communications and citizen oversight...They are building capacity and I have given them many suggestions... We need more workshops on mining – how to ensure that the people who need it attend? [male community members]...The approach has been designed by the Ecuadorian team – the company contributed much. It involved planning meetings with all staff through weekly meetings...It is important to ensure that the employees do not become disconnected from their community – we are looking for programs that compensate for the difference in income such as productive activities and the local provision of services and supplies to the company ...The social responsibility manager looks after the policy, the team executes the programs all of which are carried out jointly with the communities...We send monthly reports to the ministry (~20 pages) as well as an annual report (~ 30pages) [female company employees]...”

The interviewee comments paint a picture of a CSR approach that is well managed by both the company and the communities in favour of mining. While the philosophical and moral dimensions of social responsibility should be a primary driver, from a pragmatic

perspective considerations of return on investment also play a role. The investment in a team of 15 experts and in making annual contributions to a number of communities may be of the order of \$ 1 million annually. It is difficult if not impossible to calculate the return on such investment as social matters cannot be easily measured in dollars. However, the paper by Davis and Franks cited earlier suggests that the cost of not investing in social responsibility can be very high indeed (Davis & Franks, 2011). The case of Meridian Resources, which lost its Esquel projects through a series of avoidable social responsibility mishaps and had to write down more than \$ 600 million, illustrates this well (WRI: DEVELOPMENT WITHOUT CONFLICT, 2007).

Interviewees opposed to mining belittled the company's social responsibility approach, comparing it to "beads and mirrors", and were suspicious of the company's intentions

"...They are lying. They give little gifts to the community leaders, and small public works. They should go away...The communities are building capacity themselves through events, exchanges and travel...One of us traveled to Switzerland (for the UN), Colombia and Peru to see mining in action...I read the company reports carefully and found them to be almost imaginary. They have nothing to do with reality...I don't know much about the company...We know – donations of chickens, guinea pigs, communal houses, etcetera. Slaps in the face to the people....They are not at all concerned about the people – no international company is. They co-opt the people by sending them to Canada or by signing agreements with the universities [Loma Larga/IAMGOLD and the University of Cuenca signed an agreement for the study of the hydrology of the zone in which the project is located] [male members of the group opposed to mining]

The meanings given to the company's social responsibility approach by the people in favour of mining were quite different from those given by the opponents of mining. It is interesting to note that some of those who are now pro-mining used to be anti-mining. They changed the meanings they had through interactions with their fellow citizen bridge builders. In Chumblín the bridge builders were the commune and the women's

organizations and the change spread out from there. They illustrated the (literally translated) Dutch saying “when the first sheep has crossed the dam, more will follow”.

## **Perceived present and future benefits and harms**

### **Benefits**

Benefits mentioned by interviewees included relationships; employment; education; capacity building; knowledge; a stronger community; and, very importantly, hope for the future:

“...Personally I have gained many good relationships and in my area of responsibility I have benefited much. However, financially I lost [by investing so much time and effort in the parish]...The entire population has benefited: investment in schools; employment of 30 people in the company and in public works; agriculture and livestock capacity building; a bakery; crafts; talent development; a stronger community that organizes itself; and knowledge – it is important to maintain the organizations[male community members]...The increased employment has reduced emigrations rates which has been good for families... The company has won over the people...The most important aspects are economics (hope) and well-founded leadership that is prepared for what is coming...We have all gained...I am happy with the presence of the company – without it the community would lose, with it the community gains. I would like to see the company start production so that there will be employment, a better increase in infrastructure and a change of life: less anguish about food and other things. It would be a disaster if this did not happen – may it accelerate [female community members]...Ecuador Estratégico has invested advance royalties in road work, sewage systems, used water treatment, and an info-centre with Internet access... Without the company we would not be where we are now...Yes the company has the support of the community...Our personal life has improved The company has not yet benefited as they are not yet into exploitation...When the mine comes there will be more employment – there are some concerns about contamination...There has been organizational strengthening...The company will benefit in the future [male community members].....IAMGOLD was the first company that paid attention – the three previous ones (Cogema, TBX, Newmont) did not...There have been benefits in many areas [female community members]...Difficult, interesting and valuable work [female company employee]...Women have gained self-respect and influence...Local authorities are offering capacity building in many areas (e.g. citizen oversight administration) [female community members]...”

These comments show perceived present and future benefits in: the social; economy (employment, income); infrastructure; and human capital formation. The social (built on

relationships and interactionist processes) was the engine that drove everything else: organizations strengthened and as a result could take on development projects with greater self-confidence and better governance – this included involvement in planning and execution of the infrastructure projects. Social and human capital building go hand in hand: with greater skills come more productive and enjoyable interactions.

## **Harms**

Opponents of mining mentioned a number of downsides (some of which were mentioned earlier) that included potential conflicts and divisions; corruption; contamination; loss of culture; land grab; and criminalization of protest. An advantage they saw was that those opposed to mining united in resistance:

“...There hasn't been any benefit and exploitation will lead to conflicts...The future is uncertain and worrisome...They have not socialized. There have been many protests and marches...There have been no benefits. Disadvantages include social conflicts, divided families. The consequences have been co-optation (invitations to journalists, agreements with the universities, trips to Canada) and corruption...I am worried about the future for the water, for contamination. If mining will settle in people will leave and others will come in. We will lose our identity, culture, it would be catastrophic. There would not be any sense in living in the countryside with acid water, sulphur etcetera. We put up resistance to the government. The constitution allows us to exercise that right. We have much hope to achieve changes to the law and the constitution. We have made proposals that we sent to the constitutional court more than a year ago. We claim that it [the situation] is unconstitutional. According to the constitution the National Assembly could not do what it did. We had a first hearing and the judges will pay a visit to the project...Pillage by Canadian companies...I am concerned about the President of the Republic: there is corruption and drug traffic...They destroyed the social fabric and caused conflicts within families. In terms of culture, the “progress” of modernity they bring repudiates the people's indigenous identities: the minga is disappearing. Western rationality affects the spiritual. Economically, they want to snatch our communal lands in the páramos [moors] by fraud, declaring them to be barren lands. They have affected institutions (co-optation): they paid the University of Cuenca to carry out studies in the páramos, which came up with information in favour of the project through the Programa de Agua y Suelos (Water and Soils Program). They said that there is no groundwater, that the project will not affect the area – but it is different [interestingly, an IAMGOLD technical report mentioned that there is groundwater and that there may be an effect (Iamgold Technical Services, 2009)]...We are afraid that the government is criminalizing protest – they are already doing it using the army as an instrument....The city of Cuenca

is the third largest city in Ecuador and a national heritage site: if they begin exploitation Cuenca will be finished. They used the army to occupy a community water plant and transfer it to ETAPA even though the law allows community water systems. Water is life: “no se vende, se defiende” (it is not sold, it is defended... There have been no benefits, but there has been one advantage: they have lifted our spirits. Over two years we have had mobilizations, resistance and detentions (more than 150 people in one night) and three people have been sentenced [male members of the group opposed to mining]...”

The opponents of mining tended to be wordier in their replies and refer to the bigger picture that included the national government, the constitution, culture, and water as a sacred symbol. In interactionist terms, this is related to the types of interactions between peers in this group of actors. As mentioned by one of the interviewees, they meet every three to four days and have produced pamphlets on the constitution and on water (Guartambel, 2012). As was mentioned earlier for Acción Ecológica (Curipamba section), these made meanings converge through the teacher-student, leader-follower, organizer-organized role and counter-role identities and thereby made group action against the project possible (Deaux & Martin, 2003b). In any society different opinions exist on how to manage natural resources. Ideally, an agreement would be reached through transparent dialogue and negotiations. The availability and sharing of pertinent, high quality information play an important role in this respect. Unfortunately there is a great risk of the dissemination of incorrect information, or information that is misunderstood or misinterpreted. An additional challenge is the low level of literacy that may strongly influence communication.

## **Summary and conclusions**

Relationships between individual actors and groups of actors played an important role as did leadership, and the arrival of the company affected relationship patterns in different communities in different ways. The change processes were dynamic,

accompanied by changes in meanings, relationships and reference communities and in the case of Chumblín, spread from an initial nucleus. The absence of interaction between the groups of actors that see mining as an opportunity and the groups that view it as a threat has a risk of leading to the creation of a “descending relations spiral”. Symbolic interactionism suggests that the establishment of relations, if possible, could mitigate this risk. The effort invested in building relations paid off for both the communities in favour of mining and the company. The fluctuations in relationships, interactions, meanings and reference communities were as complicated as the fluctuations in the hydrothermal flows that deposited the ore body that Loma Larga plans to exploit, although the latter process took much more time.

## **Cartier Resources**

### **Field study information**

The study team consisted of Bernarda Elizalde (PDAC), Karen Mulchinok (PDAC), and the author. Interviews were conducted with company employees, 12 members of actor groups that included First Nations, environmental activists, municipal officials and contractors, and two aboriginals. The interviews took place between June 13 and 16, 2011. As mentioned earlier, the interview guide aimed to obtain information on the implementation of the Prospectors and Developers Association of Canada guidelines for responsible exploration (see Appendix A).

### **Project description**

Cartier Resources focused on exploration for gold, copper and zinc. It held the rights to 12 projects in the Abitibi Greenstone Belt in the Abitibi-Témiscamingue region of the province of Quebec, Canada, and was conducting five exploration projects all located within half a day's driving distance of the company's offices in Val d'Or. The company had a current working capital of about CA\$ 5 million and employed nine staff and up to twenty-three contractors, depending on the work required. Cartier Resources' shares were distributed between management (7%), Quebec institutions (35%), and U.S. investors (10%) with retail investors making up the balance (personal communication). The proximity of the company's MacCormack project to the Aiguebelle National Park, a known tourist area, remained a concern to local stakeholders.

## **Context**

In 2011, Quebec had 7.9 million inhabitants which, for a surface area of 1.4 million km<sup>2</sup>, translate into a population density of 5.8 persons/km<sup>2</sup>, about 50% higher than the national average of 3.7 persons/km<sup>2</sup> (Statistics Canada, 2014). 16% of the population was between the ages of 0 and 14 years, 68% between the ages of 15 and 64, and 16% over the age of 65, very close to the corresponding numbers for Canada (Statistics Canada, 2013a). Quebec's expenditure-based Gross Domestic Product in 2012 was almost CA\$ 358 billion (Statistics Canada, 2013b). In 2010, 10% of the households of Quebec lived in poverty, as compared to the national average of 9%. Poverty in this context was defined as having an income less than the after-tax Low Income Cut Off (LICO): the income level at which a family spends 20 percentage points greater than the average equivalent household on food, clothing and shelter (Citizens for Public Justice,

2012). In 2010, the LICO for a family of four persons ranged from \$ 23,202 for rural areas to \$ 35,569 for cities with more than 500,000 inhabitants (Statistics Canada, 2011).

The Abitibi-Témiscamingue area is located in the western part of Quebec along the border with Ontario. Its history is closely linked to of the development of the region's natural resources, including minerals. Samuel de Champlain, in 1603, used the term “Algonquin” to describe the aboriginal nation living in Témiscamingue. Algonquin people continue to live in the area to this day. Lakes and rivers are key assets to the people of Abitibi-Témiscamingue, and the preservation of these natural resources in the context of mineral development represents a major issue. Though many of the area's natural assets have been reserved for recreational and vacationing uses, its mineral potential (especially along the Cadillac Fault Zone) has positioned the mining industry as an important component of the local economy for over 50 years. Mines continue in operation, including Francoeur (gold and silver), Canadian Malartic (gold), Laronde (gold, silver, zinc and copper), Kiena (gold and silver), Camflo (gold and silver), Lac Herbin (gold and silver), Beaufor (gold and silver), and Barry (gold and silver). Over 40% of available Crown land has been staked for exploration. The area has a well-developed infrastructure and most exploration and mining operations have reasonable access to road, power and communications networks. In addition to mining, forestry has been a mainstay of the economy. However, it has been suffering from a severe downturn over the past decade.

The region's 2008 GDP was of the order of CA\$ 5.1 billion, CA\$ 0.22 billion of which consisted of agriculture (including CA\$ 0.16 billion in forestry and logging) and CA\$ 0.85 billion of mining. Between 2004 and 2008, forestry had an average annual

growth rate of – 5.0%, whereas mining showed an average annual growth rate of 28.4 %. The total population in 2010 was 145,835, with somewhat over 40 % in each of the age groups 0- 34 and 35-64 years (Institut de la Statistique Québec, 2014). The housing vacancy rate was very low which was driving up accommodation prices. Mining was not considered to be a controversial activity but environmental issues were still an important concern, followed by social matters, notably the inclusion of First Nations communities into the economy. While mineral exploration and mining operations were being closely watched by various environmental organizations (for example Action Boréale à Abitibi-Témiscamingue – ABAT), interviewee comments suggest that these organizations were not opposed to mining per se.

Approximately 6,300 Aboriginal people were living in the Abitibi region, mostly Algonquin (Germain, 2009). There could potentially be a number of archaeological sites in the area, especially at the banks of the Kinojévis River. There are also Cree communities in Val d’Or that came from the James Bay region. External stakeholders commented that, partly as a result of the James Bay hydro-electric dam agreement the Cree signed in 1975, the Cree have had the financial resources to develop their organizational and business capacity, and consequently they are well organized and able to articulate and put forward their demands. Interviewees further commented that First Nations’ ability and willingness to assert their rights is increasing and, as mentioned by some interviewees, internal divisions complicate their negotiation processes with the industry. The report “Survey on the Economic Relations between Aboriginal People and the Businesses of Abitibi-Témiscamingue” provides additional relevant information (Cazin, Ependa, & Sauvageau, 2006).

External forces were important: provincial government actions or lack thereof, Algonquin internal divisions, increasing regulatory and administrative burden on juniors, natural resources cycles, house prices, Cree/Algonquin differences all played a role. Some interviewees drew attention to the importance of the proposed Bill 14, an Act respecting the development of mineral resources in keeping with the principles of sustainable development.

“...Bill 14 would give municipalities more power to regulate aspects of mining...Before 2011 we didn't use to talk much with companies; with Bill 14 things have changed because now companies need to ask permission to the Municipality for projects especially if their activities take place near cities and cottage country ... We were uncomfortable with exploration companies because we didn't know what was going on, now with Bill 14 the situation has changed...We would like to have a say, which is not to say no, but to put some conditions that comply with Bill 14 [male and female municipality interviewees in a group interview]...”

Even though it was not passed by the National Assembly (the provincial legislature) the very fact of it being debated led to increased interaction between the mineral exploration and mining industry and local governments, giving more say to the latter. An example of this approach was the action of the Abitibi-Témiscamingue's municipality of Preissac that, in coordination with industry, had developed regulations respecting green belts and avoiding visual impacts.

## **Observed patterns and characteristics of relationships**

Because the company was having less than ten people working on a number of different prospects at the same time, and because several of the prospects were in somewhat remote locations, its contact with local communities had not been intense, and its visibility derived mainly from the involvement of its management with community leadership and organizations. The company was small as was its impact in this mining

region, certainly as compared to that of the projects in the other case studies. Several non-company interviewees responded to questions in terms of mining in general rather than referring specifically to Cartier Resources.

Within Cartier Resources there was a trusting environment:

“...I love my work and I like working for Cartier Resources. I came the first time as a summer student from France and when I graduated they hired me... We discuss situations in the field when they happen and we come to an agreement and try to resolve problems as they occur... At the office during the winter the social side is important: we are expected not to work during weekends and to take holidays. Christmas holidays are obligatory and paid. Sometimes we drill during the winter, which tends to be very cold... We have regular meetings and open conversations... The aboriginals working with us seem to be happy [male company personnel]...”

The company was generally well respected by its contractors and suppliers and by people in non-aboriginal communities:

“... We have done work for Cartier Resources and they are good to work with... They are reliable and can be trusted... Cartier Resources employs good practices... They are a good neighbour... They are well respected by the community... The CEO is respected within the community and is seen as a socially responsible entrepreneur [male contractors and suppliers]...”

While a good start appeared to have been made with the aboriginal communities, interviewees had not yet made up their mind with respect to the relationship:

“... We need time to get used to this [male aboriginal interviewee]...”

Cartier Resources handled its communication with communities through local Chambers of Commerce who were instructed to ensure representativeness of the audiences invited to attend company communications events. First Nations members had some concerns:

“... While we are willing to learn and understand we are not sure that mining companies are willing to learn and understand [male aboriginal interviewee]...”

This comment was not specifically directed at Cartier Resources. A community interviewee commented that:

“...For Cartier, Lac Rapide [an Algonquin First Nation] has been a cultural shock [male supplier] ...”

This suggests that initially Cartier Resources did not understand aboriginal thinking patterns. However, its CEO understood that the Lac Rapide First Nations needed time to think and was prepared to create room for this to happen by trying to circumvent bureaucratic time-sensitive barriers, but Cartier’s partners did not have the same level of understanding or patience. According to Quebec mining law, a company is required to spend a certain amount of funds by a certain date to maintain lease rights on the land. The Algonquin commented:

“... We are not yet ready to sign an agreement and we would like a two-year extension to familiarize ourselves with the company and the impacts of mineral exploration and mining [male aboriginal interviewee]...”

Cartier Resources supported this approach:

“... We requested special ministerial permission to allow this to happen. The Quebec Minister of Natural Resources and Wildlife initially refused, but because a forestry deal with the Algonquin people is under development, the Quebec Minister of the Environment indicated that his colleague in Natural Resources and Wildlife will grant this permission and asked us to submit a formal letter requesting the extension. Legally, we could begin our work, but we preferred to work with the Algonquin people and were happy with the Minister of the Environment’s proposal. However, our financial partners in the project objected because a letter does not yet mean approval, and because negotiating with community members has been challenging and the risk of not making progress in the negotiation during the proposed two-year break would be considerable [male company personnel]...”

The company had not implemented any formal internal or external conflict resolution mechanisms. As the company was small, internal conflicts were easily resolved through

conversations. Depending on the severity of the conflict, the same applied to conflicts with external entities. According to company interviewees, they took swift action when something happened, for example:

“...The only problem we have had is inadvertently touching the ground cables of the nearby Télébec transmission tower. This was not serious and was quickly resolved [male company field staff]...”

Certain types of conflicts, such as environmental or land use disputes, are covered by provincial regulations. Community members from the Lac Simon First Nation were developing an approach to manage interactions with companies:

“...We would like to be involved in planning and we are developing our own model agreement on environmental matters that focuses on respect for First Nation traditions like hunting, and trapping as a basis for negotiation. We also will sign Memorandums of Understanding with exploration companies to help both parties understand the nature and limits of the relationship and to manage expectations [male aboriginal interviewee]...”

Cartier Resources had not yet articulated its goals for or a strategic approach to the communities in its area of influence. The First Nations communities had not articulated their goals or strategies either, while non-aboriginal municipalities aimed to ensure the well-being of their citizens. They did not share explicit strategies or long-term plans with the interview team. The debates surrounding proposed Bill 14 promoted discussions related to this issue, but had not led yet to concrete plans or actions.

The non-aboriginal communities, while small, were well organized and functioned within a stable provincial framework; the Algonquin communities were small and internally divided; and Cartier Resources was a very small, cohesive company. At first sight this would lead one to conclude that each party could influence the others and that all could affect final outcomes more or less equally, the Algonquin communities

maybe somewhat less because of their internal divisions. However, many of the actions of each of these actors were constrained or dictated by provincial regulations. Therefore, the boundary conditions imposed by the provincial government had resulted in a more or less stable solution. It is not clear whether this should be called “power equilibrium” or “imposed solution”. Unfortunately it was not possible to interview provincial government actors to explore this aspect in greater depth.

The relationships were stable within the boundary conditions imposed by provincial regulations. However, it was not yet possible to predict how the relationship with the Algonquin would develop and it is quite possible that unforeseen political developments could elevate this relation to the national stage, such as happened in the Attawapiskat case, in which its chief’s hunger strike drew national attention (CBC News, 2012).

## **Company social responsibility approach**

The company was using e3 Plus as the basis of its social responsibility approach:

“...We took part in one of the early workshops and liked what we heard and saw. Therefore, we used the earliest version of the principles and guidance booklet as a guide. The material on the website is extensive and impractical for use in the field. We have hired a consultant to adapt it to Cartier Resources [male company personnel]...”

It had established an open dialogue with actor groups such as the Action Boréale à Abitibi-Témiscamingue – ABAT. As mentioned earlier, the company organized information sessions in the areas of its various projects through the local Chambers of Commerce. Not all investors were in tune with the social responsibilities aspect of exploration:

“...While investors in public may say that they support CSR, in private conversations they admit that the stock price is the only thing of interest. This is especially the case with non-institutional investors [male company personnel]...”

Cartier Resources employed local people and used local goods and services as much as possible:

“...While it is not yet an officially published policy, we usually purchase gasoline, food, oil, etcetera at Senneterre rather than at Val d’Or [male company personnel]...”

The company had instituted an award for the CEGEP student who writes the best essay on a social topic (CEGEP stands for Collège d’Enseignement Général et Professionnel – it is unique to Quebec, but can be compared in certain ways to colleges elsewhere in Canada, with the difference that a CEGEP diploma is required for university entrance). The company had not yet designed and implemented an overall social responsibility strategy, probably partly because many of its projects were still small and relatively far away from the nearest communities. Employees had not yet developed a consistent meaning of social responsibility and who should be responsible for it:

“...Cartier deals with CSR mostly verbally, in contrast to other companies that are much more structured about it... The company is good in social matters. We are well looked after – good lodging, good food...The company is doing very well in CSR... Putting bridges in to protect the environment, safe operating procedures (e.g. properly starting and shutting down pump, alternating duties etc. [paraphrased – JB]. It is important [in reply to the question ‘How do you view CSR?’]...Not so important...Mostly environmental policies...We have asked for a copy of e3Plus. It doesn’t touch our daily life... I have read the book a bit. There have been various meetings at the office about e3PLUS and during our field work and drilling we follow the e3PLUS guide. This works well. The contractors respect these practices... The president (the contractor has to take care of his business’ part) is responsible for achieving CSR goals...The vice-president is responsible for achieving CSR goals... Yes, we had a workshop and an open door event at Amos, and one at Pikogan with the vice-president. We were very well received. We have hired four aboriginal people... E3PLUS is the code of conduct. It is applied in a common sense way. There has been no pushback from staff. Hiring staff with the right attitudes has been important [male company personnel]...”

## **Perceived present and future benefits and harms**

The company was small and at an early stage of exploration, therefore its impacts had been small and had not drawn much attention. As mentioned earlier, mining has been established in the area for a long time and the meaning given to it is largely positive. However, comments by an environmentalist indicated persisting concerns about the environment, while another interviewee mentioned the incorporation of the Algonquin in the local economy as a concern:

“...Action Boréale à Abitibi-Témiscamingue (ABAT) is not opposed to mining per se, but keeps a close eye on environmental performance [member of ABAT]...It will be a challenge to incorporate the Algonquin into the economy [male community member]

## **Summary and conclusions**

Cartier Resources was at the early stages of its exploration activities and of establishing relationships. Therefore questions about the perceived present and future benefits and harms did not yet apply. The existence of 50 years of relatively conflict-free mining suggests an environment that is open to dialogue. This was illustrated by our interview with a prominent Quebec/Abitibi environmentalist in the offices of Cartier Resources. Contextual factors such as well-respected provincial regulations and a long, stable mining history were important in this case. This is the only case study in which the (provincial) rules appear to rule the game, at least at this stage of company development. Culture is an important factor, as evidenced by the “culture shock” Cartier Resources experienced on its contact with the Algonquin people. The detailed interactionist aspects of this case will be discussed in Chapter 6.

## **Morelos**

## **Field study information**

The study took place between June 5 and June 8 (inclusive) 2013, during which 14 people were interviewed: six staff members of Minera Media Luna and eight members of the communities Valerio Trujano, Atzcala and Nuevo Balsas, including a comisario municipal (community leader) and a comisariado (leader of an ejido, see below for an explanation).

## **Project description**

The project is operated by Minera Media Luna S.A de CV., a wholly owned subsidiary of Torex Gold Resources Inc. (TSX: TXG). In 1998, Minera Media Luna's exploration group began studies that led to the discovery of significant gold mineralization in 2001, 2002 and 2003. Drilling between 2003 and 2008 led to delineation of the resource. Torex Gold Resources acquired the project in 2009, continuing the program of drilling and completing a feasibility and bankability study in 2012. Minera Media Luna recently started preparations for the construction of the mine.

The project is located in the state of Guerrero, México, 200 km. south-south west of Mexico City, 60 km southwest of Iguala and 18 km northwest of Mezcala. The town closest to the project, at a distance of about 5 km. is Nuevo Balsas. The project holds approximately 29,000 ha. of mineral concessions and half of the area that contains the resource lies in the ejido of Río Balsas with the other half lying in the ejido of Real de Limón (Neff, Orbock, & Drielick, 2013). An ejido is a communal type of agricultural land ownership that will be described in more detail in a later section.

The entire staff and contractors of Minera Media Luna consist of approximately 200 people. The office is located in Nuevo Balsas, a community with a population of approximately 1300 in the North Zone of the project. Nuevo Balsas is part of the Municipality of Cocula. Other communities in the area of influence of the project are La Fundición, Real de Limón, Atzcala and Valerio Trujano. During the exploration phase staff and contractors had much contact with the population. Exploration activities moved to the Balsas Sur Southern project area about eight months before this case study was carried out - 80 people are working there. Unfortunately the schedule did not allow for interviews in the Balsas Sur area.

## **Context**

### **State of Guerrero**

Guerrero has 81 municipalities and close to three and a half million inhabitants. Of these, about 1 million are below the age of 14 years and 2.4 million are of working age. Of the latter, just under 1.4 million are economically active. Each municipality consists of a number of communities. The state's GDP in 2012 was about US\$ 16 billion and economic sectors include (in order of decreasing importance) wholesale and retail trade; real estate/rental/leasing; construction; transportation and warehousing; educational services; and public administration (ProMéxico Trade and Investment, 2014). Guerrero is notorious for drug trafficking, but no information on the value of its drug trade was available.

In 2005, 91.5% of the houses in Guerrero had electricity and the corresponding figure for the region Norte in which the project is located was 95.3%, whereas 62.8% and 60.8 %, respectively, had piped-in water (Guerrero Gobierno del Estado, 2012). In 2013, over 80% of the population had unmet basic needs and lived in extreme poverty (Fernández, Remy, Scott, & Carriazo, 2013). Guerrero is one of the poorest states of Mexico and the scene of much violence in battles between the authorities and drug cartels.

### **Project area**

The local economy used to depend on agriculture that was practically discontinued when most agricultural land was covered by the reservoir of a hydro-electric dam that was constructed some 28 years ago. The three communities located in the submerged area were moved to Nuevo Balsas, a new town that had been constructed for the purpose. Fish were introduced into the lagoon formed by the reservoir, and there are now more than 200 fishermen in Nuevo Balsas. There is a local small boat service that transports people and cargo between Nuevo Balsas and Balsas Sur. As there was no employment in the area, many people emigrated, but with the arrival of the mine they are returning to Nuevo Balsas, waiting for job opportunities. For now the people who returned are living in small houses on the edge of town. A respondent who managed to return from the U.S. thanks to the job he obtained in Minera Media Luna said

"...Thank God the company arrived [male local company employee]."

The villages are organized around two kinds of authorities: the ejido (headed by the comisariado) and the community (led by the comisario municipal). Members of the ejido

(ejidatarios) are registered under the law. When an ejidatario dies, his or her rights are passed on to another person through his will or under provisions of the law. The ejido deals only with land issues, the community takes care of other governance issues. The ejido is governed by its Asamblea General (which is not the same as the Asamblea General of the community) and its Consejo de Vigilancia (“Oversight Council”). The Consejo de Vigilancia ensures that the actions of the comisariado are in agreement with agrarian legislation, the agreements reached by the Asamblea and the internal rules of the ejido (Fideicomiso Fondo Nacional de Fomento Ejidal, 2010). The board of the ejido consists of six members and three alternates. In the project area, the Asambleas Generales of the ejidos meet only when there are problems, as do the Asambleas Generales of the communities. Asambleas Generales are the highest authorities. Their members make decisions by consensus or by vote. There are several agreements between the company and the ejidos and not all have been signed yet. The minutes of the Asamblea are official documents and sometimes serve as confirmation of agreements. The company is present in the Asambleas Generales of the ejido and of the community for important decisions that affect it. Small items are arranged informally (Assennato Blanco & de León Mojarro, 2001; Fernández et al., 2013). The comisariado interacts with federal authorities several times a year. The ejidatarios follow protocols established by law, including their listing as joint owners of the land. They possess use rights to the land, and ejido lands are leased to the mining company. The comisario municipal is responsible for all the affairs of the community. Three comisarios municipales are elected every three years - each serves for one year. Their duties include, among others, conflict resolution, water, organizing fiestas, and the construction and maintenance of infrastructure.

Minera Media Luna is located in the municipality of Cocula while Valerio Trujano, one of the communities in its area of direct influence, belongs to the municipality of Tepecoacuilco the administration of which is located in the town of the same name. According to a local authority, the company's "weight" supports his community in its dealings with the municipality:

"...Tepecoacuilco is far away from Valerio Trujano and we risk being forgotten. The relationship with our mayor is important because state funds flow to municipalities and through the mayors to the communities. Travel to city hall is inconvenient: it involves a transfer and can take up to two hours. Even though Minera Media Luna is not located in the same municipality, the company supports us in our dealings with the mayor. It helps us get more attention [male local authority]..."

Its association of with the company influenced the meaning the municipality's staff and its mayor gave to Valerio Trujano and consequently the respect it was given. This was an excellent illustration of the importance of meanings and how they are established. It also shows that meanings affect relationships. With time the relationship that is being developed between Valerio Trujano's representative and the mayor and his office will further modify the meaning they give to the former. The company's assistance acted as a catalyst of the relationship forming process.

There are no police, fire departments, radio or local newspapers or TV stations in the area and local authorities had not yet been trained in administration. As a result, there was little planning or coordination:

"...We don't have a formal development and land use plan, although the town makes an annual plan...If we need much support, we involve the company...The company proposed an irrigation plan that we incorporated in our plan...There are no formal communications [with the company]...Nobody has taken training in social matters – it would be useful to orient ourselves...People are taking training in everything that the company needs...We don't have a plan, we are going from project to project...There has not yet been much capacity building even though it is essential...There is no community capacity building [male community members]...The town is not sufficiently organized to

conceive and carry out projects (for example, they could find additional uses for the river), but this is the responsibility of the local authorities [male company personnel]...”

Interviewee comments that will be cited in Chapter 6 as part of the discussion of interactionist processes at work in the Morelos case suggested that the level of interest in local governance appeared to be low in comparison to that in many of the other case studies. Both community members and the company were very concerned about security:

“...The future will be insecure – we lock the doors at eight o’clock at night [because of the drug wars]...A few months ago there was a turf war here between drug cartels, but the situation has calmed down now – temporarily there was more police. It was bothersome but luckily not violent [male community member]...People don’t feel secure and don’t leave their house after eight at night...In the past the town was united but now, if someone attacks you nobody will defend you... The loss of security has led to a certain loss of common sense...The insecurity is worse than it was before – this came from outside, people here are not bad [female community member]...”

“...One of the things we have not been able to do is provide much security to the community [not a company responsibility]. We have a security team for the company. It consists of 93 heavily armed troops provided (for a fee) by the Instituto de Protección Auxiliar del Estado (IPAE - State Institute for Auxiliary Protection). Only they are allowed to carry guns. They have a good reputation across Mexico [male company personnel]...”

The author saw the IPAE people guarding the entrance to Nuevo Balsas and guarding the Minera Media Luna office in the town. He also noticed that a convoy transporting equipment to the mine site was protected by some 20 armed troops that cleared the way and acted as a rearguard. While the IPAE team only protects the company, the presence of an armed command post at the entrance of town may add some security to the town. The lack of security weighed heavily on the area and some of the comments cited above suggest that it had affected interactions and thereby relationships. As interactions and relationships are the engine that drives the unfolding of the social course of events, both the latter and perceived present and future benefits and harms will be affected. A more

detailed study of this particular situation would be needed to find out through which processes they are affected.

## **Observed patterns and characteristics of relationships**

The relationships patterns within the communities revolved around two major axes: the ejido led by the comisariado and the community, led by the comisario municipal, each responsible to his or her General Assembly. The comisario municipal and the comisariado are leading authorities in the communities and their personality and relationship were considered to be an important contributor to the functioning of the communities:

“...There is a very good relationship between the ejido [led by the comisariado] and the town [led by the comisario municipal]. This is not always so...Frauds are very common and lead to protests because the leaders go off with the benefits – this does not happen here and all relationships function well...Conflicts are resolved through conversations – we haven’t had violence for 40 years...The comisariado supports the Parents Association, as does the comisario municipal...The ejido also makes donations independently from the comisariado...The comisario municipal looks after the town, and the comisariado looks after the land. Their personal relations are very important...We [the ejido] ask for support from the comisario municipal. The ejido discusses what the town needs and develops a plan. If the town needs something, we support it...The ejido and the town sometimes work well together and sometimes not. Personality [of the comisario municipal and/or the comisariado] is very important. There is one comisariado that does not like to work...People do not take part in the assemblies. Around 30-40 people make the decisions by majority vote. In the elections 200-250 voters turn out, almost half [male community members]...”

Many community members don’t appear to be paying much attention as evident from low participation rate in the assemblies, and the decisions are made by a small proportion of the population for which reason the actions (or lack thereof) of the leadership carry relatively more weight. Because of logistics and time limitations it was not possible to

spend as much time interviewing each respondent as in most other case studies. Therefore it was not possible to construct a detailed relationship matrix.

Many interviewees felt that all relationships are important, both between organizations and between individuals. The relationship between the company and the communities was seen as good or very good by both company personnel and community members:

“...All relationships function well...We had many contacts with the locals during the exploration stage...We have good relations with the communities...Relationships with everyone are important – we go to the people all the time [male company employee]...All relations are equally important...Relations are good – but it depends. There was a period of great insecurity and there were complaints...The company and the comisario are both very important. The whole town is in contact with the company...Personal relations are very important...Internal relations are good in the Balsas Sur project – all 80 employees are from the region. Balsas Sur and Mazapa have contributed less employees because many of the people are farmers or work for other companies, but we have good relationships with all...There is trust within the company – we work with the drilling contractors [to teach them how to deal with community members]...As we depend on each other there is frequent communication within the company, but we can improve to be able to work faster...Many employees represent their communities...Community relations is a necessary function – they open the way and make things easier...We have good relations with the communities... While it is important to begin with the leadership, relationships with individual people are the most important because it makes us part of the community...The company has the practice of paying immediate attention to any complaint – direct relations with people are the most important... [male company personnel]...Relations are good – I don’t have direct interactions with the comisario municipal...Yes the company is concerned about the people [multiple comments]... Everyone knows everyone... We have a good relationship with the company – I wish that there were employment...The relationship with the company is the most important for us now. The relationship with the comisario municipal is less important as there are not many things we can do together - very few people live here [male community members]...”

Nuevo Balsas was still divided along the lines of the original communities that were relocated and merged when the dam was built:

“...We are still not used to the change – it changed the stability of our lives. This is changing now with the arrival of the company. Our youth are taking root, they did not live this [what we went through] and are adapting...The communities of Balsas, Tecomata and Lampoarroz were relocated and joined to form Nuevo Balsas. In a way,

they still consider themselves to be different from each other [male community members]...”

As in Chumblín (Loma Larga case) the arrival of the company acted as a catalyst for changing meanings of the older part of the population, while generation change was the driver of the change of meaning youth gave to their (combined) community.

The relationships between the company and communities were established and maintained through several mechanisms: the community relations team maintained frequent communication with other parts of the company; paid immediate attention to even the smallest community concerns and usually resolved any issues quickly (e. g. dust and noise caused by the core laboratory); whenever possible the company hired locals, and when recruiting outsiders it made sure that they fit well into the local culture, and required its contractors to do the same:

“... We have a stack of job applications on file from each of the communities in our direct area of influence. Contractors are obliged to employ people from the community closest to where they carry out a particular task. Selection of candidates is done by lottery; sometimes through the office of the comisario municipal... The recruitment process for people from outside the community includes a technical component and a “fit with the local community” component. We also look at the fit with company culture. People from outside the community are taught about community characteristics during their induction period. Emphasis is put on the need to treat everyone in the same way [male company personnel]...”

The answers of the respondents above and those that will be cited in Chapter 6 suggest that the degree of individual identification with the ejido and community institutions was rather weak (low frequency of meetings, low percentage of attendance, few "intense" comments, lack of unity in Nuevo Balsas). In terms of symbolic interaction theory, this would indicate that there is much difference between the meanings that different people give to things and people, and that there is little convergence between their reference

groups and consequently between the decisions they make. As the number of interviews was quite low, these assumptions would need to be confirmed in a follow-up study. It is instructive to look at the summary of relationship characteristics presented in Table 5.6 even though data are missing for many cells. The columns of the table represent relationships within Minera Media Luna, between Minera Media Luna and the communities, and within communities. The table presents a picture of a cohesive company with high-quality stable internal relationships. Company-community relationships were on an even keel, even though the huge power differential risked creating dependency. The communities themselves fell in the “low social cohesion-low fear of mining” quadrant.

Mining was seen as an opportunity rather than a threat. De Echave et al. proposed a characterization of communities along two dimensions: social organization and risk perception. The communities in the Morelos project area of influence would fit in the quadrant with low risk perception and weak social organization. This judgment is based on the observations made in June 2013 and may not represent earlier situations. Between 2007 and 2009 the perception that the company that then managed the project did not distribute benefits fairly which led to a months-long blockade supported by the ejido and the municipality. The company and local leadership actors involved were different, which may have increased social organization at the time.

**Table 5.6.** Characteristics of relationships in the Morelos project area. MML = Minera Media Luna

Indicator	Within MML	MML-Communities	Within Communities
<b>Confidence</b>	Yes	Likely	Unknown
<b>Respect</b>	Yes	Yes	Usually
<b>Communication</b>	Yes	Yes	Unknown
<b>Mutual Understanding</b>	Likely	Likely	Unknown
<b>Conflict Resolution</b>	Unknown	Assembly	Assembly
<b>Goal compatibility</b>	Yes	Each party seemed to know the goal of the other party	Diffuse – unstructured
<b>Power balance</b>	Hierarchical to "open"	MML has many more resources and education => imbalance	Diffuse- unstructured
<b>Focus</b>	Clear	Pretty clear - through the authorities	Diffuse
<b>Frequency</b>	High	High	Few assemblies, low attendance
<b>Stability</b>	High	Varied with the person	Unknown
<b>Productivity</b>	Satisfactory	Both sides made progress: MML was beginning construction of a mine, and the communities all felt they also gained. Their real test will be the number of people employed	Few targets defined

According to these authors, this coincides with low articulation, and little organization and mobilization of communities (de Echave et al., 2009). On the one hand, this means that the risk of protestations and demonstrations is low. On the other hand, it does not augur well for the communities’ endogenous development capacity (Mas Herrera, 2005).

It may also interfere with the company goal expressed by an employee:

“...Economic development of communities is one of the goals of Minera Media Luna [male company employee]...”

The policy of the community relations team to provide immediate and detailed attention to personal relationships is a good basis for developing an endogenous economic

development strategy for the communities, as changing meanings requires relationships. The strategy could perhaps achieve convergence and strengthening of reference groups, but as this takes time, the strategy would have to be long-term. Perhaps the development of organizational culture through on-the-job training that was mentioned by a company interviewee could, through local employees, change local meanings as part of the strategy.

There was a third major relationship axis that consisted of the mining companies that were active in the area. For Nuevo Balsas, La Fundición, Real de Limón and Atzcala, Minera Media Luna was definitely the industry rallying point, focused around the employment it provided and will provide in the future. According to a company interviewee, local employees of Minera Media Luna were taking on the culture of the organization:

“...The most relevant contributions of the company are to get to implement economic development of the communities; and the deployment of company culture through training at work [male company personnel]...”

Through this process, they were acquiring an additional identity and reference group, and the meaning they give to things changed through the relationships and interactions with their new teammates. At the same time, they influenced the characteristics of this new reference group, and convergence may occur. It is important to recognize that relationships are the vehicle through which the meanings of things change and that personal relationships were considered to be very important by both community and company interviewees. This means that documents, advertisements, exhortations, instructional materials need to be accompanied by direct relationships.

## Company social responsibility approach

The company's approach is based on its philosophy of contributing to the common good of all parties involved. The community relations team reported directly to its Director, who in turn reported directly to the president of Torex Gold Resources. The overall program was designed by the director and the manager. The community relations officers designed the focus for their particular cases in discussion with management. The community relations team met once a week. Community members were not involved in the overall design of the community relations program of Minera Media Luna, but they were in the planning of specific projects. The communities called on the company when the need arose (through a decision by the general assembly) and received support in areas such as irrigation and capacity building. Company personnel mentioned that its community relations group is involved in social work and that its projects are always done jointly with the communities. They also said that the community relations people build relationships within the company, which pays off in low staff turnover:

“ ...I don't know how the company designs its CSR program. The assistance for which we ask is always decided on in a general assembly...We involve the company when we need strong assistance. The company proposed an irrigation plan that is incorporated in our plan – they drilled four wells, but one didn't have water and one had saline water...So far they have trained youth in carpentry and electricity – right now it is a bit uncertain. The most recent course was two months ago. Once they taught us about the operation of a mine – it was useful and perhaps we need more...We have already been using at home and in the community what we learned...There are a number of fishing cooperatives in town and the company is advising them on how to incorporate as legal entities [male community members]...The company supports the events of a group of elderly people that meet once a week and helps them with social issues...The CSR manager prepares an annual plan with staff input. Community relations is considered to be an essential part of the company...The way in which the program is implemented is decided by members of the community relations team...The intense collaboration between the community relations function and all parts of the company – this makes us different from other companies in the area. We have very low staff turnover and absenteeism rates...We ask for support and approval from the comisario municipal and the company supports the public works when the comisario municipal asks...Projects are

undertaken jointly, for example for the chapel the comisario municipal paid for the walls, the company for the roof and comisariado for the floor...The program is run through applications through the school committee or through the comisario municipal. Things like presents for the festivities – all company employees are informed of the amount of support given [male company personnel]...”

If communities need support they involve the company and talk with community relations officers. Projects are always discussed in the Asamblea General before being presented to the company for consideration. The community has no long term plan, but goes from project to project. If approved, the budget is established and the project is carried out as a joint venture. Close contact with the community relations officers facilitates planning and coordination:

“...As we see each other every day anything can be arranged quite easily. With the comisario municipal the same process is followed. When the project affects both the comisariado and the comisario municipal, the three of us work together. We are now discussing the possibility of improving the church chapel [male community relations officer]...”

Interactions with communities always take place through the community relations group – this is standard procedure for any action. Initial negotiations were undertaken by the community relations manager. The duties of the Community Relations Office were summarized as follows:

“...The Community Relations Office is responsible for dealing with requests for support (usually from organizations), complaints (about the company or their staff), and any other matter. There are social workers that deal with vulnerable groups such as people with disabilities, single parents and people older than 70 [male community relations group member]...”

The above comment does not refer to an earlier comment according to which the community relations team interacts very closely with all parts of the company which according to the respondent had led to low absenteeism and turnover rates. The

community relations team appears to be a very important reference community for all company staff, including management.

## **Perceived present and future benefits and harms**

The comments cited below indicate that there were community benefits that included infrastructure support, some employment, capacity building, improvements in the local economy, sports facilities, medical care, disappearance of extreme poverty and others. Community members also thought that the company had benefited by being able to do its work without disturbances. There were positive expectations of the future benefits that a mine will bring.

“...So far we have gained little because we are at the beginning, but there will be employment once there is a mine...We have not obtained personal benefits but we have obtained the road and money for the ejido from the land rental. We are discussing what we can do for the future. We need a drinking water system – there are many leaks...Both the company and the community have gained. The company got stability and acceptance by the people, the community got employment, small public works and training. Also, local spending by employees has improved the economy (small shops, pharmacy, taco shops where employees eat their supper)...We are at the beginning – yes we have benefited economically: employment, building rentals and the company has been able to do its work. Other benefits include a sports court, a medical centre, a doctor [who just left – the search was on for a replacement], trees and maintenance of the park, a contract for a person to design the new drinking water system...We all gained...The community would be behind without the company, we have more resources, we are no longer the “typical peasants” we were before and extreme poverty has been solved...Support for a 98-year old lady...The future is promising for both the company and the community...In the future there will be more employment and opportunities...The town has benefited: support (the [medical] centre, paved streets) and employment for 30 people. There have been no disadvantages...Yes we have benefited and there has been no disadvantage. Once the mine opens there will be more employment [male community members]...”

Minera Media Luna had undertaken several initiatives, mostly in response to requests from the communities. These efforts were always directed to the common good, and almost always were implemented in conjunction with the authorities. The communities appreciated the support of the company and all interviewees said that

communities have benefited. They considered providing employment to local people to be the most important thing Minera Media Luna can do. Minera Media Luna benefited from good relations with communities, which facilitated their work.

There hung a dark cloud of drug-related insecurity over the area. While the provision of physical security to communities is the responsibility of the state, perhaps there are ways in which Minera Media Luna could make a contribution that would benefit both communities and the company. It is interesting that Minera Media Luna decided to house its workers in a separate camp next to Nuevo Balsas once the mine starts operations, even though this could cause problems related to the loss of rental income for Nuevo Balsas. A summary of Minera Media Luna's contributions to the communities follows below.

Economic contributions included: rent of buildings and houses to the municipality; employee spending in stores, the pharmacy, the taco places, the small restaurants (although the food for the canteen is brought in from outside); provision of employment to the people. Members of local communities had preference in recruitment by the company and its contractors. Infrastructure elements to which the company had contributed include: road improvements; beautification of the town squares e.g. a kiosk, a sports court; a corral for the cattle; a playground; the awning of the medical centre; trees in the park; the salary of the person looking after the park; a road that allowed farmers to bring their crops down from the slopes (in 2004). As this road will now be to on the land leased by the company for the construction of the mine, the community plans to negotiate an agreement with the company to build another road next to the lagoon; the burial

chapel (where Masses are celebrated); drainage of a pond to reduce the number of mosquitoes. Minera Media Luna provided capacity building to its employees, as did the contractor companies. Internal challenges of capacity building included: low literacy rates; geographical conditions (such as climate, location of the drill holes, environment) and premises where to provide it. The deployment of organizational culture through work was also considered to be a form of capacity building. Other interviewees thought that there had not been a lot of training, even though they considered it to be indispensable. They believed that the company was doing something in fishing, and perhaps in livestock. The company hired a firm to advise on the conversion of informal fishing groups into cooperatives (which will allow them to obtain national government support) and provided a consultant to plan improvements to the potable water system. It also provided assistance as the schools needed it (e.g. painting, to support certain activities). Its greatest contribution had been to attract a doctor who also served other communities. As the doctor was leaving, the company was looking for another one.

All respondents believed that the presence of the company had benefited communities and that there had not been detrimental effects. In addition to the benefits described above they mentioned that part of the land rental income received from the company was distributed among community members. The company gained also: stability and acceptance by the people. The imbalance of power between Minera Media Luna and the communities imposes a great responsibility on the company, of which it is aware. The interactionist aspects of this case will be discussed in Chapter 6.

## **Fruta del Norte**

## **Field study information**

The interviews took place between February 19 and 22, 2013. 20 people were interviewed, including presidents and councillors of the parish council and of communities, farmers, leaders and members of associations, entrepreneurs, journalists and company personnel. Unfortunately it was not possible to talk with strong opponents of mining, as they were not available during this period. The study team consisted of Jéssica Marçayata and Dayana Velasco of the Instituto Nacional de Investigación Geológico, Minero y Metalúrgico del Ecuador (INIGEMM) and the author, and Camilo Agua was the driver of the INIGEMM vehicle. The latter also provided logistics support. The author received financial support from the Secretaría Nacional de Educación Superior, Ciencia, Tecnología e Innovación del Ecuador (SENESCYT)

## **Project description**

The project is located in the Cordillera del Condor in the province of Zamora Chinchipe, about 195 Km. east-northeast of the city of Loja, close to the parish of Los Encuentros that is part of the canton Yantzaza. There has been artisanal and small-scale mining in the area for a long time. Various companies carried out mineral exploration activities in the area between 1985 and 2005, Aurelian Ecuador being the latest. A geological reinterpretation in 2006 led to the discovery of an important ore body, and in 2008 Kinross Gold Corp acquired Aurelian Ecuador. The ore body has indicated resources of almost 16 million tons of ore with a grade of 11.2 grams of gold and 14.3 grams of silver per ton which translates into close to six million ounces of gold and seven million ounces of silver (Henderson, 2009). Kinross extended and adjusted the corporate social responsibility program that was begun by Aurelian Ecuador.

## **Context**

### **Province of Zamora Chinchipe**

The gross value added of the economy of Zamora Chinchipe in 2007 was US\$118 million in 2007 (Banco Central del Ecuador, 2011). Major sectors of the provincial economy were, in decreasing order of importance: public administration; public administration, defence, obligatory social security plans; construction; education; agriculture and related activities; transportation, storage and communications; wholesale and retail; mines and quarries. The total population of Zamora Chinchipe was 91,376 in 2010, 38% of which was between 0 and 14 years of age, 57% between 15 and 65 years of age, and 5% was older than 65 years (Instituto Nacional de Estadística y Censos, 2010a). The population of canton Yantzaza was 18,675, distributed between the parishes of Yantzaza (12,356), Los Encuentros (3,658) and Chicaña (2,661). Its distribution between age groups was 0-14 years: 38.9%; 15-64 years: 56.4%; and over 65 years: 4.7%. 73% of both the total population of the province of Zamora Chinchipe and of the canton Yantzaza had Unsatisfied Basic Needs in 2009 (Instituto Nacional de Estadística y Censos, 2010b).

In the 2013 presidential elections, more than 60% of the votes went to parties that were in favour of mining. This could mean that more than half the population was also in favour of mining, an interesting context for the relationships between actors and groups of actors touched by the Fruta del Norte project. However, mining is only one of many reasons that would lead a person to cast a vote for or against one particular person or party or another. Also, Salvador Quishpe, the prefect of Zamora Chinchipe, was a strong

opponent of mining, as was Dr. Angel Erreyes, the mayor of Yantzaza canton. Clearly some of the political differences in the province were linked to mining, and national government authorities in Zamora Chinchipe interpreted the election results entirely through a mining lens. The canton Yantzaza like many others in Ecuador is fairly young: it was established in 1981. Only the Shuar people have lived in the area for a long time. Apart from them, there are no other ethnic groups with ancestral history in the Ecuadorian Amazon region. The region was colonized by settlers in the 1960s and its economy has largely depended on artisanal gold mining, although there is also agriculture and ranching (Agreda Orellana, 2011). The parish councils became consolidated beginning in 2000, and the 2008 constitution converted them into Gobiernos Autónomos Descentralizados – GAD (Autonomous Decentralized Governments). The parish council that was elected for the 2009-2014 period consisted of one member and one substitute from each of the political parties Alianza País, Socialistas, Movimiento Acción y Servicio, Sociedad Patriótico and Pachakutik (indigenous). The President of the republic belongs to Alianza País. In view of the considerable political differences between the parties it is not surprising that the Plan de Desarrollo Y Ordenamiento Territorial de Los Encuentros - PDYOTLE (Development and Land Use Plan of Los Encuentros) identified challenges in political-administrative organization (Gobierno Parroquial de Los Encuentros, 2011). According to the PDYOTLE, agro-productive activity is relegated to a subsistence level, forcing people to seek other sources of income such as artisanal mining. Of the local population, 11% is Shuar, 5.3% is Saraguro and the remainder is mestizo.

## **Patterns and characteristics of relationships**

The groups of actors that played a role in the relationship patterns in the project area include the provincial prefecture; the mayor's office (of the canton Yantzaza); the parish council; "community in a general sense"; communities of Los Encuentros (sub-units of the parish); national government; political parties; water council; Shuar Federation; Catholic Church; political lieutenant; governor; Kinross; Kinross employee association; artisanal miners association; pick-up truck cooperative; women's organization; APEOSAE; cattle association; volunteer group; sports clubs; cultural commission; TV station; and educational establishments. The relationships matrix showed that most relationships were positive and that the parish council and Kinross were the axes around which most relationships converged. While it could be argued that the perceived importance of Kinross is a natural consequence of the focus of the study, the first two questions of the interview guide were designed to elicit information on all actor groups and the patterns of responses consistently pointed to Kinross and the parish council. The relationship indicators and the interactionist processes for this case will be discussed in detail in Chapter 6.

## **Company social responsibility approach**

Kinross played a key role in the development of the Código de Comportamiento Ético (Code of Ethical Behaviour) of the Consejo de Minería Responsable del Ecuador (Responsible Mining Council of Ecuador) (Ekos, 2012). It based its CSR approach on its values, and developed its approach against well-defined criteria:

“...The company bases its work on four principal values: Putting People First; Outstanding Corporate Citizenship; High Performance Culture; and Rigorous Financial Discipline...We also respect communal living ...Criteria against which we developed the local social responsibility program included sustainability; alignment with the Plan de Desarrollo y Ordenamiento Territorial de Los Encuentros - PDYOTLE (Development and Land Use Plan of Los Encuentros); added value; local development; and support and strengthening of social organizations (one of the reasons for which we coordinate all

actions through the parish council)...Our planning is based on the company's values; applicable legislation; environmental management plan (a sub-plan of which is the community development support Plan); and international standards. The budget is approved at Kinross' head office in Canada, but designed and decided upon locally. The details are developed jointly by local personnel and the community – they share responsibilities and budgets [male and female company personnel during a group presentation]....”

Each Gobierno Autónomo Descentralizado – GAD (Autonomous Decentralized Government) is required to develop its development and land use plan. Kinross supported the parish council so they could hire a consultant to help Los Encuentros with the preparation of its Plan de Desarrollo y Ordenamiento Territorial de Los Encuentros (PDYOTLE - Gobierno Parroquial de Los Encuentros, 2011). It covers a period of 20 years and is reviewed annually. Local plans are coordinated with regional plans, which in turn are coordinated with the national plan. The process is overseen by the Secretaría Nacional de Planificación y Desarrollo – SENPLADES (National Secretariat for Planning and Development). The interviewee comments reproduced below show that Kinross' CSR approach is perceived by community members as being a joint effort with the community that follows well-developed protocols for interaction:

“...We do it [design of the social responsibility strategy] together, Kinross shares technicians. The zones [in which the work will be done] are selected by mutual agreement. Kinross has a well-organized social responsibility system. Each community [sub-unit of the parish] has its leader who interacts with the company...There are meetings in which the entire community dialogues and afterwards a formal request is made through the executive. We start a dialogue when we need to. The petition that is prepared is proposed to the parish council and moved forward by it – Kinross is nimble, not much bureaucracy is generated...The president of the parish council is charged with dialoguing with the company managers...The president of the community [sub-unit of the parish] is in charge of talking directly with the company and its management...Community needs are explained to the company every month. The community has many needs, reason for which these petitions are presented often. It is important to mention that there still is some lack of company attention to the community... The principal dialogue is with the management of Kinross, these needs are communicated to Kinross' social responsibility manager and a way to solve them in the

best way possible is sought, for the benefit of the community [male community members]...”

According to several interviewees, Kinross and the community were involved in extensive building capacity projects:

“...Yes the community is building capacity in community organization, leadership, business projects in the community, productive topics, cattle ranching, food preparation, defensive driving, welding, electricity carpentry; and industrial arts ... The company contracts technicians for this...The community is building capacity with the help of the company, For example the program of condensed basic education in cooperation with the Ministry of Education. Kinross needs Ecuadorians as mining technicians, and this takes ten years of education. We need a system to prepare ourselves. 170 people participated in the condensed basic education program, 50 of whom were Kinross employees. Many continued to study afterwards on their own hook...I know about the training provided to APEOSAE (Association of Small Organic Farming Exporters of Southern Ecuadorian Amazonia) [male community members]...”

However, several community members were not aware of these initiatives:

“...I don't know if members of the community are receiving training [female community member]...Right now the community is not building capacity...The community is not receiving any training [male community members]...”

The discrepancy between observations made by different groups of interviewees illustrates that, even though Los Encuentros is not a large parish, it consists of networks that are not well connected to each other. The fact that the population of Los Encuentros is scattered over a number of sub-units may contribute to this. From an interactionist perspective, this reduces the number of interactions between groups of actors and slows down the convergence of meanings. Interviewee comments cited in the interactionist analysis of this case study in Chapter 6 show similar discrepancies with respect to perceptions about Kinross' versus Aurelian's relationship with the communities [sub-units]. Kinross contracted experts to deliver these courses and it also provided didactic materials, paint, classrooms, and scholarships. The company plans its programs based on needs and dialogue with the community and also pays much attention to internal capacity building:

“...Everything depends on the need. We need to prioritize what we teach. The community is beginning the development of a participative budget. They understand it – it is a process of sharing and to reach a balanced development [male employee]...What we [company staff] teach depends on the objectives of our job, for example someone has given a course on CSR to journalists which also enhanced the reputation of the company and led to links with the press. We receive annual training for example on team work that led to results: we now have self-managed teams. The training was provided by an external firm [female employee]... Our internal program addresses three areas: technical training; condensed basic education (as part of the program mentioned below); and values, environment and health and safety. Employees obtain expertise certificates that help increase their opportunities for future employment [male employee]...”

## **Perceived present and future benefits and harms**

In addition to the contributions mentioned in the previous section, the provision of employment was considered to have been a very important economic contribution:

“...With respect to the percentage participation of the company in areas important to the community the outcome is: employment 30% and education 70%...The arrival of Kinross was very beneficial to the community through the opportunity to create a source of employment...It generated work [male community members]...The company supports the community through employment and also public works (for example the construction of bathroom facilities). But there has to be much pressure from community representatives to achieve the objectives [female community member]...”

Other contributions to the economy that were mentioned include support to an organic grower’s organization; Shuar culture; parish council projects; and the local economy:

“...APEOSAE has seen major development over the past number of years and is even exporting its products, which is a great achievement for the organization, especially in terms of the quality standards it reached... The company certainly makes an economic contribution through work, and also has provided Shuar traditional costumes...The company contributes \$ 75,000 to the parish’s annual budget [for joint projects]...Many individuals and groups have been able to do things they could not have done before (for example the hotel, the half-ton truck cooperative, businesses [male community members]...”

Some of these contributions were also mentioned in the local press (Arias, 2013).

Kinross contributed specific support to the Shuar Federation in infrastructure, training, services and culture. The Shuar Federation found accompaniment to be much more important than financial support. Non-Shuar community members commented that

they are now prepared for a mine and pointed out that the Fruta del Norte project led the national government to invest heavily in infrastructure in the area through its company Ecuador Estratégico. It was interesting to note that various interviewees mentioned social responsibility and its importance. The following comments illustrate the above

“...The agreement between Kinross and the Shuar Federation led to improvements in infrastructure, capacity building and the establishment of services. In this sense they are following the Canadian model...Kinross has organized cultural events to promote Shuar identity to counteract the loss of culture among youth...Their money is not where the worth is – accompaniment is what we need. The plans of the Shuar federation were developed with Kinross’ accompaniment [male Shuar community member]...Yes, the company is concerned about the people in the area [multiple comments by male and female community members]...The ore body exists [and has been defined] and even if there is not contract [between Kinross and the government] the community is prepared for a mine [male community members]...I have personally benefited from the contracts with Kinross [male community member, business]...So far the town has benefited. Thanks to the presence of the company the government undertook many public works for millions of dollars. This is an important zone because of mining. It has made an enormous difference...In addition to the royalties that Kinross pays, it supports the community in what it needs, added value to the work they are doing [male community members]...There is a good future for the community as regards social responsibility...With respect to social responsibility it is important to try and maintain it even if the company leaves it would be much needed because all of us in the community need a push to carry on [female community members]...People have changed because they saw the change – with the support to employment [male community members]...”

Reported disadvantages included the effect of the Kinross’ wages on purchases by its employees and the risk of abandoning farming to take on insecure jobs:

“...In the market they sell products at a higher price to Kinross employees because the vendors assume that they have much money because they work for Kinross. The government should put in price controls...Personally I have not received any benefit [male company employee]...The arrival of the company was damaging to the community...In the past we lived well on only agriculture, after mining people started going to that work and left agriculture and now they are in a situation of uncertain employment...I have worked for the company and I became aware of the injustices of mining [male community members]...”

Kinross regularly contributed to social events such as the annual parish celebrations, summer camps for the children of the parish, motivational presentations, family activities and social development programs. Kinross employed various forms of communicating inputs and outputs such as a community newspaper (that was being read);

monitoring of perceptions; radio; television and posted notices. The comments cited above indicated that respondents believed that the community had benefited from the presence of the company in a variety of ways that include employment, training, knowledge, organization, infrastructure (thanks also to related investments by the national government), economy, retention of Shuar culture. As a result, the community was in a better position to face the future. Some interviewees expressed minor concerns. Many interviewees were of the opinion that the company had also benefited because it had gained the acceptance of the people, established friendship bonds and was able to carry out its work, and because it had access to productive, relatively cheap labour. It has access to a valuable gold resource and will gain when a mine opens:

“...Everyone gained. If they do things the wrong way, everyone loses. Kinross obtained its social licence and it has the trust of the people. It has productive workers from the community...Yes the company benefited because it has cheap labour, which is in its interest...The benefit that the company obtained is that the people support its project [male community members]...The community now knows the Canadian company and therefore supports it...I don't know if the company has benefited but I believe that one of the benefits would be striking up friendship bonds and be united with the community [female community members]...The benefit to the company was to achieve acceptance by the community so that it could carry out the studies they needed and afterwards exploit the minerals...Yes the company benefits because it will extract the minerals...The entire community changed and accepted the company because of the source of employment it provided...The benefit the company obtained is the trust of the people so that they don't oppose the mineral exploitation they will carry out...I believe that yes, the company has benefited because it will extract gold from the area...So far the company has not gained but in the future it will gain economically. In other terms, yes, it has gained [trust, respect]...The company gained because of the appreciation and the gratitude of the people [male community members]...”

Several interviewees were frustrated by the lack of progress in the negotiation of a contract between Kinross and the national government:

“...I believe that the company has not yet had any benefit because the contract [with the government] has not yet been signed...The company has lost so far: the contract has not yet been signed...Everyone is losing by the delay in the signing of the contract between Kinross and the government (the community, the government and the company)...While there is no contract we are all losing: the company, the community and the government

[male community members]...”

There was fear that, if Kinross and the government could not come to an agreement, the project might be sold to a Chinese company, and Chinese companies have a bad reputation in Ecuador:

“...I am not opposed to Kinross because they take advantage of natural resources. We know that the Chinese have neither environmental nor social responsibility...The Chinese companies only take out the minerals, they bring their own technicians and don't employ local people...We will not permit the entry of Chinese because we know that they don't treat their workers well, there are comments from friends and everyone that the Chinese are no good...In Panguí there was strong opposition to the exploration project and the company sold it to the Chinese [Ecuacorriente S.A.]. Now there is no popular support left. The company that bought the project has a different philosophy – they consider the public works carried out [by Ecuador Estratégico] using advanced royalties to be sufficient and they don't have a special fund for community development such as Kinross has. If the government does not sign with Kinross, people are very afraid of the Chinese. This would cause grave dangers to the soil, the environment and culture...The community will not allow the entry of a company other than Kinross [male community members]...”

The company had gained the trust and the support of the community, access to productive workers at reasonable salaries in Los Encuentros and access to a valuable gold deposit. It also made good progress towards its goal of community development.

The observed course of social events and the perceived many benefits and few harms resulted from the interactionist processes that were discussed in Chapter 4. The Fruta del Norte case well demonstrates the processes represented in Figure 4.2 and the productive outcomes suggest that the company and the community based their meanings, interpretations, decisions and changes on valuable underlying principles that include dialogue, meeting transactional needs and tactical dimensions of building trust. A generalized model that builds on the case studies will be presented in Chapter 7. Kinross and the Ecuadorian government could not reach an agreement and Kinross ceased work

on the project. The government of Ecuador commissioned a study on its competitiveness in attracting foreign direct mining investment that resulted in some changes to its policies. As a result of these changes there was renewed interest in investing in Ecuador and in December 2014 the project was bought by Lundin, a Canadian company with a good business and social reputation. The parish of Los Encuentros presented Kinross with a plaque expressing its appreciation, and symbolically handed the keys of Los Encuentros over to the CEO of Lundin (personal communication, Dominic M. DeR. Channer).

## **Summary and conclusions**

Relationships did play an important role in determining the course of social events, for example the actions of the “bridge builders” mentioned in Chapter 4 involved working through existing relationships, and building new ones. The relationship with the parish council allowed the development of beneficial joint projects (for example the educational program); direct relationships between actors were a key part of the process. Conversations with a key actor suggested that his building of a personal relationship with the President of the Republic helped much in the change process; relationship patterns in Los Encuentros were dominated by the Kinross – parish council axis; the Kinross – community relationship had very low risk of conflict measures for all. Kinross had contributed significantly to the community’s progress towards its development goals, and the community had contributed significantly towards Kinross achieving its relationship goals. The relationships built by the community and Kinross created conditions under which Lundin, the successor of Kinross, could pick up the thread and continue. As will be

shown in Chapter 6, Kinross' values and internal dynamics greatly influenced its interactions with the community.

## Cauchari-Olaroz

### Field study information

The study team consisted of Bernarda Elizalde (then CSR Manager of the PDAC) and the author of this thesis. The interviews took place between October 24 and 28, 2011. Table 5.7 shows the categories of interviewees and their number in each category. The interview guide used for this study is shown in the Appendix. Many of the interviews were set up in advance with the help of Graciela Medardi, director of the School of Mines, National University of Jujuy.

**Table 5.7.** Categories and numbers of interviewees, Cauchari-Olaroz project

Category	Female	Male	Total
Company personnel	4	11	15
Community members	3	3	6
Provincial authorities	1	1	2
Members of the provincial legislature		1	1
Media		1	1
Business organizations		1	1
Academia	1	2	3
Unions	1		1
Religious organizations		1	1
Grand total	10	21	31

### Project description

Minera Exar is a fully owned subsidiary of LithiumAmericas (TSX: LAC, OTCQX: LHMAF). At the time of the case study, major shareholders were Mitsubishi

Corporation and Magna International. Its market capitalization was of the order of US\$ 115 million. The company focuses on the exploration for and the production of lithium and potassium from brines found underneath extensive salt flats in the Argentine puna (high plains). The Cauchari-Olaroz project will recover Li from the two salt flats with the same names that run North-South and cover an area of roughly 100km by 10 km. The company's main concessions are: Cauchari-Olaroz, Inca Huasi, Pocitos and Arizaro. Its Cauchari-Olaroz property was at the pre-feasibility stage and production parameters were being identified using a small pilot plant that was located at the edge of the salt flat, at 70 km. from the company office in the town of Susques, Department of Susques, Province of Jujuy, Argentina. The project is located at an altitude of about 3,950 m. above sea level. Minera Exar has the rights to subsurface minerals (Li in this case), whereas other types of companies have the rights to surface minerals such as borates. There are about 20-23 "borateras" (borate producers), many of them quite small, that have been producing borate for ten to 20 years.

## **Context**

The Province of Jujuy covers an area of some 53,000 km<sup>2</sup>. The major part of the province is taken up by the puna, a high plain at an altitude more than 3,500 m. above sea level that extends across the northwest part of the province. The salt flats and brines characteristic of the desert landscape were formed by the leaching and transport of elements from volcanic strata. Evaporation of the water contained in the leachates led to the precipitation of the salts that form the extensive salt flats and brines. They contain economically valuable elements such as boron, potassium and lithium. The high altitude and associated scarcity of oxygen, lack of precipitation and near absence of hydrography,

thin plant cover, and hard climate with its extreme variations in temperature explain the low population density of the puna. There has been a reactivation of mineral exploration in the province since 1932. Jujuy has been a mining province since pre-Inca times (Alonso, 2010).

According to the 2010 census, Jujuy had a population of 672,260, of which 3,757 lived in the Department of Susques Table 5.8 shows the age distribution of the population (Instituto Nacional de Estadística y Censos (INDEC), 2010a)., and Table 5.9 shows the income distribution of people with jobs.

**Table 5.8.** Age distribution in the province of Jujuy

Age group	Percentage of population
0-14	27
15-64	64
65 and over	9

**Table 5.9.** Working population by remuneration of principal occupation for urban zones, Jujuy and Argentina (Instituto Nacional de Estadística y Censos (INDEC), 2010b)

Monthly Remuneration – Jujuy (US\$)	Remuneration – Urban Average – Argentina (US\$)	Percentile (% of workers with lower income)
3,000	4,000	90
2,300	3,000	75
1,500	1,900	50
800	1,000	25
400	480	10

Over the period 1980-2002, the average proportion of the population of Jujuy that was economically active was only 34%, as compared to the national average of 42.3%. Over the same period, the average employment rate was 31% and the average unemployment rate was 10%, as compared to national averages of 36% and 12%,

respectively. The explanation for the combination of both low employment rate and low unemployment rate is related to low participation in the labour market, as a large portion of the population is not economically active (Martínez, Golovanevsky, & Medina, 2010).

Table 5.10 shows data on unmet basic needs.

**Table 5.10.** Households and population with Unmet Basic Needs, Jujuy and Susques (Instituto Nacional de Estadística y Censos (INDEC), 2001a)

	Households			Population		
	Total	With UBN	%	Total	With UBN	%
<b>Total Jujuy</b>	141,631	37,028	26.1	608,402	175,179	28.8
<b>Susques</b>	724	304	42.0	3,452	1,435	41.6

Table 5.11 shows poverty statistics for 2002 published by the Instituto Nacional de Estadística y Censos - INDEC (National Statistics and Census Institute). The poverty line was defined by the ability of a household or individual to meet basic essential dietary and non-dietary requirements. The extreme poverty line was defined by the ability of a household or individual to meet basic essential dietary requirements. The information was retrieved in December 2011 from the INDEC web site, but the URL was no longer accessible in August 2014. INDEC has made a controversial change to its methodology that, according to some observers, vastly underestimates inflation and thereby the cost of living and many argue that the new numbers underestimate poverty by a factor of four or more (El Economista America, 2014). In the puna region of Jujuy there is a significant concentration of indigenous communities and the total number of indigenous people is around 41,000 (Bidaseca, 2011)

**Table 5.11.** Population living below the poverty and extreme poverty lines in October 2001, Argentina and Jujuy (Instituto Nacional de Estadística y Censos (INDEC), 2001b)

	Poverty %	Extreme poverty %
<b>Urban centers total Argentina</b>	57.5	27.5
<b>Jujuy</b>	73.1	36.4

In 2005, 92% of school-aged indigenous children went to elementary school, 6% went to high school, and 2% went on to higher education. Many children in Jujuy must walk four to ten Km. over paths through mountains and high plateaus to attend elementary school. Furthermore, for most young people, the nearest high school is 100 to 200 km away (personal communication, Mónica Echenique). Jujuy was the province most advanced in transferring land titles to indigenous peoples, while the indigenous communities at the same time played a strong role in the debate together with officials and legislators (Borghini, 2010). As a result, most of the land in the department of Susques has been “measured and transferred” to indigenous communities. The claims of the Cauchari-Olaroz project are located on aboriginal lands that belong to the communities of Puesto Sey - Termas del Tuzgle; Pastos Chicos - Manantiales; Huáncar; Olaroz Chico and to a lesser degree Susques - Pórtico de los Andes and Catua. The aboriginals belong to the Atacama group of indigenous peoples that live in northern Chile and north western Argentina. In the 2001 census, the department of Susques had around 3,800 inhabitants. 31% of the population works for the state (9% above the national average), 26% for the private sector, 25% works within the family, and 18% is self-employed. About 47% of the population between the ages of 14 and 65 had full-time employment. According to the 2001 census, 78% of homes had running water and 71%

electricity, while none had a sewer connection. About half of all homes had a telephone, 40% had access to public transportation, 60% to garbage collection, and 75% benefited from public lighting. According to census data, there was no pavement. 30% of the population had not received any education or had not completed primary school, 8% higher than the provincial average and 12% above the national average. 59% of those who completed primary school did not complete secondary school, 10 and 11% higher than the provincial and national averages, respectively. Only 2% completed post-secondary education as compared to 6% provincially and 9% nationally. There are a primary and a secondary school in the town of Susques, and there are 12 rural schools. The department has 8 health stations that provide ambulatory care and an 11-bed hospital in the village of Susques. The most important settlements in the department are Susques, Puesto Sey, Pastos Chicos, Huáncar and Olaroz Chico (Sarudiansky, 2008). The communities in the area attach an important meaning to the land:

“...The communities in this region are very much attached to the land [female company employee] ...”

## **Observed patterns and characteristics of relationships**

Several interviewee comments indicated that face-to-face interactions were considered to be important, whether positive or negative:

“...The people here [in this area] are very quiet and in general look after me very well. It is easy to work with the people from here. They hard-working and don't have problems with anyone...There is very little conflict: issues are always clarified through conversations ... Living together [in the camp] creates a special climate – it is not perfect ... We did not work well together, we had to ask for permission too often, there was much affection but also much tension. In the end, the person with whom it was difficult to relate was let go ...A third party could extract bad opinions and good opinions [from employees when there is an issue] to be able to resolve the issue. Maybe the new person in Human Resources could help change the situation. Every now and then a person from outside could analyze the situation [male employees]...”

The direct interactions between the company and the communities were mostly handled by the community relations team. They were dedicated and put great effort into building personal relationships with the communities. Sometimes this created ethical dilemmas for them:

“...There is a continuous go-around between community relations, the communities and the CEO, with much social dynamics. We take part in the general assemblies of all the communities and get to know the people very well...For issues related to the communities, the other parts of the company always contact us...Personal friendship with community members can cause ethical dilemmas. For example, sometimes we are entrusted with personal information. How to maintain work and personal matters separate? Keep within the company what needs to stay within, and make sure to keep outside of certain comments by community members – sometimes we cannot react [female employees]...”

The management of the company considered CSR to be very important as indicated by the comments below, from the perspectives of the communities’ wellbeing and of operational and relationship considerations

“...The company has the potential to change the local communities’ life and make sure that those changes are positive, and the negative risks mitigated... CSR has to do with the human side of things, and how are you going to manage it. Take care of the changes that are to come due to the mining activities. Some decisions in this regard cost money, and we allocate it through our community relations department... Is it spending money or investment? CSR is an investment because if you don’t allocate resources to these matters, the communities will not allow you to operate...It is important to be present. Small things are important, a consistent relationship and contact with locals is essential...The community relations staff reports directly to the CEO because there are decisions that need immediate and direct attention. The budget managed by the community relations team is independent from the rest of the company’s budget [male company CEO]...”

The network of relationships was still fragile and dependent on a few critical nodes: the community relations team, the company CEO and specific community members that had spearheaded the establishment of relationships with the company. As was mentioned in the discussion of the theoretical framework, the processes were dynamic and this study provided only a snapshot. Changes in key personnel such as the CEO and the community relations team could have a major impact because of a change

in philosophy or in the continually changing dynamics of interpersonal interactions. The communities were well aware of the risks of possible changes in company personnel or approach:

“...For now they respect us, but afterwards we don’t know...The respect for the local people has to do with the personnel of the company. Let’s hope that if there is a personnel change the same level of respect is maintained...We are concerned and we want to know what will happen in the future when they grow, when they begin to produce lithium [male community members]...They are good in the social, but with time we have expectations, especially when the company begins to produce lithium...The ideas have to come from us, because they have to be for the long term. Because one day the company will leave. We know that the state has to participate too for things that we cannot do [female community members]...”

From linear engineering or classical organizational behaviour perspectives such situations present a challenge, but they are par for the course in symbolic interactionism. Its flexible framework takes into account continuously changing meanings, interpretations, reference communities and decisions and facilitates the identification of opportunities and threats for all the actors involved.

As it was possible to interview a fair number of both community members and company employees, it was possible to compare “within company” and “company-community” relationships in terms of the relationship indicators. The process used to arrive at the summary descriptions for the relationship indicators will be demonstrated in Chapter 6 for the Río Blanco and Fruta del Norte cases. In the following section, the “within company” and “company-community” relationship indicators are discussed in groups of two.

## **Trust and respect**

### **Within the company**

The comments below suggest that there was trust and respect within the company

“...The relations between managers are good and there is much dialogue...Management is flexible and supports staff...There is much freedom of decision and of organization of work across the company... Limits are established appropriately and the company is well organized – it delegates to the various areas of work and has good practices... I am proud to work for a company that wants to do things well, gives people the opportunity to do things well, and has confidence in us... Discrimination is within a person and there are no problems – there is respect within the company.... Also higher level employees trust lower level employees and let them work freely [male employees]...”

### **Community-company**

While the words “trust” and “respect” were not specifically mentioned, the community member comments reproduced below implicitly recognize the presence of trust and respect:

“...Exar is the only company that has come to talk with us directly from the beginning [female community member]...They always participate with all the people in the town. People like it that they come because it helps us...In the community everything is alright with the company because they have consulted us from the beginning and they always communicate changes and through agreements...I have seen that the company does not impose its ideas...The company is doing things right, helping the community including doing what they are not required to by law, this makes us feel that they are good neighbours [male community members]...”

### **Communication and mutual understanding**

#### **Within the company**

While communication within the company was not bad, improvements could be made in cross-areas linkages such as between community relations and other departments to avoid “crisis management”. Employees also would like to receive more information about plant operations and mitigation approaches in case of a problem:

“...There is much e-mail communication in the company across all organizational levels - e-mail is an essential tool and a forum for debates... Skype is also used extensively and conference calls are common... Electronic media are used extensively, for example we had a two and a half hour Internet meeting with participants in Chile, Canada and in our field pilot plant... Agreements are confirmed in writing and improvements are made as necessary... Cross-area linkages could be improved and some technical problems avoided....The community relations department could work in a more coordinated and

continuous manner with operations and other departments to avoid that its work turns into “extinguishing fires” instead of creating synergy...In the company they always talk about our responsibilities. We hope that it disseminates this more with examples and workshops on human resources and rights and obligations...We need them to give us more explanations about mitigation measures [for when something goes wrong in the plant]. It would be ideal if they could explain what the plant will be like [male employees]...”

## **Community-company**

There was good mutual understanding between the company and the communities:

“...They inform us of the plans and we want them to proceed...They respond to our concerns, and well...The company always consults us through the assemblies, and because of this we have good relationships...The important thing is to speak truth – they even informed us about moving a bit of soil...We would like them to come and talk to us about risks and mitigation every three months [male community members]...”

## **Conflict resolution**

### **Within company**

While there was a low level of conflict within the company the decision of a local employee to seek redress through his community’s leader rather than go through the company structures suggests that the establishment of a more formal conflict resolution mechanism merits consideration. At the same time, the fact that the community leader immediately approached management and that the problem got resolved speaks well for communication between the company and the community. However, the comments cited below suggest that there to have not been serious conflicts within the company, or between the company and the communities:

“...There is a low level of conflict and most problems get sorted out through conversations...There is no conflict – a misunderstanding of instructions from time to time...There have not been many conflicts [male employees]...Neither Minera Exar nor Sales de Jujuy has an explicit grievance mechanism and both handle complaints through

their Community Relations departments [external interviewee in the provincial capital]...Complaints are channelled through Management and Human Resources. Community Relations deals with external complaints and the reports go to the manager of the Susques office who makes the decisions. The CEO meets with community leaders to respond to the community...When formalized, the grievance system could be improved keeping a record of complaints; to monitor for resolution; whose responsibility it is to respond; and whether a case is closed or still being processed... An employee had an issue concerning a particular manager in Minera Exar and he approached his community leader rather than company management. The community leader then talked with management, which took corrective action and resolved the problem [male company employees]...”

### **Community-company**

The term “conflict” did not come up in any of the interviews with community members, and comments by external actors and by a member of one of the six communities at a CSR seminar suggest that community-company conflicts are rare and that, if something is not right, the communities will take a dialogue approach to resolve the issue:

“...We have never had a complaint about Minera Exar [provincial authority]...Now the company is a new neighbour that is incorporated and we open the doors to it, but without forgetting that we will be the first overseers of the agreed-upon precepts and if we see some errors we will rely on the dialogue that characterizes us to ask for explanations and corresponding rectifications [Speech by a female member of one of the six communities]...”

### **Goal compatibility**

#### **Within company**

As this study focused on social responsibility, many employee comments are related to this topic. While the company is young and all employees were new and culturally different (about half of them came from other regions of Argentina), their view

of the issues and their importance was remarkably well aligned with stated company objectives.

“... We need policies and concrete actions in CSR to meet our goals. I know that the CEO will support this, it is on his mind. Although sometimes there is no time, we have to prepare ourselves to work on what needs to be improved, to be ready for what is coming... The more I know, the more I can compare it to what we are doing to improve [with respect to e3 Plus]. The consultants also have to know e3Plus... We talk about it [e3 Plus], but we don't have time to get into the details [female employees]... The CEO is the first who needs to commit to CSR, followed by the managers who have to know what has to be accomplished in their area... This issue is becoming more critical and we need more CSR training. We need to prepare ourselves for new responsibilities and roles, and for the arrival of more people... Now we are like a child growing up with the values of the company. Seeing the good example of our superiors we know what to do when we grow and continue as a larger company... CSR has a significant impact on my day-to-day work... Although we do not have a course yet, I want to learn about it and apply it. CSR is becoming more and more important to the managers... I know from informal conversations that we need to have good relations with the communities to avoid problems and obtain the social license to operate [male employees]... For the CEO CSR is as important as the rest of the business. Personnel support the CSR policy well... Our major challenge: become a productive mine, achieve our objectives. Continue working on the social as much as we can. Create a source of employment and leave a future for the people. We have done much in two years [male management employee]... They [the company] have moral force. They do the work to do what is correct – manipulating is bad... Safety and environment are the major challenges now and into the future [these are company priorities]... My major challenge is to be able to complete the objectives of the company [male employees]...”

### **Community-company**

A community member summarized the communities' understanding of their and the company's goals as follows:

“... At the beginning the people of the six communities of the Department of Susques involved in the lithium project after the company had provided us with information on the work they thought of doing, after having visited the site where the work would be done, and after having asked the authorities in Jujuy [the provincial capital San Salvador de Jujuy] what they thought of it, worried about the impacts, we decided to ask and listen. In this way we formed ourselves an opinion of what the work is and of what role we need to assume in the development of this mining activity in our territory... Now we bet on this activity, generating change, and if we are mistaken we will see the error we made to correct it. We neither want nor will allow that others “key in” our future. To the contrary, we invite them to be participants in the sustainable development that comes hand in hand with respect [female community member]...”

These words are a textbook example of how symbolic interactionism works. The project arrived and the communities gave it the joint meaning of “something to be looked at” (some communities were initially opposed and some weren’t). They debated the issue (interaction with their peers) and drew on their reference communities (the company, the authorities in San Salvador de Jujuy and their own communities) and arrived at a more definitive meaning. It took between one and a half and two years of intense debate for the meanings of the communities to converge. They then decided to “take the jump” and make changes along the way as needed. While the processes to achieve convergence of meanings within the company and within the communities were quite different, the time taken was of the same order of magnitude.

## **Balance of power**

### **Within company**

The first two comments quoted below suggest that the balance of power is clearly slanted towards management, whereas the subsequent quotes indicate that there still is considerable freedom for individual employees to act.

“...Structural relations regulate daily activities... Limits are established appropriately and the company is well organized – it delegates to the various areas of work and has good practices [male management employee]... I am proud to work for a company that wants to do things well, gives people the opportunity to do things well, and has confidence in us... There is respect within the company... Higher level employees trust lower level employees and let them work freely [male employees]...”

The work of Bowen et al. (2010), Kemp et al. (2012) and Kemp and Owen (2012) implicitly suggests that balance of power within companies may affect the effectiveness of their CSR practices reason for the relevance of the above observation. Chapter 6 will say more about this.

## **Community – company**

The indigenous lands on which the project is located have been “measured and handed over” to the communities under article 75 in. 17 of the Argentine constitution. This means that they have full title and the right to decide what can happen on their lands. Without their explicit permission, the company cannot carry out any activities, a fact of which the company is well aware:

“...We establish our relationship with the communities and their understanding and permission allows us to go ahead with our projects – the so called social license to operate... Dedicating resources to community engagement and development is an investment. Without it, the communities will not allow the company to operate [male management employee]...”

The communities own the land and have the power to shut the project down. The company brings resources and skill sets that the communities lack and from which they hope to learn and benefit. Both parties are fully aware of this and act accordingly. To be clear, “power” in this context is not linked to “struggle”, but rather to who brings what and who can most influence what processes, for good or for bad. The agreements signed with the communities appeared to provide a clear description of responsibilities and expectations and comments by community members (quoted earlier) indicated their satisfaction with the company meeting its end of the deal. The company in turn expressed its desire for the communities to be together with them in this venture, and appeared to be satisfied with how things were playing out.

## **Focus and frequency**

While the author was not able to review the agreements that had been struck between the company and the communities, the community member comments cited above and many

of other community interviewee comments quoted earlier indicate that both parties have negotiated and are fully aware of their respective roles and responsibilities. The company is always present at the monthly general assemblies of the communities and additional meetings are called when issues arise. As was discussed in Chapter 4, visibility; sincerity and personalization; showing face; and establishing routines leads to the development of relationship patterns and new social structures surrounding mineral exploration projects, and to determining the course of social events and the perceptions of present and future benefits and harms. The Cauchari-Olaroz project appeared to meet all these criteria which boded well for the future. However, external events sometimes interfere as they did in this case: financing became difficult and there was some disagreement with the provincial government about the conditions under which the newly established provincial mining enterprise could become a partner in the project. As a result of these difficulties, the project ceased operations for one and a half years. Once these issues had been addressed, activities resumed in the fall of 2014 and the company-community relationship survived these setbacks. The interactionist processes dealt with the changing circumstances through the relationship and interaction patterns that had been established and that allowed all parties to adjust their meanings to the new circumstances without too much divergence.

## **Stability**

### **Within company**

There were no specific interviewee comments that could be linked to the predictability of relationships within the company. However, many of the comments

quoted earlier paint a picture of generally agreeable relationships and it is reasonable to assume that “agreeableness” is positively correlated with predictability.

### **Community-company**

The structures and practices mentioned under “focus and frequency” established a platform for predictability. While there may have been bumps, everyone was confident to find a way through these using the established patterns and processes.

### **Productivity**

#### **Within company**

Earlier interviewee comments indicated that the target results of the company were to establish good relations with the communities, contribute to their well-being, obtain their permission to work and to begin producing lithium. The first three target results were achieved as indicated by community interviewee comments the latter was not, for reason beyond the scope of the present study

### **Community-company**

The community company relationship met the criteria outlined by the member of the community of Puesto Sey that were mentioned earlier: the company and the communities acted as good neighbours, and if there were any issues (no substantial ones were raised in the interviews) they must have been resolved through dialogue. From the company perspective, the relationships allowed the company to do its work.

### **Reference communities of the company and its employees**

The most relevant way of categorizing subsets within the company was by ‘employee origin’ and by ‘rank’, leading to the subsets: ‘local employees’; ‘non-local employees’; and ‘management’. Current reference communities of management likely included company head office; relevant professional organizations; peers in mineral exploration and mining. At the time of the study the ‘company’ reference communities were probably nearly identical to the ‘management’ reference communities.

As mentioned earlier, this may change with time as by nature, relationships are not static. In adopting the Equator Principles and later e3 Plus for its social responsibility approach, company management was measuring itself against the norms of professional organizations and peers.

Local employees’ reference communities likely consisted of the local community members and leaders; the general assembly; religious and spiritual leaders; and family networks, as is evident from an employee’s decision to approach the community leader for help with solving a problem at work, and employee concerns about the company not offering to the PachaMama (the earth/time mother goddess). At the same time, several local employees were well aware of and influenced by company norms and values, as part of the dynamic change process.

The subset of non-local employees (mostly from other provinces of Argentina) probably did not have a single group of reference communities: each related to his or her reference community “of origin”. With time and continuing interaction, ‘the company’ may become more and more included in the subsets’ reference communities.

### **Reference communities of community members**

Real and imaginary members of the reference communities of community members likely included general assemblies; other communities in the zone; tribal organizations; umbrella indigenous organizations; spiritual leaders; oral traditions; and possibly certain NGOs. This aspect needs more study. The leader who represented the six communities at the social responsibility seminar that is described in the next section skilfully melded the ideas and concerns alive in her communities with norms on indigenous issues being articulated and promoted through organizations such as the International Labour Organization, the United Nations, the International Finance Corporation and others to explain why the communities had decided to support the company and what safeguards they were putting in place. However, she did not make any direct reference to these norms: they had become part of the broader global indigenous reference community. Aspects of this reference community overlap with those of the professional and peer reference communities of the company (both probably drawing on the same sources), which definitely facilitated reaching an agreement.

## **Social responsibility approaches**

This section describes the strategic approach of the company and the communities.

In September 2012, both the CEO of Minera Exar and a member of the community of Puesto Sey (one of the communities in the area of influence of the Cauchari-Olaroz project) participated in a seminar on social responsibility during Argentina Mining (held in Salta). The text below draws on their observations and on interviewee comments.

For the company, social responsibility was a business vision that integrated the management of the company with respect for the values and ethical principles of the employees, the community and the environment. Preparations included surveys, a socio-environmental baseline study, hiring of specialists with experience in the subject matter and in the area, and involving senior personnel in the area where the work is being carried out.

In the design of its social responsibility approach, the company drew on the Equator Principles and e3 Plus (Pérez, 2012). The plan included the following components: local purchasing; local employment where possible; support for local initiatives; communications; consultation. Lessons learned: were that the most affected communities need to benefit most; that it is better to be open and clear than to be secretive; and that many small “public work projects” have more impact than one big one. Big “public works projects” would compete with the state or other social actors and could cause more problems than benefits and cooperative undertakings are more effective than gifts. A social responsibility plan has to be implemented *before* problems occur, not *when* they occur (Pérez, 2012).

From the communities’ perspective, the change processes were above all linked to the right of the communities to free, prior and obligatory consultation about the implementation of mining activities on their lands, and to enable them to determine if their interests would be affected or damaged by a project that could have environmental, social economic and cultural impacts. They are well aware of the changes that are occurring in the mineral exploration and mining industry and of the increased expectations placed on companies:

“...The situation has changed and nowadays there are companies that are responsible and that recognize that it is a duty to treat communities with respect and solidarity, and that the use of good practices is the key to sustainable development. Often, the adverse impacts of mining in the past have been what weighed most on the memory of the people, for which reason indigenous populations have set out rules of the game that are more strict. They are now ensuring that their right to respect for their territories, culture and society prevails...It is now common practice that companies request permission to explore; communities visit the site during project development; companies participate in general assemblies and cultural events; the companies develop local suppliers and provide capacity building to employees and the community; companies treat their employees well in all respects... [female community member presentation at a CSR seminar]...”

The six aboriginal communities expressed the following expectations:

“...Ongoing participation of the state and companies in the development of the region jointly with the communities; priority employment; joint community-company-state environmental protection; existence of good practices to protect the health and safety of the workers and the local population; integral education and training plan; family strengthening; respect for local laws and customs; easement contract compliance; a social impact study aimed at the long term; dialogue and fluid communication between the community and the company; push the government to return part of the taxes and royalties to the region; plan for direct infrastructure investment; and rational exploitation of natural resources [female community member presentation at a CSR seminar]...”

As was mentioned earlier, the communities had engaged in an intense process to arrive at their decision:

“...We know that we are just at the beginning, but we have already been working together, state, six communities and company (some more than others) but I understand that our role is very important. That we have to develop it with responsibility, communicating all information we receive from the state and from the companies, while at the same time make it clear what are the concerns of the people from the communities. This has been a long process in which we all have participated, through which we got to know each other, we have debated, we have demanded, but always with respect and from the place that each of us occupies...We are not beholden to the companies. Yes, we are engaged with social responsibility, with the development of our communities. Now the company is a new neighbour that joins us and we open the door to them, but without forgetting that we will be the first to supervise the agreed-upon precepts and if we see any errors we will use the dialogue that characterizes us to ask for the corresponding explanations and rectifications...Now we are betting on this activity, making the change and if we are mistaken, we will look at it to correct it. We do not want nor will we permit that others determine our future. On the contrary, we will invite them to be participants in the sustainable development that comes with respect [female community member presentation at a CSR seminar]...”

As was seen earlier, interviewee comments generally agreed with the sentiments expressed above and they felt positive about the company's initiatives and their involvement, with some exceptions and specific concerns.

## **Perceived present and future benefits and harms**

Benefits to the community included the income from compensation for the use of their land (under "convenios de servidumbre"). Other benefits mentioned included: support of the NGO SUYAI in various campaigns in the battle against cancer, collaborating with the transportation of women to the location of the truck sent by the Ministry of Public Health.; capacity building; employment; road development and cleaning; various types of support to educational, religious, sports and municipal institutions. While the company was quite prepared to help with issues such as garbage disposal and sewer systems, they would only do so if the communities took the initiative.

Benefits to the company include approval of the Environmental Impact Report within eight months; strong community support for construction of the mine; signed agreements with each community, including an integral development plan; united support from local communities against numerous attempts to attack the project by outside groups (Pérez, 2012).

Some community concerns remained:

"...For now they respect us, we don't know about later on...The respect for the local people has to do with company personnel. Let's hope that the same level of respect is maintained if the personnel changes..." Hopes for the future include "...That the company maintain its participation, that the workers have better relations and that our culture be respected, that they participate in the PachaMama, and that the meetings be a little more extensive so that people better understand their technicians and specialists

...sometimes we see barriers because we have other ways of saying things – simple words – drawings are needed[male community members] ...We would like them to address our concerns with independent external help [female community member] ...”

Also, some of the communities outside the area of influence of the company complained about being left out.

## **Summary and Conclusions**

Direct interactions, personal relations and hard work by all played an important role in bringing the parties together after initial community opposition to mining. Overlap between reference communities of both parties facilitated coming to an agreement: many of the points made by the communities’ spokesperson came from the same sources on which the company drew for its social responsibility approach. Both parties were well aware of the risks involved in entering into a long-term relationship, and both were willing to take these risks. The network of relationships was still fragile and dependent on a few critical nodes such as the community relations officers and particular community leaders. The power equilibrium that flowed from indigenous control over the land was beneficial to both parties. There were a number of similarities between the “within company” and “community-company” relationship indicator profiles which suggests a possible link between the way a company handles its internal relationships and its relations with surrounding communities. As mentioned earlier this also applied to the Fruta del Norte case, and possibly also to the Lindero case, as will be discussed below. However, additional research is needed to fully confirm such a link.

## **Lindero**

### **Field study information**

The study took place from October 11 to October 15, 2011. Interviews and conversations were held in Salta (the provincial capital), San Antonio de los Cobres, Tolar Grande, the Arita exploration camp and Cavi (an oasis at 20 km from the Arita camp). Because of time limitations, some of the interviews and conversations were conducted in a group format (e.g. the interview with about 10 staff in the Arita camp and the conversation with members of the Chamber of Mines). While conversations were related to the topic of study, they were free flowing and did not follow the interview guide. Table 5.12 shows the categories of people with whom conversations took place or interviews were held.

**Table 5.12.** Categories of respondents, Lindero project.

Category	Gender		Total	Location
	M	F		
Community member	2		2	Tolar Grande and Cavi
Municipality of Tolar Grande	2	1	3	Tolar Grande
Provincial government	2	1	3	Salta
Provincial Politician	1		1	Salta
Judge of the peace	1		1	San Antonio de los Cobres
Professionals	5	4	9	Tolar Grande and Salta
Mansfield Minera	15	2	17	Arita camp and Salta
<b>Total</b>	<b>28</b>	<b>8</b>	<b>36</b>	

The interview guide used for this study is shown in Appendix A. The table shows that respondent distribution is skewed towards Mansfield Minera employees and professionals, and that a number of interviews and conversations took place in Salta. The logistics of travel between the various locations and the absence of accommodation in Tolar Grande played an important part in this respect. However, there were no significant contradictions between comments across respondent categories and a coherent picture of relationships emerged.

Mansfield Minera had been active in Salta since 1994, and in 1999 they discovered the Lindero prospect that was brought to the pre-feasibility stage in 2010. The company had a working capital of C\$ 4.4 million (Thomas, Melnyk, Nimsic, Khera, & Kappes, 2010). The Lindero project is located in the puna, in the department of Los Andes, province of Salta, Argentina. It can be reached by road (paved part of the way) from Salta, through San Antonio de los Cobres. The driving distance is about 420 km, which takes some 8 hours. The project is located at 75 km. southwest of Tolar Grande, the town closest to the project. It lies at an altitude of approximately 4500 m. above sea level (Ausenco Vector, 2010). The Arita field camp is located on the edge of Salar Grande.

## **Project description**

The principals and the director have worked with the company since the beginning. Finances and resources have been managed very cautiously over the life of the project, as is evident from the somewhat unusual length of time it took to develop the project (more than 16 years as compared to an average of four to eight years for most projects). Sufficient patient shareholders stayed on board to continue the project. The cautious approach paid off in terms of establishing stable community relations. Vancouver head office fully trusted the local office and gave it great freedom of action while at the same time setting clear and sufficiently broad boundaries. The local director was also the president of the Salta Chamber of Mines, a function that, with approval of head office, took 70% of his time. Through this role he was very well connected to many sectors of Salta society and he had thorough background knowledge of much that went on

in the Province. The company had an office in Salta that handled purchases, administration, government relations, core shack and logging of core. The Arita field camp was located close to the project site and consists of a number of portable buildings that contained an office, a meteorological station, sleeping quarters; a diesel electricity generator, showers and a dining room.

## **Context**

The total population of the Province of Salta was 1,215,207 in 2010. The Department of Los Andes in which the project is located had a population of 6,126. The average population density of the province as a whole was about 7 inhabitants per square kilometer, while for the Department of Los Andes it was only 0.2 (Instituto Nacional de Estadística y Censos, 2010a). There are two municipalities in the Department of Los Andes: San Antonio de los Cobres and Tolar Grande with 5,482 and 148 inhabitants (2001 census), respectively (Romero & González, 2008). San Antonio de los Cobres is important from a company and CSR perspective because it is the administrative centre of the department. While it was not possible to access recent census data through the Internet, the population of Tolar Grande at the time of this study was reported to be around 168, indicating stabilization since 2001.

Table 5.13 summarizes some social indicators and employment statistics for the region.

**Table 5.13.** Social indicators and employment data for the Province of Salta, the Department of Los Andes and the towns of San Antonio de los Cobres and Tolar Grande (Instituto Nacional de Estadística y Censos, 2010a; Instituto Nacional de Estadística y Censos (INDEC), 2001b) UBN = Unmet Basic Needs

Indicator	Salta	Dept. of Los Andes	S. A. de los Cobres	Tolar Grande
Homes with UBN	28%	27%		
People with UBN	32%	42%		
Illiteracy	5%	10%		
People > 15 years of age not completing primary School	22%	37%	37%	25%
People completing secondary school	29%	15%	15%	31%
Access to social benefits	40%	34%	33%	61%
<b>Employment data</b>				
Unemployment rate	30%	19%	19%	17%
Number employed	278,164	1,397	1,329	68
Public sector	23.2%	34.0%	32.1%	70.5%
Private sector	43.3%	26.1%	26.6%	16.1%
Owner	3.5%	0.2%	0.2%	0%
Self-employed	25.0%	24.3%	24.8%	13.2%
Work for family	4.9%	15.3%	16.1%	0%

The percentage of people living below the poverty line in Salta was 13.4% in 2001, compared to a national average of 9.4%, and 4% were living below the extreme poverty line, as compared to 4.8% nationally. The employment data show that a very high proportion of Tolar Grande's labour force was working in the public sector. The borax mines in the province have had a long (70 years), stable relationship with the communities and were considered to be part of them. The importance of coordinating activities between companies was recognized by all participants in a meeting with the Chamber. The Chamber organized annual events in San Antonio de los Cobres in which each company showed what it is working on and talked about its future plans. The presentations are made by local employees. The events are combined with capacity building in the afternoon, so far mostly for municipal employees, emergency personnel

and the like (e.g. ATV operation, defensive driving etcetera). While a number of provinces have prohibited open pit mining, Salta had not done so. The local culture is strongly religious (Catholic and indigenous beliefs, thoroughly mixed), family-oriented, and machismo reigns. Companies need to hire local people to do well in CSR - culture is extremely important.

## **Observed patterns and characteristics of relationships**

As a relatively large number of employees were interviewed, it was possible to compare relations within the company with those between the company and the community. The sections below summarize the comparison.

### **Trust and respect**

#### **Within company**

The interviewee comments cited below imply a high degree of mutual trust and respect:

“...Vancouver head office fully trusts the local office and gives it great freedom of action; at the same time, the boundaries are clear and sufficiently broad; the company is thorough and patient ...I trust their work completely and send them out to prospect on their own – they played an important role in the discovery of the Lindero and Arizaro prospects [male manager] ...We are geology assistants and undertake prospecting on our own. We spend 7-12 consecutive days in the field, mostly on provincial lands...We like working for Mansfield because we know what is expected and we are left free to decide how we want to go about achieving our goals [male employees]...There is nothing new about CSR – we have been taking this approach for the past 14 years. It is approached in an informal way, but everybody knows. Suggestions and issues are discussed as a group ...Management always made it perfectly clear that all people should be respected and treated well, whoever they are...We act as the eyes and ears of the company and when we see or hear something that falls outside our [wide] range of responsibility we advise the director who then takes action at a higher level [male employees]...All employees understand that the whole has to benefit and that all are members of a team. This means that duties have to be shared within logical limits...Hierarchy exists in the company but it is built on context, experience, agreement and understanding [male managers]...I had been offered positions in other companies but I set my mind on joining Mansfield

Mineral because of its good reputation [female employee]...Things always get talked over and there is a good dialogue 90% of the time...The company is very flexible in solving problems and is going very easy on employees [male employees].... Life in the camp is like a family. It is important to provide good service and treat everyone with respect [female-male employee team]...”

### **Community-company**

The comments cited below indicate that there was trust and respect between the community and the company. However, the number of community members interviewed was small, and although many of the comments were made by company employees who are also community members this assumption could be questioned. Still, an observation by the author lends additional support to the assumption: when driving through Tolar Grande and through San Antonio de los Cobres the company truck was frequently flagged down by community members to greet its occupants and discuss matters of interest or concern.

“...As Mansfield has been around for a long time, community expectations are realistic and we can say “no” to certain requests for assistance... We know the people of the puna and they want companies to behave well ... There have never really been problems with the community... We are part of the community and talking usually resolves any problems... On a number of occasions the community itself resolves problems, for example when some people said certain things about the company and others don’t agree, community members resolve the matter amongst themselves and it is settled... Many employees are community members [male local company employees]... I [Mansfield director] often receive calls about community problems even before the intendente [elected leader of Tolar Grande] does [company manager]... From our perspective, the relations with the people of Tolar Grande are the most important, but really everybody is important... There have not been any significant problems that we can remember [male local company employees]... The relationship between the companies and the municipality is good and there is an open dialogue ... The community is well aware that the opening of a mine will cause enormous changes, and they are preparing through their municipal plan ... The municipality and the companies regularly meet to discuss and develop defense civil issues, plans and activities ... The regular civil defense meetings between the municipality and companies are useful [male members of the local authority]...We would like Mansfield Minera to work with us, but the mayor is opposed [female member of a community group in San Antonio de los Cobres]...”

### **Communication and mutual understanding**

### **Within company**

Employee comments suggested that there is good communication and mutual understanding within the company:

“...Management decides on most CSR issues and actions. Everyone is aware of these decisions and they are taken into account in logistics, purchasing and other company activities. There is open communication about all this [male manager]... Suggestions and issues are discussed as a group... We work as a team and rotate tasks on the basis of mutual understanding [male employees]...”

### **Community-company**

A number of the comments cited under previous indicators also have a bearing on communication. Both those and the additional relevant comments cited below suggest that there was good communication and mutual understanding between the company and the community:

“...All actors are important. We know everyone and everyone is important... Tolar Grande is fairly united. In spite of this it still takes much effort to get the people together... There is an open dialogue [between the community and the companies]... Most issues get settled in a “natural” way... The village fiestas (religious, indigenous, mother’s day, and cultural occasions) are very helpful in this respect – many things are talked about [municipal authorities]...”

### **Conflict resolution**

There are no formal conflict resolution mechanisms either within the company or between the company and the communities, but interviewee comments cited earlier imply that there was little conflict and that existing relationship patterns presented ample avenues for addressing conflict situations either within the company or between the community and the company:

“...sometimes frictions do occur like in any family or community. We are part of the community and talking usually resolves any problems... Community members resolve the matter [related to the company] amongst themselves and it is settled... there is an

open dialogue... most issues get settled in a “natural” way [male local company employees]... Decisions are usually made fairly quickly. The village fiestas (religious, indigenous, día de la madre, cultural occasions) are very helpful in this respect – many things are talked about [male local authority]... The company is very flexible in solving problems and is going very easy on employees... Problems, if they occur, are usually small. It is very important to maintain good relations... when problems crop up we usually talk them over as a group. The group leader decides how to approach the situation based on the discussion. There have not been any significant problems that we can remember [male local employees] ...”

## **Goal compatibility**

Obviously, the company wants to establish a mine. It also wants to contribute to the community:

“...It is part of our duties to contribute to the community [male local employee]... In December there will be a new intendente in San Antonio de los Cobres with whom Mansfield has an excellent relationship and we hope that we will be able to contribute more to the community... We are a company with a real interest in the prospect and its characteristics and in the region and the communities... When the Environmental Impact Assessment gets approved, Mansfield Minera faces a tough choice: do we sell the prospect to a mining company (thereby potentially putting our obligations to our employees and to the communities at risk) or does we convert into an operating company (which involves a huge risk as we don’t have any operating experience) [male company manager]...”

The community is also preparing for the opening of a mine:

“...We are well aware that the opening of a mine will cause enormous changes, and we are preparing through our municipal plan [male local authority]...”

## **Balance of power**

### **Within the company**

The employee and management comments cited earlier suggest that, while management decides on major issues it is close to its employees, seeks and uses its input and leaves ample room for employee decision making. The balance is somewhat tilted towards management, but of all the cases studies it is probably closest to equilibrium.

### **Company-community**

The community has some regulatory power over the company:

“...The municipality carries out safety, environmental and food quality checks on companies [female local authority employee]...”

It is laying out its own plans for a mining future (see earlier quote) and did not appear to have the same power over its lands as did the communities surrounding the Cauchari-Olaroz project but the author was not made aware of the details. Rather than looking at the community and the company as entirely separate entities, it may be more appropriate in this case to say that the company is a community member that has more resources, knowledge and expertise than do many other community members and that does not “throw around its weight”.

## **Focus and frequency**

### **Within company**

Comments cited earlier suggest that everyone in the company was aware of expectations and company goals. While no specifics about meeting frequency were given, it appeared that there was continuous interaction on significant issues.

### **Community – company**

“...Meetings with the community are held 3 to 4 times per year or when the need arises. In addition, the company participates in all religious and cultural events, and many employees are community members [male company personnel]...”

Earlier quotes mentioned additional informal occasions where matters could be discussed such as festivities and cultural events. The company also took part in the monthly community assemblies and regularly met with the local cacique.

## **Stability**

### **Within company**

The company has been around for some 20 years and its practices have settled into predictable patterns. Several of its employees represent different generations of one family.

### **Community-company**

While there were no specific comments by members of the community that could be related to this matter, many of the comments cited earlier suggest that the relationship was stable.

### **Productivity**

The target result of both the company and the community was to see a mine in operation and to maintain good relations. The company's management style and the affective skills of management and employees led to excellent relations with Tolar Grande. It also led to significant mineral discoveries and impending construction of a mine (equipment has been ordered). The company's target of being able to contribute to San Antonio de los Cobres came a step closer with the appointment of a new intendente who immediately hired Mansfield Minera's CSR manager to help him with social issues (personal communication, Facundo Huidobro). Mansfield Minera frequently communicated with the legislative, juridical, and executive branches of government and with the Catholic Church. The company played an active role in the Salta Chamber of Mines and had been a driver for coordinating activities between companies: the Chamber had started a CSR working group for this purpose. It viewed social responsibility as something that had to be shared by all actors, a duty for all. As a result, indigenous

organizations in areas where more than one company is active have signed an agreement with the Salta Chamber of Mines rather than with individual companies (Ministerio de Ambiente y Producción Sustentable, 2012). The mineral exploration companies active in the area and the municipality of Tolar Grande held regular meetings where emergency and safety and security measures were discussed and related protocols agreed on. For example, they produced a map of the area that showed the location of roads, mining camps, areas covered by cellular phone towers, shelters, nature reserves etcetera. On more than one occasion Mansfield Minera and other exploration companies had to salvage tourists that became stranded “in the middle of nowhere”. Mansfield Minera had become part of the community of Tolar Grande, partly because the company had been there for a long time and partly because it had paid much attention to building relationships. In terms of relationships:

“...Our most important relationships are those with the intendente [elected leader] of Tolar Grande and the intendente of San Antonio de los Cobres. Tolar Grande is located at 75 km. from the project and San Antonio de los Cobres at 175 km. Even though the latter is far away, the relationship is important because it is the administrative centre of the Department. Its intendente has been negative towards company involvement with the community and has asked all companies to stay out. He also subjected them to a levy...Other important relationships are those with the cacique [leader of the indigenous people] in Tolar Grande and school personnel [company manager]...”

In December 2011 a new mayor took over with whom Mansfield Minera has an excellent relationship and who immediately hired Mansfield Minera’s social responsibility manager to help him with social issues (personal communication, Facundo Huidobro). All activities related to indigenous issues in Tolar Grande (cultural, inclusion, etcetera) were coordinated by the elected cacique. These observations lend credence to the assumption that Mansfield Minera’s internal relationship dynamics greatly influenced the dynamics of its relationships with the community. They also led to a very low risk of

conflict measure on all relationship indicators, as shown in Table 6.1 in Chapter 6, where the interactionist aspects of the Lindero project will be discussed in more detail.

## **Company social responsibility approach**

Mansfield Minera's management was of the opinion that:

“...Rules-bound companies that have a “tight” management style are not as interested in or as good at CSR as companies that are run in a more flexible way [male company manager]... “

As will be clear from much of the foregoing, Mansfield Minera's management style was anything but tight and rules-bound: the company entrusted its employees with demanding tasks and gave them much flexibility in the way they chose to complete these tasks. With respect to CSR, several employees specifically mentioned that:

“...It is part of our duties to contribute to the community [male company employees]...”

As was mentioned earlier the company approached CSR in an informal way, but everyone knew about it and suggestions and issues were discussed as a group. The company had developed its corporate capacity, complied with legal requirements, and ensured that its contractors met standards. It also had interacted intensively with governments and the community:

“...We maintain close links with all branches of government: legislative, juridical, and executive and also with the church. As a result of this outreach, we are often is called by members of the various branches of government who ask for information [male company manager]...”

It did not appear to have had a need to draw on civil society expertise and resources to meet its CSR objectives. The company's approach to social responsibility grew organically from its beginnings at a time when Corporate Social Responsibility was an

almost unknown concept in mineral exploration and mining. Only a few years ago did the company formally record a set of practical social responsibility guidelines for day-to-day actions and it did not see a need to formalize the value system that is implicit in the way it goes about internal and external business (in contrast to companies such as Kinross) (Huidobro, 2011). Mansfield Minera paid attention to diplomacy:

“...Diplomacy is of the utmost importance... Our employees are our ambassadors in the community and it is important that their behaviour be beyond approach [male company manager]...”

This mostly worked well, but as the company has no “jurisdiction” over employee behaviour outside work certain situations posed a challenge in this respect:

“...We are not sure what to do about the worrisome behaviour of one employee outside work [paraphrased somewhat for confidentiality reasons] [male company manager]...”

The company had identified health, education, and infrastructure as priorities for community support to help manage the enormous amounts of requests it was receiving (Huidobro, 2011).

## **Perceived present and future benefits and harms**

Examples of benefits the community derived from Mansfield Minera’s presence include

“...All staff takes part in the vaccination of the herd of llamas, goats and sheep at the oasis close to the Arita camp. The company provides transportation, vaccine and organization. The province provides the veterinarian...It has always been company policy to transport community members who want to travel to Salta or San Antonio de los Cobres...The roads constructed by the exploration companies [including Mansfield Minera] are making a huge difference...The company participates in all religious and cultural events [male company personnel]...”

Additional benefits include replacement of the drainage gallery of the drinking water intake jointly with the municipality and other companies after the case study had been

completed (personal communication, Facundo Huidobro); opening the Arita camp cafeteria to tourists; road construction and signage; support for religious and indigenous events and festivities; equipment and supplies for the medical post and the schools; general eyesight testing and follow-up in cooperation with other companies, the hospital of San Antonio de los Cobres and the Salta mining Secretariat; and capacity building in areas such as masonry, carpentry, electricity, blasting and heavy equipment maintenance, in cooperation with foundations and other exploration companies (Huidobro, 2011).

Main community concerns in the area centered on issues like:

“...My main preoccupation is the depopulation of the town because of lack of opportunities [the Chamber of Mines was discussing this problem and looking at things such as jobs and scholarship schemes tied to the town]... I am very concerned about the water supply to Tolar Grande... My main preoccupations are water (the present source is running low) and capacity building – the community’s capacities are only so-so... What will happen when the ore body is exhausted and the company will leave? [male local authority]...”

As mentioned in the previous paragraph, the water supply problem was solved after this case study had been conducted.

## **Summary and conclusions**

The company had a flexible management style, trusted its employees and took a “self-directed team” management approach. It made a real commitment to the well-being of its employees, and mutual respect and quality of relationships were highly valued. Building and maintaining relationships was a core competence of the company that determined the way in which it positioned itself with respect to social responsibility and strongly influenced the dynamics of the relationship with the community. Mansfield Minera as a collective was from the beginning of its operations fully aware of being a part of the surrounding society and of the associated responsibilities, and management

consciously decided to embrace these responsibilities (in ongoing discussions with employees). Implementing social responsibility initiatives became a natural extension of the value system operating within the company. While conscious decisions were made at some points, the entire process had been quite informal and the approach grew organically. In addition, the gradual and cautious approach to developing the project provided ample time for the company and the actors with which it dealt to develop mutual trust and work out a productive coexistence. While Mansfield Minera started its effort many years before CSR was a generally accepted concept in mining and built its approach “from scratch”, it turns out that its practices aligned remarkably well with industry guidelines such as the e3 Plus Principles and Guidance. Its approach had been largely informal and partly intuitive. This likely worked well because of its flexible management style, clearly articulated and lived values that had been effectively diffused throughout the company, small size and patience, and the considerable length of time available. Their experience shows that it is possible for small companies to design and implement a social responsibility strategy without going broke when certain ingredients are in place.

The above shows that relations between actors and groups of actors did play a key role in determining the course of social events and in the distribution of perceived benefits and harms and that key factors influencing outcomes were: leadership and values; time and patience; natural affective talents; management style; and rootedness in the region.



## Chapter 6. Analysis and interpretation

In this chapter, general comments on the relationships observed in the case studies are followed by a detailed description of the method that was used to assign a qualitative risk of conflict measure to each of the relationship indicators for the case studies using the Río Blanco and Fruta del Norte cases as examples. The resulting risk of conflict measures for all cases are then combined into a comparison table that is a pictorial representation of the qualitative measures of risks associated with each case. The Table is followed by a summary risk of conflict narrative for each case. The remainder of the chapter is dedicated to a discussion of the interactionist processes at work that involve meanings, reference communities, and change.

### Relationships

In all case studies, most interviewees considered personal relationships to be crucially important, as is evident from the examples and interviewee comments shown below. They include the delegation of powers by the mayor of a canton in Ecuador to the president of a parish [Ecuador is subdivided into provinces, each of which consists of a number of cantons that are in turn subdivided into parishes, and the parishes are further subdivided into “comunidades”] on the basis of a personal relationship, which provided the president with independence and leeway in decision making:

“...He transferred five areas of authority to me [male local authority]...”

The friendship between the initial manager of the Loma Larga project and the small commune close to the mineral deposit played a big role in the subsequent establishment of good relations between the parish of Chumblín and the company:

“...our first contact was with the engineer and we became friends – afterwards the company worked with the women’s organizations and after that with the parish council [male commune member]...”

The problematic personal relationship between the mayor of San Antonio de los Cobres (Salta, Argentina) and mineral exploration companies prevented them from undertaking joint projects with San Antonio de los Cobres’ citizens and organizations:

“...the mayor of San Antonio de los Cobres charges a levy on all companies working in the area and does not want to work with us [female company personnel]...”

The innumerable personal relationships of the director of Mansfield Minera with people in all social layers of society in the province of Salta, Argentina:

“...I maintain personal relations with the legislative branch, the executive branch, the judicial branch, the Church, trade organizations beyond mining... people in Tolar Grande phone me to help resolve personal problems [male]...”

The personal relationships between the community relations officer of Empresa Chungar in the district of Antioquía in Peru and local citizens led to the establishment of a microbusiness, and played an important role in the project being allowed to continue its work without protests or interruptions [personal observation by the author]; in the Curipamba case the personal relationships of a local company employee were crucial in obtaining local community support and avoiding personal harm (albeit that equipment was destroyed) when the company’s camp was overrun by the members of a community opposed to mining:

“...without him we would not have been supported by the local community and things would have been much worse...He is much better than the team of sociologists that at one time advised us and he charges much less [male company personnel]...”

The personal relationships that developed between the community relations team of Minera Exar and local citizens helped create a respectful dialogue space within which the communities and the company were able to achieve mutual agreement:

“...Community members confided personal matters to us, which risked creating ethical dilemmas [female company personnel]...”

These are examples of personal relationships between company personnel and community members. There were indications that personal relationships between company personnel can also affect the social course of events: companies with a culture tending towards self-managed teams based on well-functioning personal relationships have an easier task of establishing relationships with communities (Boon & Elizalde, 2013).

Respondents were asked to identify all organizational entities of which they were aware that existed in or affected their community (the “sub-units” mentioned earlier), and to comment on the character of the relationships that existed between them. The entities most frequently mentioned in addition to the exploration company included local governance: commune; settlement (comunidad or barrio); town or parish council and its president; mayor or equivalent; the local general assembly; district, provincial and national government organizations and authorities; police; and judges of the peace. They also included institutions such as educational establishments; social welfare networks (for example “Vaso de Leche [Glass of Milk]”) in Peru; and churches. In addition, they also covered a wide range of organizations: parents associations; federations of aboriginal peoples; media outlets; drinking water and irrigation boards; and a variety of special purpose organizations such as cattlemen, farmers, agricultural products, medicinal plants, crafts, sports and others. In many cases, the mineral exploration company and the local authorities constituted the axes that interacted with the largest numbers of other units and sub-units, although in various cases other axes such as the Catholic Church or Rondas Campesinas (see Río Blanco case study) also were important. The number of units and

sub-units and the frequency and nature of their interactions varied between cases. In many communities there was a high degree of cross-membership between entities (for example, the female president of the agricultural products society of Chumblín was also a member of the cattlemen's association and played a key role in the Catholic Church's catechesis organization). Various respondents commented that organizations are an important cohesive force in communities:

“...It is important to maintain the organizations – they result in a stronger community...The community has benefited through its associations...The water boards, the organizations that work on raising animals, family vegetable gardens are important for community cohesion [male community members]...The organizations are important, very important for ‘the social’...Strengthening of our organizations has been a major benefit of the project [female community members]...”

This bears out this study's general observation that communities with few organizations were less articulate about their goals and in their dealings with the mineral exploration company than communities with a more active community life. In symbolic interactionist terms, the recursive processes of meaning formation and modification took quite different courses in different communities, possibly as a result of differences in the boundary conditions mentioned earlier. The web of relationships and interactions between sub-units played a key role in the formation and change of meanings. For example, in the Loma Larga case, the establishment of relationships between the mineral exploration company and the commune close to Chumblín and with the agricultural products organization in Chumblín led to a shift of the meaning community members gave to the mineral exploration project, while at the same time strengthening organizational life of Chumblín and changing associated meanings:

“...Through the women's organizations we have become more appreciated as women...Machismo has decreased...The example of the women's organizations has led the men to organize themselves, for example in a cattlemen's association that also admits

women as members...Opinions about mining have changed: now the majority is in favour [female community members]...”

It also led to some convergence of mutually given meanings between the mineral exploration company and the community.

In the Río Blanco case, an initial neutral meaning given to the mineral exploration project by community members changed into a strongly negative meaning through relationships and interactions mainly mediated through the two main relationship axes: the Ronda Campesina and the Catholic Church (which has a network of local representatives in the many small settlements in the district). In this case the process led to a divergence of meanings and strong polarization between the majority of community members, the authorities of the settlements, the district and the province, the Ronda Campesina and the Catholic Church on the one side and the mineral exploration company, the regional and national authorities on the other side. These processes, including the role of reference communities, will be discussed later in this chapter.

## **Relationship indicators**

Information from the interviews and other sources was used to analyze the indicators of the relationship between the mineral exploration project and the community and to assign a qualitative risk of conflict measure to each. The method used is demonstrated below for the Río Blanco and Fruta del Norte case studies.

### **Indicators of the Río Blanco – community relationship**

As was mentioned in the case study description in Chapter 5, in the Río Blanco case the Rondas Campesinas played a very important role. A Ronda Campesina is a semi-legal organization that has the legal authority to arrest people for theft and robbery

and to mete out punishment through decisions of its general assembly. The Spanish word “ronda” translates to “round” as in “doing the rounds”. In the communities in the area surrounding the Río Blanco project, members of the local Ronda Campesina (“ronderos”) meet at around 8:00 p.m. every day to patrol the community till early morning, looking out for cattle thieves and robbers.

In the analysis below the relevant interviewee comments that are listed for each relationship indicator, together with other information drawn from the sources mentioned in the description of the Río Blanco case in Appendix A, have been used to assign a qualitative risk of conflict measure.

**Trust** (To believe despite uncertainty. It involves taking risk, and beliefs about expected behaviours of the other)

“...The company is cheating the entire community but the community soon became aware of this... The company publications are not truthful...A plan to provoke problems and confrontations... Not favourable for the population... A project that has caused much damage to the community [male community members]....”

The interviewees clearly do not trust the company and the case study showed a clear division of the groups of actors into two camps: those opposed to and those in favour of the Río Blanco project, without any trust between them. Members of each side had beliefs about the expected behaviours of the other side that made them not to want to risk becoming involved in a relationship. Polarization had become a marker of trust among actors. Overtly belonging to one camp or the other in and of itself was viewed as a “badge of trust” or a “badge of mistrust”. There was high trust within the opposing groups of actors: their members were willing to take the risk of becoming involved in in-group relations because they expected that others’ behaviours would not disappoint them.

The qualitative risk of conflict measure for this indicator was considered to be “very high”

**Respect** (To take notice of; to regard as worthy of special consideration)

“...I do not want to be associated with the company in any way and therefore have refused to appear together with them at any function or even to let them rent rooms in the hall. They do not really take into account the campesinos. The company does not respect the life of the community members [male member of local NGO]... We are in favour of mining, but not of mining by this company [male community member, business]...”

Interviewees, even those in the business community, had little respect for the company.

The qualitative risk of conflict measure on this indicator was considered to be “very high”

**Communication** (Hear and being heard)

“...When the Ronda and the company appear at the same function there is tension and aggression every now and then. People within the company who were in favour of a dialogue were let go. Its strategy has the stages persuade => threaten => kill. They seek confrontation and want to impose. There is no two-way communication. I would like to see the company put its cards on the table. Also a deep dialogue with the campesinos, respect for their decision, and respect for the environment [male member of a local NGO]...The national authorities got it all wrong... There is no relation at all with the central government...The Prime Minister met with a delegation from this area two months ago. He did not respect the agenda [i.e. he did not want to discuss the outcome of the referendum that he considered illegal and invalid]... The company does not communicate at the municipal, district, and provincial levels, but there is communication at the regional and national levels [multiple replies]...The campesinos felt that they were not being respected and walked out of the meeting with the prime minister. The state is largely to blame for the problems related to mining...They had not disseminated much information...The company did not involve the people living in this zone...There is no communication [multiple replies]... They communicate with those who are in favour, never with those who are against... The [national] government does not want a dialogue to resolve the problem [male community members]...”

Communication within the camp opposed to Río Blanco was good and maintained through tight personal and electronic networks that were linked into national and international networks (personal communication Javier Jahncke, Ludwig Hueber; Todo

sobre Río Blanco, 2008). The company and the national government were perceived to be in cahoots and considered as a common enemy. Communication between the two camps was virtually non-existent, each trying to “out-scream” the other: “local radio stations played an exceedingly important role in influencing the debate and increasing the polarization, broadcasting absolutely radical messages, without any concessions to contrary opinions (Díez Hurtado, 2008: n.d.)”.

The qualitative risk of conflict measure on this indicator was considered to be “very high”

**Mutual understanding** (Degree to which each side can correctly express what the other side is saying)

There were no opportunities for observation of meetings between the sides. However, interviewee comments of community delegations walking out of meetings with national government representatives (perceived to be in cahoots with the company) and the comments Díez Hurtado made (see above) about communication suggest that neither party is able to clearly articulate what the other is saying. Also, Bebbington et al. report that the environmental damage caused by the proposed mine is unlikely to be as extensive as feared by its opponents and the proposed technology and rock characteristics are much less polluting than those of many existing mines (Bebbington et al., 2007: 52). Comments by locals in the course of conversations in Huancabamba’s central square suggest that they had very little understanding of what is involved in mining. It was clear that the community did not understand much about the business of the company and that the company had no ears for the concerns of the community.

The qualitative risk of conflict measure on this indicator was considered to be “very high”

**Conflict resolution** (Degree to which conflict resolution mechanisms exist and are productively used)

“...A situation in which there are 500 ronderos [ronda campesina members], 10 police, and 40 company employees is difficult to control, especially if objects are thrown [male member of the police commenting on dealing with the march to the exploration camp]... Issues related to Río Blanco are handled through the rondas campesinas [multiple replies]... There is no interaction. If the company had behaved differently, there would have been a greater possibility of resolving the problems... There will be a battle because the [national] government is on the side of the company. It will be the destruction of the community. There is a high risk. The communities are on alert, as are some politicians [i.e. they support the communities]... the Ronda. They are not for sale and not corrupt [in answer to the question “Who do you go to see when you have a need or a problem. There were multiple identical replies]... The police killed three ronderos in the exploration camp where the confrontation took place. The company dressed workers in police uniforms. The police took 20 hostages and moved them to Jaén and Piura, on the orders of the company. The police supported the company more than it supported us. They will throw us out of our own fields... Yes. There are confrontations between community members. The rondas are strong. When people of Huancabamba and company trucks are in the same place there are disturbances... More confrontations between community members will happen. There are internal divisions and there is a considerable effect on social peace... In general assemblies it was decided that we would not accept [campesinos]...”

All attempts at conflict resolution failed, for a variety of reasons. It appears that conflict resolution mechanisms were not in place when the project started and that the conflict escalated through a process akin to the dance of anger described by Lerner (1985), in which each step of one partner leads to a counter-step by the other partner with the conflict spiralling further out of control each time.

The qualitative risk of conflict measure on this indicator was considered to be “very high”

**Goal Compatibility** (Degree of compatibility between the goals of the parties)

“...In last year’s referendum, 92% of the community voted against the establishment of a mine in the region... We have been less successful in getting the company to leave: they are still here... They [the company] have not been successful. There has not been a result in favour of the community... People want the company to withdraw [multiple replies] [male community members]...”

While the company claimed on its website that it would support “...the generation of a sustainable, competitive economy that is independent from the company...” the community believed that the water resources of the region could not sustain both agriculture and mining.

The qualitative risk of conflict measure on this indicator was considered to be “very high”

**Balance of power** (The extent to which each party influences the other and to which each party affects final outcomes)

The company derived power from its resources, the education level of its people, and support from the national government. The community derived power from its ability to articulate, organize and mobilize. The description of the escalation of the conflict over time in Chapter 5 indicates that both parties influenced the other to a great extent and that community actions did affect project progress. In addition, the communities had an extensive network of personal relationships that extended into the nation’s capital, and that gave them access to expertise and resources that in turn had international linkages:

“...Foreign NGOs have been involved. E.g. a German religious organization (“Kirche...”) has contributed to the development of leaders in justice and peace, and environmental protection. Also the governments of Germany, Argentina and England. The creation of the Ministry of the Environment was the result of pressure from foreign governments. The environment is an international issue [male community members]... La Red Muquí, Grufides, Fedepaz, Factor Tierra are among the NGOs that are anti-mining [a Fedepaz respondent in Lima said that they are not against mining, but want

better assurances of attention to the environment and human rights] [male national official] ...”

For example, the study by Bebbington et al. had the character of an official delegation and was undertaken at the behest of the British parliament (Bebbington et al. 2007).

The qualitative risk of conflict measure on this indicator was considered to be “very high”

**Focus** (Clarity about who should be legitimately involved in the relationship and about the matters at stake in the relationship)

This indicator presumes that a relationship exists within which legitimacy of involvement and matters at stake can be subjects of discussion and negotiation. However, the relationship became polarized early on and never evolved to a point where it was possible to discuss such matters. The major issue at stake was the perceived or real incompatibility of extractive versus agriculture development models. Each side was very focused on a goal perceived to be opposite to that of the other side. It had not been possible to discuss even the possibility of there being options that might have room for both, however remote such a possibility might seem at first sight.

The qualitative risk of conflict measure on this indicator was considered to be “very high”

**Frequency** (Frequency of significant interactions between the parties (whether positive or negative))

There were frequent negative interactions between the camps, but as is clear from interviewee comments that were cited under previous indicators most further stoked the fires.

The qualitative risk of conflict measure on this indicator was considered to be “very high”

**Stability** (Degree of predictability)

The history of the situation suggests that the only predictable aspect of the relationship was that an action of one side would almost certainly result in a counter-action by the other side. The actions themselves and their effects were entirely unpredictable.

The qualitative risk of conflict measure on this indicator was considered to be “very high”

**Productivity** (Degree of achievement of target results)

The company did not reach its main target result: development of a mine, and neither did it reach any of the community development targets it listed on its website. The community achieved a “postponement of execution”. The State and the Region did not receive the macro-economic benefits they sought. The negative intensity of the relationship produced violent conflict and unrest in the region

The qualitative risk of conflict measure on this indicator was considered to be “very high”

## **Indicators of the Fruta del Norte – community relationship**

As was done for the Río Blanco case, in the analysis below the relevant interviewee comments that are listed for each relationship indicator, together with other information drawn from the sources mentioned in the description of the Río Blanco case in Appendix A, are used to obtain a qualitative measure of the risk of conflict.

**Trust** (To believe despite uncertainty. It involves taking risk and beliefs about expected behaviours of the other)

“...Our relationship with Kinross is one of trust. With the other organizations it is neutral – based on respect and communication...Kinross has common values that coincide with what one learns as a child. The company is integrated: there is no egoism. It is a “second family”[male local Kinross employee]...Kinross has a policy of not seeing any difference between workers, geologists, technicians: all are equal and treated as equals...The different mentality of the people that work in Kinross makes that everything with the community is better managed...The relation between the president of the parish council and the management of Kinross is very much based on respect and trust, which makes that community objectives are achieved...The community will not allow a company other than Kinross to enter...I believe that they exclude the Shuar [indigenous] community from employment [male community members] ...The connection should be like it was with Aurelian, there is no communication now [female community member]...”

While some interviewees expressed a specific concern, most comments indicated a high degree of trust that appeared to be based on the lived values of the company.

The qualitative risk of conflict measure on this indicator was considered to be “very low”

**Respect** (To take notice of; to regard as worthy of special consideration)

“...The moral thing is very important! Kinross managers are people with values... Getting to know how Kinross is managed helped grow support for mining and for the company... The key values of the company are that people come first, and it considers differences to be strength... The company treats its workers fairly – it would prefer losing money over losing people. For example, when an illegal miner suffered an accident, they sent a helicopter to take him out of the bush... They care very much about the people of the region and take a wide range of aspects into account... They give interaction with all parties the same importance. The key value of the company is that people come first [male community members]...”

Kinross was well respected by the community, mainly because of living its values, the same as for the previous indicator.

The qualitative risk of conflict measure on this indicator was considered to be “very low”

### **Communication (Hear and being heard)**

“...The community connects with Kinross on all aspects...There is active communication by the parish council or by Kinross – and they frequently convene meetings with the communities [sub-units of the Parish of Los Encuentros]...Communication with Kinross is very important for the community...We have a high-quality connection with Galo Tibbi, a Shuar who works in Kinross...Within Kinross quality of communications has been much better since Galo was appointed. People in the company are always ready to collaborate with the settlement [where the interviewee lives] and they listen to the needs of all...The parish council has a good connection with Kinross with respect to communication...The most important connections are those between the president of the parish council and Kinross management...There is a good connection with the president of the company...The president of the Shuar Federation has a very good connection with Kinross...The communication between the governor’s office and the company is good and fluid [male community members]...”

Not all comments were positive:

“...Kinross interrupted the good relation that we initially had with Aurelian [Kinross’ predecessor]. The connection should be as it was with Aurelian – now there is no communication. The change of personnel reduced the communication, and now there is no longer support for the community [sub-set of the parish]. In addition, Kinross only supports other communities, not the Shuar community [female Shuar community member]...”

The latter comment contrasts with the comment

“...Aurelian did not do things right in the past [male community members]...”

While some concerns were expressed about changes of personnel leading to interruption of established channels, the great majority of interviewees believed there was good communication. Also, as will be seen for the “focus” indicator, most interviewees were aware of the interaction and communication protocols that had been set up and went along with them. The comment on the effect of personnel changes confirms the assertion

of symbolic interactionism theory that direct relationships are the vehicle for the social interactions from which meanings are derived. Symbolic interactionism theory may help both sides understand what is going on and provide a context for rapid learning.

The qualitative risk of conflict measure on this indicator was considered to be “very low”

**Mutual understanding** (Degree to which each side can correctly express what the other side is saying)

Gauging this particular aspect reliably would have required interviews in which both sides participated. Logistics made it impossible to set up such interviews in the time available. It was therefore difficult to judge whether or not mutual understanding was achieved, but no evidence to the contrary was encountered. The interviewee comment below suggests that the company’s mindset is conducive to achieving mutual understanding.

“...The company cares very much about the people in the region – it takes all areas into account [female community member]...”

The qualitative risk of conflict measure on this indicator was considered to be “very low”

**Conflict resolution** (Degree to which conflict resolution mechanisms exist and are productively used)

“...I should mention that the president of the parish council did not want there to be mineral exploitation in the zone, reason for which he imposed on the community that it reject Kinross...In the beginning there was much resistance to Aurelian [Kinross’ predecessor]. The Church’s parish council [as opposed to the town’s parish council] analyzed the situation and thought that it could contribute. The Church provided the bridge for the dialogue: as the priest was trusted by both sides, he could act as a bridge. Many were opposed to mining. In the beginning things were very difficult. I had to flee

and hide. Part of the problem was that some Aurelian managers did not keep their promises. There were also changes of management that caused dissatisfaction. We had many discussions and education, and we used the Internet. Once the community parish council had been established we withdrew from this effort [member of a group of male community members who saw the project as a potential opportunity]... Around 20 – 30% of the people of Los Encuentros are opposed to mining. They are not organized. This is “part of the game”- they are driven by fear...Los Encuentros is a quiet community and there is not much conflict... Kinross coordinates employment in the company with the president of the parish council, which makes people feel bad ... This problem about employment is very damaging and generates many conflicts. The community leaders are to blame as they allowed the injustices to take place...There has only been part time work, Kinross does not give priority to the parish of Los Encuentros to provide employment, because there are workers from other cantons and the company has to give priority to people from the zone [male community members]...”

The early conflicts around whether or not mining would be allowed in the area were largely resolved through the dialogue facilitated by the Catholic Church, although some opposition remained. The latter had not led to conflicts as it was not organized and as the majority of the population were now in favour of mining. There was dissatisfaction about the level of employment and about how and to whom it is awarded, but this had not led to open conflict. There was no mention of explicit conflict resolution mechanisms and it appears that the processes through which the various components of the community interacted with the parish council and with Kinross offered sufficient opportunity for resolving incipient conflicts.

The qualitative risk of conflict measure on this indicator was considered to be “very low”

**Goal compatibility** (Degree of compatibility between the goals of the parties)

Kinross’ main goal was the establishment of a profitable, responsible gold mine. The “responsible” part of this goal included: sustainability; alignment with the Plan de Desarrollo y Ordenamiento Territorial de Los Encuentros (PDYOTLE - Development and Land Use Plan of Los Encuentros); added value; local development; strengthening

of social organizations, one of the reasons for coordinating all actions through the parish council (personal communication, Winer Bravo).

Los Encuentros' main goal was development as laid out in the PDYOTLE and the "responsible" part of Kinross' goal coincided with Los Encuentros' development goals with the profitable mining part providing part of the required resources. The goals were compatible and had been agreed to by both parties. The only barriers to achieving them would be related to implementation challenges or contextual factors over which neither party had control.

The qualitative risk of conflict measure on this indicator was considered to be "very low"

**Balance of power** (The extent to which each party influences the other and to which each party affects final outcomes)

"...There are power differences but we do what we can to avoid these interfering with the relationship. For the community it is most important to establish a relationship. This way you contribute to organized local development [female company employee]...The company made a mistake once: it projected an image of too much power when it offered a dinner that was too sumptuous, at least in the eyes of the community. Even though they tried to do things well, it was 'too different – a bit exaggerated'... If Kinross were to leave the community, the latter would not continue applying Social Responsibility because Kinross is always at the helm [male community members]..."

Kinross had access to considerable financial resources and much technical, managerial, legal and social experience and knowledge. Los Encuentros has people with hopes and dreams, with talents, local knowledge, and some education. To draw power from these attributes they would need a strong social structure, which unfortunately was lacking. Therefore Kinross was much more powerful and much more able to affect the final outcome. This imposed a considerable burden of responsibility on the company, which it

addressed through its corporate value system and CSR policy. Only one mistake was reported by an interviewee, and he did not consider it to have been a serious mistake.

The qualitative “score” on this indicator signals a very low probability of conflict.

**Focus** (Clarity about who should be legitimately involved in the relationship and about the matters at stake in the relationship)

The roles of both sides appeared to have been fairly clearly defined and were largely functioning as intended:

“...The president [of the parish council] is charged with talking with Kinross, all resulting dialogue is aimed at the community...The fact that the company relies on the president of the parish council to channel the resources programmed for CSR indicates that this is one of the most important connections for the company because of the influence and power the president has in the Gobierno Autónomo Descentralizado (GAD – Autonomous Decentralized Government) of the parish, considering that obviously the participation of president in the GAD is one of authority...The interactions between the Shuar and the company are mediated by the Shuar Federation that plays a very important role. There was much vulnerability. Some Shuar leaders have made contact with aboriginal leaders in Canada to be able to replicate some of their approaches. This relation is very important... Kinross worked with the government and is strengthening local governments. It supports joint planning with the government, which will always be there. Kinross is one more actor in the joint planning of development [male company employee]... The internal problems of the Shuar Federation and the subsequent change of director posed a challenge for Kinross, which stopped interactions until the Federation solved its internal problems...Before things were disorganized. Now there is a National Development and Land Use Plan. Things were started from the top down and from the bottom up. Each GAD has to have one (Kinross paid for the preparation of our plan). It is a plan that covers 20 years and is revised each year. The plan covers the territory of the unit that prepared it and is part of a plan for a more extended region. Coordination takes place up to the national level. It is a tool...The main dialogue is with Kinross managers, needs are communicated to Winner Bravo and a way of meeting the best way possible is sought, for the benefit of the community...For the company, the parish council is the most important organization...The parish council leads in the contacts with the company...The company, the parish council, the leaders of the communities [sub-units of Los Encuentros] and the volunteers are all equal. While the parish council heads up everything, it cannot do much without the leaders of the communities, the volunteers and Kinross [female member of a volunteer organization]...The interaction between Kinross and Los Encuentros is through the president of the parish council for matters to improve Los Encuentros [male community members]... There is also direct company-company interaction for work and contract matters [male owner of a local business] ...”

The qualitative risk of conflict measure on this indicator was considered to be “very low”

**Frequency** (Frequency of significant interactions between the parties, whether positive or negative)

Interviewee comments indicate that there was frequent communication between Kinross and community actors, and there were no reports of negative interactions.

“...Connections are frequent and take place at least every month and depending on the needs that arise...The requests that are put forward are proposed to the parish council and carried forward [to Kinross] by it – Kinross is nimble and not much bureaucracy is involved...Requests are frequent, in accordance with the needs that turn up. The community has quite a few needs...The frequency of the communication with Kinross that exists depends much on the needs that show up. Lately there have not been contacts...There are meetings when requested [male community members]... With the parish council there are permanent formal and informal meetings – the relation is very fluid. There are many links...With the Shuar Federation there are a minimum of two meetings per month – the meetings are conducted in Spanish...We work together with all actors. With critics [of the company] at least once every 15 days [male company personnel]...”

According to Gawley establishing routine activities such as regular meetings serves to “sustain the acceptance of trust definitions” between actors. It also helps establish new social structures and solidify the relationship (Gawley, 2007).

The qualitative risk of conflict measure on this indicator was considered to be “very low”

**Stability** (Degree of predictability)

Some of the interviewee comments made in relation to other indicators referred to company personnel changes that affected the relationship. Most were related to the change-over from Aurelian to Kinross, and most were made by Shuar. None of the other

interviewees commented on this matter, which was probably specific to a particular group and situation. There were no reports of recent serious conflicts or significant changes in the relationship and it appears that the interactions between Kinross and the community had settled into a pattern familiar to both, and that excursions from the pattern were manageable.

The qualitative risk of conflict measure on this indicator was considered to be “very low”

**Productivity (Degree of achievement of target results)**

“... The relationship of the company with the community with respect to education is very good, as it created the condensed basic education program that was an incentive to study more... The different mentality of the people working in Kinross contributed to better management with the community [male community members]...First know the community, what are its needs, why they have problems. Money has no value – accompaniment is what is needed. The operational plans of the Shuar Federation were developed with the accompaniment of Kinross...The young people are ashamed to speak Shuar and to dress like Shuar. They [Kinross] have organized a meeting between Shuar communities to promote the use of the Shuar language – the young people will have value from this [male Shuar community member]...The connections with Kinross are very good because they look after our needs, not all of them, but they try to meet the majority even though the community sometimes has to push...The arrival of Kinross was very beneficial to the community because it created a source of employment...In addition they much supported education through which community members obtained their high school diplomas, and they supported the creation of small enterprises...I am in agreement with the arrival of the company, because it benefited me in the creation of my new employment...The company has carried out infrastructure in the community, which has also been a very good contribution to the community...The company does indeed care for the people in the communities and it has carried out public Works that benefit them. Even though the communities have many needs, the company has always tried to help us [male community members]...Kinross has not supported us much – the Shuar community was better off with Aurelian...The majority of the proposals made by the company have not been carried out [female Shuar community member] ...”

While most interviewees were of the opinion that the relationship had been productive for the community, there were some dissenting Shuar voices. The section on the perceived benefits and harms in the case study (Chapter 5) indicates that good

progress was being made towards the development targets of Los Encuentros and the relationship targets of Kinross. Unfortunately Kinross and the national government did not reach agreement on royalty issues and Kinross decided to withdraw from Ecuador. As was mentioned earlier, the project was purchased by Lundin, a Canadian company that was well received by the people of Los Encuentros.

The qualitative risk of conflict measure on this indicator was considered to be “very low”.

Risk of conflict measures were derived for the indicators for all other cases in the manner described above with the exception of the Curipamba case in which the large number of communities visited and the large number of group interviews made it impossible to obtain sufficiently detailed information. The results for the case studies for which risk of conflict measures could be assigned are summarized in Table 6.1. The fill colour of each cell corresponds to the measure of conflict risk for that particular case study and indicator. For the cases surrounded by a mix of communities some of which were in favour of the project and some against, the perceived intensity of opposition and its potential impact on the project were qualitatively taken into account in the risk assessment. The table allows differentiation of the cases at a glance. For each case, it also gives a quick indication of the aspects of the company-community relationship that contribute most to the risk of conflict and that would need most attention if conflict is to be avoided.

The discussion below explains the reasons behind the assignment of conflict risk measures. It draws on the summaries of the individual case studies in Chapter 5.

The Río Blanco case had the highest conflict risk assessments and had, in effect, seen significant conflict. In this case a good relationship existed between the earlier explorers and the communities, but tensions arose very shortly after Monterrico Metals took over the project. The conflict began when communities revoked their earlier exploration permission and regional resistance was organized. It exploded two years afterwards and led to two deaths, five wounded and 58 arrests, in addition to human rights abuses by police. Mutual aggression between the sides in the dispute included abductions, attacks, accusations of narcotics trafficking, and repeated mobilizations and road blockades in the entire mountain region. Institutional attempts to establish a dialogue failed.

The company adopted an aggressive strategy such as establishing counter-organizations; demonstrations; and a provocative radio program that caused strong polarization. Subsequent company apologies and an offer of an \$ 80 million community development fund were rejected.

In the Palma case the factors that negatively affected the relationship indicators include the generally low level of trust between citizens in the area (Vargas Gonzales, 2013), the bribery scandal surrounding Minera Huascarán (the predecessor of Empresa Chungar) and the relative newness of Volcan Minera to social responsibility in its operations (company culture sometimes got in the way, and the community relations representative was provided with limited resources).

**Table 6.1** Summary of qualitative risk of conflict measures for company-community relationship indicators. The level of risk is colour-coded as shown in the bar below. When insufficient information was available, the cell was left blank.

		Very low	Low	Neutral	Moderate	Medium	High	Very high				
Indicator												
Project		Trust	Respect	Communication	Mutual Understanding	Conflict resolution	Alignment	Balance of power	Focus	Frequency	Stability	Productivity
Río Blanco		Very high	Very high	Very high	Very high	Very high	Very high	Very high	Very high	Very high	Very high	Very high
Palma		Low	Low	Low	Neutral	Medium	Medium	Low	Medium	Low	Low	Low
Loma Larga		Low	Low	Low	Low	Medium	Low	Low	Low	Low	Low	Low
Cartier		Low	Low	Low	Low	Low	Neutral	Medium	Low	Low	Low	Low
Morelos		Low	Low	Low	Low	Low	Low	Medium	Low	Low	Low	Low
Fruta del Norte		Low	Low	Low	Neutral	Low	Low	Low	Low	Low	Low	Low
Cauchari - Olaroz		Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
Lindero		Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low

In the Loma Larga case there was strong and sometimes violent opposition by the parish of Victoria del Portete, less strident opposition by the authorities of the canton of Girón (in which the mayor’s political identity and associated reference community played a significant role in establishing meanings and choosing options for decisions), and “neutrality” of the mayor of the canton of San Fernando (who gave a different meaning to the project than what he perceived to be the negative meaning assigned to it by the majority of the citizens of the town of San Fernando, the capital of the canton). Both Victoria del Portete and the town of San Fernando are outside the zone of direct influence

of the Loma Larga project. Note that the parish of Chumblín that belongs to the canton of San Fernando and the parish of San Gerardo that belongs to the canton of Girón came to see the arrival of the project as an opportunity through a process that will be described later in this chapter.

The Cartier project was at an early stage and much specific relationship information was not yet available. In addition, this project was subject to completely different boundary conditions. Its sub-projects are located in Abitibi-Témiscamingue, Quebec, Canada, a politically stable area with a long history of mining that is operating under a relatively stable and competent provincial regulatory regime – a powerful actor with known and respected expectations. The population is relatively affluent and is mostly concentrated in well-governed communities that stand up for themselves and know how to use the regulatory framework to defend themselves against mining interests if and when the need arises. For example, the Osisko mine and the community of Malartic successfully negotiated relocation of a neighbourhood of some 200 households to make room for an open pit gold mine. Town councils in the area regularly interact with mining companies to resolve problems related to noise, dust, and other issues.

In the Fruta del Norte case, the balance of power was heavily tilted towards the company. However, the company was fully aware of the power imbalance and was bending over backwards to prevent it from negatively affecting the community.

In the Morelos case there had been a number of disputes and protests related to the conditions of leasing community land for the project. The absence of strong community governance and organizations caused a lack of clarity on many of the

relationship indicators. In addition, drug trafficking is a major problem in the state of Guerrero and the resulting climate of insecurity affected all aspects of life (for example, people in the communities do not venture outside their homes after 8:00 p.m.). The Fruta del Norte, Cauchari-Olaroz and Lindero cases had the lowest overall conflict risk assessments and had not seen serious conflict at all.

In summary, personal relationships between actors and relationships between groups of actors exercised an important influence on the course of social events. Assigning a qualitative risk of conflict measure to the relationship indicators clearly differentiated the cases and identified areas that need attention from the communities and companies.

The section that follows discusses the part relationships play in the processes posited by symbolic interactionism and the role of these processes in bringing about change, for each of the case studies.

## **Meanings, reference communities, relationship patterns and change processes**

### **Río Blanco**

The details of the initial meaning given to the arrival of the company by the communities of Yanta and Segunda y Cajas are not known, but apparently their leadership did not feel threatened and gave the company permission to establish its exploration camp. Later on, this meaning changed. How and why did this happen? Meanings were handled and modified through the interpretive processes that occurred during community meetings between August 2003 and January 2004 as part of the official regulatory consultation process. It appears that the points of view of both the

Rondas Campesinas and Catholic Church representatives were particularly influential. This was in no small measure linked to the meaning given to these groups of actors. In the words of interviewees:

“...the Rondas cannot be bought like the police...since the Rondas were established 20 years ago Huancabamba has become a safe place [campesino]...The rondas campesinas are the most important community organizations. They are legally recognized, and there are 3 in this zone: district of Segunda y Cajas, Sargenta Santa Cruz and Guaricanche [community members]...The church has a co-ordinator in every settlement who represents the parish priest in the zone and who is assisted by a team of 8 people for pastoral and social work. This system works very well. The church has good relationships with the local authorities and the parish is present in all important meetings of the community. The community holds the church in high esteem [Church member]...”

Changing meanings was further facilitated by the discovery that administrative and legal errors had been made by the Ministry of Energy and Mines when the company was given permission to enter the land, as shown by the interviewee comments cited below

“...The good relations that had started forming right at the beginning of the project before Minera Majaz took over from its predecessor were destroyed... While they maintain that they have permission from the community for their activities, they don't have it at all. Their presence is illegal. The people that gave the initial permission were led to believe that it would be just a small exploration with little impact. That permission had not been given in accordance with the law and was later formally withdrawn by the community. [The Defensoría del Pueblo (national ombudsman's office) agreed with this position] [male community members]...”

Once the communities' meaning of the presence of the company had changed, they redefined the situation and on the basis of the new definition decided what action to take. In taking this decision, they compared their options against the norms of their reference communities: the Catholic Church and the Rondas Campesinas. This led to their decision to oppose the project and revoke their earlier permission. Further actions such as marches on the camp, road blockades, community consultation exercise (“referendum”) and others were compared against the norms of wider reference communities that included the organizers of earlier protests related to the Tambogrande project in the same Region (the

Red Muquí) that resulted in that project being discontinued and organizations such as the Coordinadora Nacional de Comunidades Afectadas por la Minería – CONACAMI (National Coordinator of Communities Affected by Mining).

Company personnel declined to be interviewed and it was not possible to locate supporters of mining, therefore insight could not be gained into the thought processes and relationships in the “pro-mining camp” other than through the eyes of its opponents, and it was difficult to make assumptions. It was clear that the change of the meaning that the communities gave to the company and their subsequent decisions changed the meaning the company gave to the communities, and the company interpreted the new situation in this light. The national government and the Sociedad Nacional de Minería, Petróleo y Energía (SNMPE -National Mining, Petroleum and Energy Society) likely formed part of the company’s reference community. As the company had not established close contact with the local population, the meaning it gave to the community may have been strongly influenced by stereotypes circulating in these circles. Maybe then-President Alan García’s comparison of the inhabitants of the area to dogs in a manger was part of the reference norm the company took into account. Its decision to assume a “muscular”, aggressive strategy was inspired by the perceived norms of its reference community. This strategy in turn changed the meaning the communities gave to the company, leading to further decisions by the communities and a downward conflict spiral was set into motion. The meanings and reference communities (including their perceived norms) were being continually changed through processes of interaction that were mediated through the relationships within and between camps. Within each camp, there was convergence of the meanings given to the other camp. The resulting interactions between camps led to

further divergence and poisoning of the relationships and it appeared impossible for changes in meanings and reference communities of the two camps to converge to a point of some overlap and common ground. Hopes of some Huancabamba area interviewees revolved around dreamed-about changes in company behaviour that would include increased openness and honesty, deep dialogue with and respect for campesinos, and admission of mistakes:

“...If the company had been more honest, if it had engaged in a true dialogue, if it had admitted its mistakes [which it did once in an advertisement], things might have turned out quite differently [male community member, business].... I would like to see the company put its cards on the table. Also a deep dialogue with the campesinos, respect for their decision, and respect for the environment [male member of a local NGO]...”

Some respondents suggested that the only road to a “yes” vote in a local consultation exercise would be to start all over again, and for the company to dismiss its present management team:

“...The transfer of the company from Monterrico to Zijin Minerals was not accompanied by a wholesale change of management, a missed opportunity. At least one of the managers from the previous crew who has low credibility stayed on. The company lacks humility and does not admit errors. It does not communicate with the people...The only road to a “yes” vote appears for the company to start from scratch, and throw out the present management team [team of a female and a male community member, business]...”

Mallon’s words describing conflicts in the Yanamarca valley between 1915 and 1918 may come to be true for the Río Blanco project as well: “...it was no longer possible to remain neutral. Every disagreement, no matter the subject or size, fed into polarization... And as each conflict fed into the next and the battle lines became clearer and clearer, it was as if the fuse had been lit on a keg of dynamite (Mallon, 1983)” The type of conflict escalation seen in the Río Blanco project is apparently not unusual in Peruvian history.

The relationship matrix shown in Table 6.2 demonstrates the high degree of polarization that had taken place.

**Table 6.2.** Bilateral relationship matrix for the Río Blanco case study. Green indicates cordial relationships; red indicates conflictive relationships. Intensity indicates the degree of cordiality or conflictivity. FDSFN = Frente por el Desarrollo Sostenible de la Frontera Norte del Perú). ACFUCCSPH = Asociación Civil Frente de Unidad de la Comunidad Campesina de Segundo y Cajas de la Provincia de Huancabamba, a “counter-NGO” reported to be funded by Río Blanco Copper S.A.

	Community	National government	Regional government	Provincial, District and Municipal Governments	National police	Rondas Campesinas	Catholic Church	FDSFN	ACFUCCSPH	Río Blanco Copper S.A.
Community										
National government	Red									
Regional government	Orange	Light Green								
Provincial, District and Municipal Governments	Green	Red	Red							
National police	Red	Green		Orange						
Rondas Campesinas	Green	Red	Light Red	Green	Red					
Catholic Church	Green	Red	Light Red	Green		Green				
FDSFN	Green	Red	Red	Green	Red	Green	Green			
ACFUCCSPH						Red	Red	Red		
Río Blanco Copper S.A.	Light Red	Green	Orange	Red	Light Green	Red	Red	Red	Green	

## Curipamba

The members of the communities gave meaning to the arrival of the Curipamba project (run by Curimining) through a process of conversations, exchange of ideas, discussion of information that arrived from elsewhere, and similar processes. Because of differences in prior history, the nature of social networks between community members,

the culture of the communities, external influences and other factors, different communities gave a different meaning to the arrival of Curimining and different groups within several communities gave different meanings. The meaning given to the arrival of Curimining by the people of Jerusalén was that of a threat:

“...Jerusalén, Buenos Aires y Bella Vista throw them [Curimining staff] out every now and then... Jerusalén and Guabito don't like them [Curimining staff], they can pass only through here [the interviewee's community] because here they have no problems, they say [male community members]... They haven't done anything wrong and I don't understand why there are people who are against the company, especially the inhabitants of Jerusalén [female community member]... They became embroiled in various problems with the community of Jerusalén, because various environmentalists were part of that community, specifically 'Acción Ecológica', an environmental movement that in 2010 categorically opposed itself to development of mining in this zone. It organized various meetings in the community to make them rise up against mining. This social movement is trying to stigmatize mining in the zone [male community member]...”

They handled this initial meaning through an ecological interpretation that was already alive in the community, which led them to reinforce the threatening aspect of Curimining's arrival. They hypothesized that Curimining's attitude was not respectful of the environment and on this basis they told themselves that Curimining was about to destroy the environment, i.e. they defined the situation. They then put themselves in the shoes of their reference community and examined their definition of the situation in terms of what they believed to be the norms of their reference community and decided to protest (in 2007) and attack the camp (in 2010) (Observatorio Latinamericano de Conflictos Ambientales, 2007). For most communities the reference communities likely included the local general assembly and authorities, with environmentalists and indigenous organizations added in a number of cases. The case of Las Naves illustrates how the processes posited by symbolic interactionism operate. There was a public discussion of the position Las Naves should take towards mining. Groups that participated in this discussion included politicians, local groups associated with

environmentalists and with the NGO Acción Ecológica, and other groups concerned about the well-being of their community. The anti-mining groups, coordinated by Acción Ecológica, organized a march against mining. About 400 people participated, most from outside Las Naves from indigenous sectors and communities with an anti-mining tradition. The town councillors were almost physically taken to the town square to publicly declare their opposition to mining and most gave in to this pressure, with the exception of one lady (member of the parish council) who confronted the crowd and tried to get them to reflect on the contamination that they themselves caused with pesticides and garbage. After the event, the locals realized that in reality a decision had been “imposed” on them by people from the outside. This image of “foreigners” having decided on the future and on the conditions of Las Naves caused a bad impression on the members of the community; it changed the meanings they gave and led to a reinterpretation of the situation. The mayor and the councillors decided to invalidate the public decision because they realized that this type of decision falls under the competency of the state and not of the municipality, i.e. they drew on local representatives of the national government as their reference community. According to the latest survey, 70% of the population of Las Naves accepted mining (the Las Naves events were related to the author by Elbio Hidalgo).

In terms of symbolic interactionism the arrival of Curimining had the meaning of a threat to the anti-mining groups on which they based their decision to organize the march. When checked against the norms of their reference community, the decision appeared sensible to them. After all, protest marches are commonly used across South America. One of the goals of the march was to force interactions with other groups and

thereby modify the meaning the latter gave to the arrival of Curimining. The intense interactions in the crowd very much influenced the subsequent public declarations of the town councillors. During the event, the anti-mining groups served as the reference community of the crowd. However, when the situation calmed down the town councillors changed the meaning they gave to the march and its consequences. The decision to change their previous position was compared against the norms of a much more diffuse reference community that included the inhabitants of Las Naves and the national government. The course of events shows that meanings are changing continually, and that the context and the history of events play an important role in each of the stages posited by symbolic interactionism. It would be worthwhile to do a more detailed study of the reference communities of each of the actor groups that interact with Curimining and of the meanings its members give to Curimining and its operations. Knowledge of the detailed processes may make it possible for all actors to achieve a more nuanced understanding of what is going on and jointly optimize outcomes for all. In the Minera Exar case study both the company and the communities reported this as a positive development that benefited both.

## **Palma**

The question on reference communities that was added to the interview guide for this case study was “When you make a decision, from where come the values on which you base the decision?” The citations below indicate that there is a range of reference communities on which people draw. However, for the majority of interviewees the community to which they belong also served as their reference community, and the general assembly played an especially important role in this respect.

“...I try to capture the orientations of the people that surround me every day [symbolic interactionism uses exactly the same concept]...The community...The comuneros...The citizens...The community through the assembly...The assembly...Assemblies...The general assembly...The president guides the assembly...Being a comunero => the community decides => the comuneros have a common interest => this would be the reference community...We need the others to decide [exactly the same as the symbolic interactionist concept]...The community, with the help of professionals in it...Professionals in the community...I am a Christian...I learn from Christianity and my education... The Bible...The Incas: one for all and all for one...The community of judges is my reference community...A person who knows more than I do. Most comes from outside... Older, respected people...Much has changed over the past 20 years. In the past people were more respectful. Because of modernity the young are no longer respectful...It is not difficult: values of upbringing, grandparents, parents [male community members]...”

The general assembly was the most important mechanism “of interaction that one has with one’s fellows from which the meaning of people or things is derived”, and “the interpretive process through which meanings are managed and modified when a person deals with the people or things that he or she encounters”. As postulated by the theory of symbolic interactionism, this involves direct relationships. The general assemblies are extremely important in terms of formation and modification of meanings. At the same time they constitute a reference community. A number of interviewees also called on various types of authorities or on professionals inside or outside the community for help when they encountered challenges. Some interviewees mentioned religion and contrary to what might be expected, relatively few mentioned the values of their upbringing, their grandparents and their family. One expressed concern about what he perceived to be the decline in traditional values among youth. This may be the expression of a “normal” generational gap that occurs in many societies or there may be more to it. Unfortunately it was not possible to verify this assumption through additional interviews with youth. Youth and adults appear to draw on quite different reference communities. Claverías Huerse and Alfaro Moreno assumed that education is responsible for the difference (Claverías Huerse & Alfaro Moreno, 2010). This suggests that education affects youths’

reference community, a subject worthy of future research. Not all interviewees understood the interview question and future studies will need to refine the approach. The above description shows a complex, tightly woven web of relationships and personal interactions. These were played out through the *comunidad campesina* governance structure and mechanisms that were intertwined with cultural and economic practices, tradition, and were conditioned by geography and climate (the river provides prawns and irrigation water, the soil is fertile). In terms of symbolic interactionism, these frequent and intense personal interactions would lead one to expect that meanings are developed rapidly. However as the general level of trust in the area was low the interactions, although frequent, may not be positive and this slowed down the evolution of common meanings. Claverías Huerse and Alfaro Moreno's observations seem to confirm this assumption.

Incidents similar to the Huascarán corruption scandal would have led to demonstrations and protests, and could have resulted in violence in the area where the Río Blanco project is located. Why was there a different reaction in the Lurín Valley? A plausible explanation is that the general low level of trust was a barrier to the formation of an interpersonal network that could lead to a convergence of meanings around which a large-scale group identity could be constructed (Deaux & Martin, 2003b). As there was no convergence of meanings, there was no verification of a common interpretation of the situation and a group decision on action could not be made. In the Río Blanco case there was rapid convergence of meanings and actions were weighed against the norms of the Ronda Campesina and Catholic Church reference groups that were common to all members of the general assembly.

In the context of the many reservations they had about the Palma project and its parent company, why did many interviewees comment that they have good, trusting relations with the Palma project's community relations officer? In symbolic interactionist terms, through his systematic, frequent interactions with community members he had over a period of three years developed his meaning of the communities, and community members had developed their meanings of him, and the latter converged to some extent. However, this meaning was given to him as a person and only weakly reflected on the company. Even those in Espíritu Santo who were opposed to the company respected him, albeit somewhat grudgingly.

## **Loma Larga**

In the Loma Larga case members of the anti-mining camp focused around Victoria del Portete met regularly:

“...We see each other every three or four days to exchange information and build mutual trust...Our relation with CONAIE (Confederación de Naciones Indígenas del Ecuador – Confederation of Indigenous Nations of Ecuador) is the most important because we are Cañari [male members of the group opposed to mining]...”

These regular encounters were part of the process of establishing meaning, interpreting the situation and contemplating action. With respect to the reference community on which this group drew it could be said that the series of photographs taken of speakers during the public consultation held in Victoria del Portete shown on Flickr depicts their reference community – a concept made visible! The relevant link to Flickr is provided in the bibliography (Flickr, 2011). A similar process occurred within the company to arrive at a decision on how to deal with the communities. The reference communities and the identities of each of the parties formed part of this process. The processes in the

community were likely much more diffused than those in the company. According to Ashford and Fried, within organizations "...the bounded and ongoing nature of action, and the interdependence of organizational actors both necessitates and facilitates the routinization of expectations and behaviours, that is, the development of organizational scripts." Their work indicates that processes within the company are likely to be structured and operate at greater speed (Ashford & Fried, 1988).

The relationship patterns in the parishes of Chumblín and San Gerardo included a number of organizations and associations. In both parishes there were both people for whom the arrival of Iamgold meant an opportunity and people for whom it meant a threat. The interactions in San Gerardo took place in a context of trusting and respectful relations between the parish council, its president, organizations and associations, and community members. This resulted in a decision to work together with the company:

"...We have excellent communication and consult with all levels of the company...The company is prepared to cooperate in development and is considered to be a member of the community...The population, the local government, the company work together in a transparent way...We do everything together [community members]..."

In the area of Chumblín, the commune saw the arrival of the company as an opportunity, the establishment of personal friendship between a manager of the company and the commune being an important ingredient of the process as was mentioned earlier. The interviews in Chumblín showed that trusting and respectful relations were established between the company and the groups that saw the arrival of the company as an opportunity:

"...With the company we organize into productive groups that sell their products in the markets...'La Natividad de Chumblín' produces agricultural products...We have good

relations with both Chumblín and the company [a male and a female member of the commune, interviewed together]... We have a strong and productive relationship with the company. As an association, we are independent and not beholden to the company... Iamgold (predecessor to INV Metals) has made an important contribution and was the first company that paid attention to us [female community members]...”

At the beginning of the process, those who saw the arrival of the project as an opportunity formed a minority, and their decision to undertake joint projects with the company landed them in hot water on many occasions:

“...Our husbands did not let us into the house after we had been to a meeting of the association... Some husbands beat us up and left us with blue eyes... They accused us of ‘selling out the parish’... [Other parish members] insulted us... We trusted the company and persevered... It was very difficult and there were ugly moments. This went on for some two years [female community members]...”

However, they persisted and when they shared the results of their labours, they changed the meanings others gave to the company. Through relationships and associated interactions, the meanings given by individual members who initially had doubts about the arrival of the company converged towards acceptance and opportunity.

“...In the past there were certain disagreements between organizations. We did not know what mining was. The company’s socialization led to discussions within and between organizations. It took four to five years and now 85% of the population agrees with mining. The company has been a unifying force... Many did not realize that the company could help [male community members]...”

Both the company and the communities invested considerable effort in establishing these relations and the majority of respondents were of the opinion that this effort paid off:

“..People know each other. They have gained trust and support and benefited economically. From an organizational aspect we learned how to coordinate, how to maximize the benefit from the support, which is a benefit for the future... Our personal life has improved... Chumblín is much more united now [male community members]...”

The company facilitated the establishment and maintenance of relationships through a capable and committed community relations team that was working jointly with the

communities. In turn, the communities working together strengthened their organizations and signed agreements with the company. This was the expression of a degree of overlap that had developed between the meanings and reference communities of the communities and of the company, that is to say, a common space had formed. It could be said that the community became part of the company's reference community to a certain extent and vice versa.

Through the dynamic and recursive processes that were mentioned earlier meanings, reference communities and relationships evolved. This led to the signing of agreements between the company and the parish council in both San Gerardo and Chumblín and to the results referred to by the interviewees. The reference community of the presidents and of the people broadened and now probably includes aspects related to the company while the reference community of the company now includes elements related to the parishes.

The local relationship patterns and their characteristics in the parishes of San Fernando, Girón and Victoria del Portete were probably similar to those of Chumblín and San Gerardo, but their reference communities were different. As was mentioned earlier, these communities were anti-mining, their reference communities may be environmental organizations and for Victoria del Portete it may be the leaders that spoke during the public consultation exercise and that were shown on Flickr (Flickr, 2011). Be that as it may, the processes described above led these parishes to give the meaning of a threat to the arrival of the company and relations and meanings evolved from then on to the present point at which these actor groups remain opposed to mining although the actions

they decided to take differ between them. These groups either had no relationships with the groups that favour mining, or their relationship was one of strong animosity. This means that it was difficult for either side to influence the meaning given to mining by the other. There were differences between the groups opposed to mining and interviewees suggested that members of these groups may be ambivalent about the meaning of the presence of the company:

“...A survey conducted by Ecuador Estratégico in the area of Tarqui and Victoria del Portete suggested that a high percentage of respondents were in favour of mining...Over the past year I have detected a shift towards acceptance in Victoria del Portete [local female company employee]...”

As noted earlier, the author has not been able to obtain a copy of the survey mentioned by the interviewee or to otherwise confirm its results. In the case of the groups of actors opposed to mining such as the parish of Victoria del Portete, the difference between their reference community and that of the opposite side increased with time and, as in the Río Blanco case, polarization developed through a mechanism akin to that described by Lerner in her book “Dance of Anger”, in which each action by one party triggers a counter-action by the other party which results in an elaborate dance in which each party is led by the other’s actions (Lerner, 1985). This type of enmity relationship influences the meanings given by both sides and it creates the risk of a descending destructive spiral. Symbolic interaction theory suggests that to avoid such a situation it would be prudent to try and create a space within which relationship patterns can form that create conditions for a change in meanings.

## **Cartier Resources**

When Cartier Resources started working in the Abitibi-Témiscamingue gold belt, its CEO gave definite meanings to the region, and to the non-aboriginal and aboriginal communities. First, he had an almost subconscious image of the geological map of the area in his head, and an almost automatically recorded series of comments and stories of fellow explorers and geologists about what has been going on in the area (such as mineral showings, which company's efforts failed and why, which companies abandoned good prospects for non-geological reasons, which companies were exploring where, what ground was still free for staking, which claims would expire when, the characteristics of the terrain, accessibility, etcetera). Travelling through the area for him was like walking through a house of which he knew every nook and cranny and possible places where a treasure could be hidden. The forests and farmers' fields were but a blanket that only had to be lifted to see what is underneath. Of course this was his view and every explorer would see his or her own slightly or very different house. While most geologists and explorers would deny it, they have an almost spiritual connection to the land that they have made "their own" by intensive, patient, long-term study and contemplation. This interpretation is based on the author's intimate knowledge of the mineral exploration industry and geology professional cultures. Overlaid on this scaffold are the meanings he gave to mineral exploration projects and to the aboriginal and non-aboriginal people and communities of the area. A mineral exploration project is an interesting, risky, exciting and potentially rewarding venture. As he had lived in the area for a long time the meanings he gave to people and communities were shaped through the interactions with his fellows. As a citizen of a non-aboriginal community in an area with a long mining history, he "knew" that non-aboriginal communities would be supportive

of his projects. It is highly probable that the CEO had never been in close contact with aboriginals or their communities and that whatever meaning he gave to these communities reflected the stereotypes alive in the non-aboriginal communities, whatever they were. According to one community interviewee:

“...For Cartier, Lac Rapide [an Algonquin First Nation] has been a cultural shock ...”

Therefore the company had to change the meanings it had given and consider options for action. It decided to work with the First Nations:

“...The Algonquin feel that they are not yet ready and asked that the “lease process clock” be stopped for two years so they can better acquaint themselves with Cartier Resources and mineral exploration and mining. Legally, the company could go ahead and start its work, but I would prefer to work with the Algonquin. However, partners in the project objected because a request letter from the Ministry does not yet mean approval and because negotiating with the Algonquin at Lac Rapide has been difficult and there is a considerable risk of not making progress during the proposed two-year break [male company personnel]...”

The CEO had participated in the early stage workshops that led to the design of e3 Plus and he was designing his CSR strategy using the very first guidance booklet that the PDAC had issued. As was mentioned in the theoretical framework section, each person assumes different identities depending on the role he or she assumes in a particular situation. The CEO of Cartier Resources stated on various occasions that he saw his role in the company as that of a “bon père de famille”, which describes his first identity in the context of the present study. His second identity was linked to his profession: he was a prominent member (and president at the time of this writing) of the Association de l'exploration minière du Québec (AEMQ – Mineral Exploration Association of Quebec), and of the Prospectors and Developers Association of Canada. The norms of a “bon père de famille” and of exploration associations (as expressed in the PDAC's Guidelines for

Responsible Exploration) related to the decision that had to be made include unity, collaboration, cohesion, cooperation, fatherly wisdom and guidance, and caring (“bon père de famille” role) and engaging and contributing to communities (exploration associations’ role). The decision to work with the communities and to try and create time for them to adapt was in line with the norms of the reference communities linked to both identities.

Unfortunately, because of time and availability constraints the interview team’s conversations with members of First Nations in the area were not nearly as intensive as they were with the CEO and company personnel and there was not sufficient information for a meaningful analysis of the meanings given and the decisions made by the aboriginal people.

In the context of Abitibi-Témiscamingue’s mineral exploration and mining industry Cartier Resources is only a small player and a number of stakeholders that were interviewed were not or barely aware of Cartier Resources’ existence, for which reason a detailed analysis of company-community dynamics was not possible.

## **Morelos**

As was mentioned in Chapter 5, the interviews were brief and did not go into depth. In terms of symbolic interactionist concepts, the meaning given to the company was that of an employment opportunity:

“...So far we have not yet gained much because we are at the beginning, but when the mine opens there will be more employment...Thank god for the company– it allowed me to return from the USA [where he was an illegal immigrant] and work for the company]...Many people are returning to the town from abroad in hopes of getting

employment – they are now living in temporary dwellings on the edge of town [male community members]...The company has a large pile of job applications from the communities of Valerio Trujano, Atzcala, Real de Limón, La Fundición and Nuevo Balsas. Our contractors are obliged to contract workers from the communities in the territory of which they carry out work for the company [Human Resources manager, Minera Media Luna]...The future looks promising for both the community [employment] and the company [gold production] [male community member]...”

Issues that arose between the company and the communities in the recent past were mostly related to the conditions of access to the land, especially rental fees:

“...In the face of the lack of response from the mining company “Media Luna” to negotiate a land rental agreement with the coalition of the ejidos “El Limón” that groups together the communities Real del Limón, La Fundición, Campo Arroz, Balsas Norte - Nuevo Balsas-, Puente Sur-Balsas, Atzcala and the recently incorporated Ejido de San Miguel for the exploitation of gold, the inhabitants of these villages will continue with the peaceful road blockades of the stretch of road that includes from the Nuevo Balsas bridge to the town of Atzcala [community members quoted in the local press]...”

These rental agreements are important for the ejidatarios (members of the ejido), but the conflicts were resolved:

“...Parts of these funds are distributed among ejidatarios...We resolve conflicts – sometimes de Procuraduría Agraria (the state agricultural ombudsman) helps in resolving the problem [ejidatarios]...”

In comparison to other cases the number of community organizations was small, as was the degree of people’s involvement:

“...The most important organizations are the ejido that looks after land issues and the municipality, each with its general assembly...The general assemblies meet only when there are problems [no planning for the future]...People do not participate in the general assemblies [comment repeated in different communities]...There are no municipal election campaigns – the list of candidates is drawn up informally and less than half of the population votes...There are no NGOs...Although the church is a place where one goes for peace and tranquility, the priest is not here often and has few relationships...There is no police...There is a fisherman’s organization in Nuevo Balsas that is in the process of formalization [fishing has been going on for many years]... There is a senior’s club with a small membership that organizes social events with the help of the company...There are some parent committees...Nuevo Balsas is still divided among the lines of the original villages from which it was formed when the valley was flooded 28 years ago [male community members]...”

In interactionist terms, this suggests that the mechanisms for convergence of meaning across communities were weak and that “source of employment”; the common meaning given to the Morelos project was generated by desperation for income rather than by debate:

“...People are happy that there is a company. There are high expectations – many people are desperate [male community member]...”

Even though the level of involvement was low, the general assemblies and the communities still seemed to be the most important reference communities:

“...Often we achieve agreement in the general assembly...We record our decisions in the minutes of the general assembly...Decisions are always made in the general assembly [male community members]...We have known each other for years [female community member]...”

Change did not seem to come easily to Nuevo Balsas:

“...We still haven’t become accustomed to the change [caused by the flooding of the valley]. Now with the company, things will be changing. The young people that were born afterwards are taking root and are adapting [male community member]...”

In summary, the interactionist processes in the Morelos case were much less intense than in many of the other cases and the communities are going along with the flow of events and were not playing a very active role in meaning formation, decision making and change processes.

## **Fruta del Norte**

According to respondents and to the Plan de Desarrollo y Ordenamiento Territorial de Los Encuentros (Los Encuentros Development and Land Use Plan – Los Encuentros is the parish closest to the project site), the arrival of Aurelian Ecuador caused great inconvenience from a political, social, economic and environmental

perspective (Gobierno Parroquial de Los Encuentros, 2011). This was confirmed by an interviewee comment:

“...It should be mentioned that president of the parish council did not want there to be mineral exploitation in Los Encuentros, for which reason he imposed on the community that it reject Kinross [male community member]...”

In interactionist terms, the meaning that people gave to Aurelian Ecuador through their interactions with their fellows led them to interpret the arrival of Aurelian Ecuador as a threat. People then drew on their reference community to decide what action would fit with its norms, and community leadership decided to reject Aurelian Ecuador, which probably also included instructions to avoid direct contact. Because detailed probing of the past was beyond the reconnaissance scope of the present study, only assumptions could be made about how community members arrived at the particular meaning they gave to Aurelian Ecuador and what their reference community's norms looked like. Had the example of Nambija influenced its norms related to mining? (Nambija is a close-by lawless town where artisanal and small scale illegal mining have caused huge environmental damage as well as landslides that killed hundreds of people, and that suffers from serious social problems). Or were its norms related to preservation of the agricultural life-style? Or was it that, rather than fear being inspired by mining, there may have been a fear that the arrival of the company would result in the banning of artisanal and small-scale mining (illegal or not), an important source of income in Los Encuentros (Agreda Orellana, 2011).

As was mentioned earlier a small group of people linked to the Catholic Church in Los Encuentros gave a different meaning to Aurelian Ecuador: they did not see it as a threat, and therefore decided to talk with the company, i. e. they “dealt with the thing

they encountered” and in the process they “handled and modified its meaning”. They began building a bridge between Aurelian Ecuador and those that saw it as a threat. In the process, the latter began handling the initial meaning they gave to Aurelian Ecuador and modifying it. The process was slow and full of twists (at one time the “bridge builders” had to flee and hide for a while). However, the process led to the parish council’s decision to work with the company. While this process was going on in the community, presumably the “bridge builders” also allowed Aurelian Ecuador to “handle the meaning it gave to Los Encuentros”, modify it, and change its interpretation of the situation. At the same time as Aurelian Ecuador was changing its interpretation of the situation, the norms of its reference community were changing also. Over the past decade interest in Corporate Social Responsibility skyrocketed and community engagement started becoming the norm (Boon, 2012). As the norms of its reference community changed, so did Aurelian Ecuador’s decisions and approaches, which possibly facilitated their local policies. The latter, in turn, helped change the meaning given to the company by the community. According to respondents quoted earlier under the Fruta del Norte “conflict resolution” indicator, the fusion of Aurelian Ecuador with Kinross caused further modification of the meaning each side gave to the other. From the perspective of interactionist theory, the culture of Kinross represented a reference community with clear norms (Kinross values) against which employees measured decisions and actions and, very importantly, the community was aware of and appreciated these norms. In effect, Kinross culture could be said to be becoming part of the community’s reference community. At the same time, the close cooperation between the parish council and Kinross was leading Kinross to incorporate community norms into its decision making

processes, thereby making the community part of its reference community. Kinross' value system and the comportment of its employees clearly had a strong influence on the meaning interviewees attached to Kinross, as is apparent from their comments that were cited earlier under various relationship indicators. It appears that the company's internal "...processes posited by symbolic interactionism led to a collectivity and a common meaning: norms and expectations evolved concomitantly to regulate and maintain the collectivity" (Ashford and Fried, 1988: 320). Scripts were successfully used and Kinross avoided the "pressures toward automatic behaviour" that can engender "...the indifference of many organization boundary spanners in roles where 'authenticity' is expected [as in interactions with communities] that reflects an affective as well as a cognitive detachment" (Ashford and Fried, 1988: 316).

As said earlier, meaning is derived from social interactions and the relationships, interactions and interpretations at work in CSR situations constitute the dynamo that drives the unfolding of events. The relationships of the "bridge builders" with the community and with Aurelian Ecuador allowed them to start a change process. Respondents' comments indicate that the direct relationships with Kinross executives and employees very much influenced the meaning respondents attached to Kinross. The importance of personal relationships in determining the course of events was mentioned as well a number of times in the context of bilateral relationships other than those involving Kinross, and a number of such comments were quoted at the beginning of this chapter.

## **Cauchari-Olaroz**

The initial meaning given to the Cauchari-Olaroz project by the communities was nuanced:

“...Some communities were opposed and some thought that it would be worth having a discussion. Through a discussion process that took between one and a half and two years, the six communities of the Department of Susques jointly decided to work with the company [female community member]... “

Through their interactions the participants converged around a common meaning and interpretation of the situation, and arrived at a decision. The reference communities on which they drew to arrive at this decision were mainly the general assemblies:

“...Minera Exar has always worked together with us and for this reason people have no problem with them, especially because matters are talked about in the assembly. ...They inform us about their plans and we want them to proceed. ...They are responding to our worries and well...The company always consults us through the assemblies [male community members]...”

Real and imaginary members of the reference communities of community members likely included general assemblies; other communities in the zone; tribal organizations; umbrella indigenous organizations; spiritual leaders; oral traditions; and possibly certain NGOs. This aspect needs more study. A female member of one of the six communities made a presentation during a social responsibility seminar in Salta, Argentina, in which she melded the ideas and concerns alive in her communities with norms on indigenous issues being articulated and promoted through organizations such as the International Labour Organization, the United Nations, the International Finance Corporation and others to explain why the communities had decided to support the company and what safeguards they were putting in place (Calpanchay 2012):

“...These change processes are above all linked to the right of the communities to compulsory prior consultation on the implementation of mining activities on their lands, to determine if their interests will be affected and/or harmed by the development of a mining project that carries possible environmental, social economic and cultural impacts... Now we bet on this activity, generating change and if we make mistakes, we will look at the point where we made the mistake to correct it. We do not want nor will

we permit that others determine our future. Rather we invite them to take part in the sustainable development that comes hand in hand with respect...Now the company is a new neighbour joining us and we open the door to them, but without forgetting that we will be the first supervisors of the precepts on which we agreed and if we see some mistakes we will resort to the dialogue that characterizes us to ask for the corresponding explanations and rectifications...”

The latter comment about rectification could have been taken straight from the United Nations Guiding Principles on Business and Human Rights (Ruggie, 2011). However, she did not make any direct reference to these international norms: they had become part of the broader global indigenous reference community. Aspects of this reference community overlap with those of the professional and peer reference communities of the company (both probably drawing on some of the same sources), which definitely facilitated reaching an agreement.

With respect to the reference communities drawn on by company staff and management, the most relevant way of categorizing subsets within the company was by ‘employee origin’ and by ‘rank’, leading to the subsets: ‘local employees’; ‘non-local employees’; and ‘management’.

Current members of the reference communities of management likely included company head office; relevant professional organizations; peers in mineral exploration and mining. At the time of the study the ‘company’ reference communities were probably nearly identical to the ‘management’ reference communities. Company interviewee comments that confirm some of these assumptions include:

“...Our knowledge of e3 Plus came after we initiated our RSE practices based on the Equator Principles. Based on that, we developed a code of conduct that embraces policies for social and environmental practices... E3 Plus helps us fill the gaps in our social programs and improve our environment and occupational programs. It can help us develop a more defined, stronger management policy to create managerial capacity building so that the managers can transmit these skills to their employees and try to prepare for the transition from exploration to development. This is a big challenge. It

would be good if e3 Plus were translated into Spanish... Minera Exar adheres to the Equator principles (sustainable economic growth; environmental protection; well-being of the people who live close to the project or that can be affected by our operations... For the CEO CSR is as important as the rest of the business. Personnel follow CSR policies well... The company recognizes and respects indigenous peoples' rights as defined in ILO 169... The communities' rights to be consulted and access information are respected and a permanent two-way communication is maintained. Community approval is sought before starting the various phases of the project... In addition to e3 Plus, Minera Exar is guided by ISO 26000, 14000 and 9000. The government wants to implement ISO 26000... The comparison of the projects in different countries will help us create synergies to guide us in certain situations and solve them – it is not easy... In Health and Occupational Safety we have already made some progress but in the social area, as it is new, we are still exploring how to do things well [comments by male and female employees made during a group meeting]...”

This will evolve with time as by nature, relationships are not static. In adopting the Equator Principles and later e3Plus for its social responsibility approach, company management was measuring itself against the norms of professional organizations and peers, and the incentive for doing so came from the CEO's experience with a “social responsibility disaster” in a previous project:

“... I noticed the problems the Esquel project in Chubut had with communities, and how these problems forced the company to close down its operations [male CEO]...”

The “peer community” aspect was evident from a certain rivalry in social responsibility matters between Sales de Jujuy and Minera Exar, albeit in terms of some “one-upmanship” rather than convergence towards common norms.

Local employees' reference communities likely consisted of the local community members and leaders; the general assembly; religious and spiritual leaders; and family networks, some of which were evident from a group of employees' decision to approach the community leader for help with solving a problem at work:

“... We had a problem with a group of employees who complained about how they were treated by a certain manager to the leader of their community rather than to management.

The community leader talked to management and the problem was addressed [male manager]...”

and from employee concerns about the company not offering to the PachaMama (the earth/time mother goddess):

“...Our hopes for the future include... that our culture be respected and that they participate in the Pacha Mama... Certain days are sacred to us (1<sup>st</sup> of August – Pacha Mama Celebration) but they don’t give us permission. There is a belief that working on August 1 can lead to the earth punishing you. People of our level were not working but we felt bad about it. We need to talk to the managers so that they understand this is important for us – it is a custom that comes from our ancestors. In my community they ask if a “convido” (an invitation to mother earth) is made especially in the salt flat where the earth is rich in minerals. They ask me: how could they forget about the earth? [male local employees]...”

At the same time, several local employees were well aware of and influenced by company norms and values, as part of the dynamic change process:

“...Now we are like a child growing up with the values of the company. Seeing the good example of our superiors we know what to do when we grow and continue as a larger company... CSR has a significant impact on my day-to-day work. Although we do not have a course yet, I want to learn about it and apply it. CSR is becoming more and more important to the managers [male company personnel]...”

The subset of non-local employees (mostly from other provinces of Argentina) probably did not have a single group of reference communities: each related to his or her reference community “of origin”. With time and continuing interaction, ‘the company’ may become more and more included in the company subsets’ reference communities.

In summary, the initial meaning some communities gave to the company was that of a threat while others sensed an opportunity. Through a process of intense interaction the communities converged around seeing the arrival of the company as an opportunity. In doing so, they drew on the norms of both local and extended reference communities. The company drew on some of the same extended reference communities and through ongoing company-community interactions the community and company meaning sets

began to overlap. Part of this process was mediated by community members who were company employees. This process of change is ongoing.

Note added in proof: because of financing difficulties Minera Exar had to discontinue operations for more than a year. However, activities resumed late in 2014 and the relationship between the company and the communities continues developing along the path that was set out initially (personal communication, Rosana Calpanchay and Mónica Echenique).

## **Lindero**

The interviewee comments shown below paint a picture of the company as an organization in which interactions take place through a well-connected network of fluid high-quality interactions.

“...Vancouver head office fully trusts our local office and gives it great freedom of action; at the same time, the boundaries are clear and sufficiently broad; the company is thorough and patient... Management decides on most CSR issues and actions. Everyone is aware of these decisions and they are taken into account in logistics, purchasing and other company activities. There is open communication about all this [male company management]...”

“...We are geology assistants and undertake prospecting on our own, spending 7-12 days consecutively in the field, mostly on provincial lands. We have learned how to prospect while working for the company... We are the eyes and ears of the company and when we see or hear something that falls outside our (wide) range of responsibility we advise the director who then takes action at a higher level... We like working for Mansfield because we know what is expected and we are left free to decide how we want to go about our work...It is part of our duties to contribute to the community... I worked in a bigger company before that was more rules-bound and bureaucratic and I like my present job much better [male company personnel]...”

“...The work these people do is trusted completely and the reason for which they are sent out to prospect on their own – they played an important role in the discovery of the Lindero and Arizaro prospects...New employees usually ask for a detailed job description. They are told that, while everyone has a major area of activity, they are also expected to pitch in where necessary e.g. take part in the vaccination of llamas, the

cleaning of the buildings – regardless of their function or level of education [male company management]...”

“...Daily work consists of prospecting, camp maintenance, work on airstrip construction, and any other duties that may be needed. We work as a team and rotate tasks on the basis of mutual understanding. The company is very flexible both in terms of letting us decide how we want to approach our tasks and giving us time off when the need arises (e.g. illness in the family, feeling ill at ease in the camp, etcetera). We handle the effect of such absences on our workload as a team. We all belong to nearby communities and often meet with community members during our work. We routinely give community members rides and when other requests are made or problems crop up we usually talk them over as a group. The group leader decides how to approach the situation based on the discussion. There have not been any significant problems that we can remember [Group interview in the field camp] [male company personnel]...”

These observations paint a picture of the company as an organization in which interactions take place through a well-connected network. The characteristics of the internal relationships as discussed earlier suggest that interactions between actors will transmit ideas, emotions, and content fast and well. Symbolic interactionism would predict that this, coupled with the connectedness of the network, augurs for rapid establishment and convergence on meanings that are fairly consistent between actors. The company clearly serves as a reference community for its employees, who measure their decisions against its norms: teamwork, the importance of relationships (linked to a subset of norms described by their indicators), and the concept that everyone is important. The norms are being adhered to implicitly and semi-subconsciously.

Because almost all employees are local, or at least from the province of Salta, they share meanings that are related to the reference communities of their non-company identities, i.e. the reference communities of the company and of the local actors “meet” in the company’s employees. This, together with the relationship and interaction skills that are evident from the indicators, facilitated convergence of meanings between communities and the company. In addition, the company took a long time to bring the

project to fruition, which also facilitated convergence of meanings and reference communities:

“...We have been working in Salta since 1994, and the Lindero prospect was discovered in 1999 [the author visited Mansfield Minera’s office in 1998][male company manager]...The municipality has regular civil defense meetings in which all exploration companies active in the area participate. These meetings have resulted in companies putting in additional roads, improving road signage and emergency planning (for example when German tourists became stuck in the sand far away from Tolar Grande...We are aware that the transition to a mine will bring many changes and the municipality is planning for this [local authority]...During our weekly runs to the city of Salta we always carry community members and as a result we have regular eight-hour conversations with a large proportion of the community [male company personnel]... I had a chance to work with another company but I waited till there was an opening in Mansfield Minera [female local employee]...The company CSR manager will take the man who lives in the oasis close to the camp to Salta to help him take care of his pension arrangements – he is illiterate ...The company has played a key role in ensuring that the exploration companies active in the area coordinate their CSR approaches [company manager]... All actors are important. We know everyone and everyone is important... We feel part of the community and talking usually resolves any problems. On a number of occasions the community itself resolved problems, for example when some people said certain things about the company and others didn’t agree, community members resolved the matter amongst themselves and it was settled [male local company employees]...Sometimes community members call me about community issues even before they call the intendente of Tolar Grande [male company manager]... The relationship between the companies and the municipality is good and there is an open dialogue... There is not much conflict in Tolar Grande and most issues get settled in a “natural” way [male company personnel]...”

The above series of interviewee comments suggest that Mansfield Minera could be described as a dynamic network of actors that seemed to interact almost seamlessly with other networks of actors. The functioning of each of these networks (i.e. assigning meanings, interpreting situations and making decisions) was driven by interactions through patterns of relationships, and “scaffolded” onto the norms of the related reference communities. The reference communities of the company were the community of Tolar Grande (including its cacique and intendente), the Salta Chamber of Mines, head office in Vancouver and its own employees. It also fitted into the important catholic religious base of the Province of Salta and supported indigenous beliefs:

“...I am godfather to the daughter of one of my colleagues and I take my duties as a godfather very seriously...We take part in the annual Virgen del Milagro pilgrimage to Salta and in indigenous festivals [male company personnel]...”

The company had become fully part of the community.

The question remains as to why this happened in Tolar Grande and not in San Antonio de los Cobres. The interactions that lead to establishment and adjustment of meanings, and to the establishment and adjustments of reference groups have a random aspect and outcomes are contingent on boundary conditions. The refusal of the mayor of San Antonio de los Cobres to allow companies to undertake social initiatives was a boundary condition that reduced the number of solutions to zero. The change of mayor that took place after the case study had been completed changed that boundary condition with immediate consequences: as mentioned earlier the new mayor hired Mansfield Minera’s CSR manager to assist him with social responsibility initiatives presumably in cooperation with exploration companies, and productive cooperation resulted.

Perhaps not surprisingly, the most important type of reference community for members of the local populations in the Andes was local institutions: the town council or its equivalent, and the general assembly. For companies it was their peers in industry, through industry associations and the general background of CSR codes and guidelines. The processes of changing meanings all took place through interactions mediated by relationships and in a number of cases were accompanied by a change in or expansion of reference communities. In “ideal” cases (from a conflict avoidance perspective), both company and community actors began including “the other side” in their reference community and in the Lindero and Cauchari-Olaroz cases the company came to be considered as part of the community. In cases in which the two sides had completely

different reference communities and in which the nature of the relationships between the two sides precluded interaction (i.e. transactional needs were not met at all), meanings either did not change or became more polarized (Río Blanco, Victoria del Portete).

In summary, the relationship indicators coupled with a symbolic interactionist framework successfully linked micro-level interactions to meso-level actions and provided a credible explanation of the factors influencing the social course of events surrounding mineral exploration projects. This research also suggests fruitful avenues of future research that include following the networks that constitute reference communities, social media and if and how they can add to or replace face-to-face personal relationships. The results and interpretations presented above formed the basis for the generalized model that will be discussed in the next chapter.

## Chapter 7. Generalized interactionist model

The results and interpretations discussed in the previous chapters can be generalized into a model that links CSR and relationships to the course of social events and to the perceived present and future benefits and harms associated with mineral exploration projects. The model consists of a series of stages with a number of additional influences feeding into it. Figure 7.1 shows a schematic representation of the model. There is no clearly marked boundary between the stages: they flow into one another and depending on circumstances, any stage can influence any other stage. The stages are:

Stage 1: Arrival of the project

Stage 2: Establishment of initial meanings, initial interpretations, and initial actions

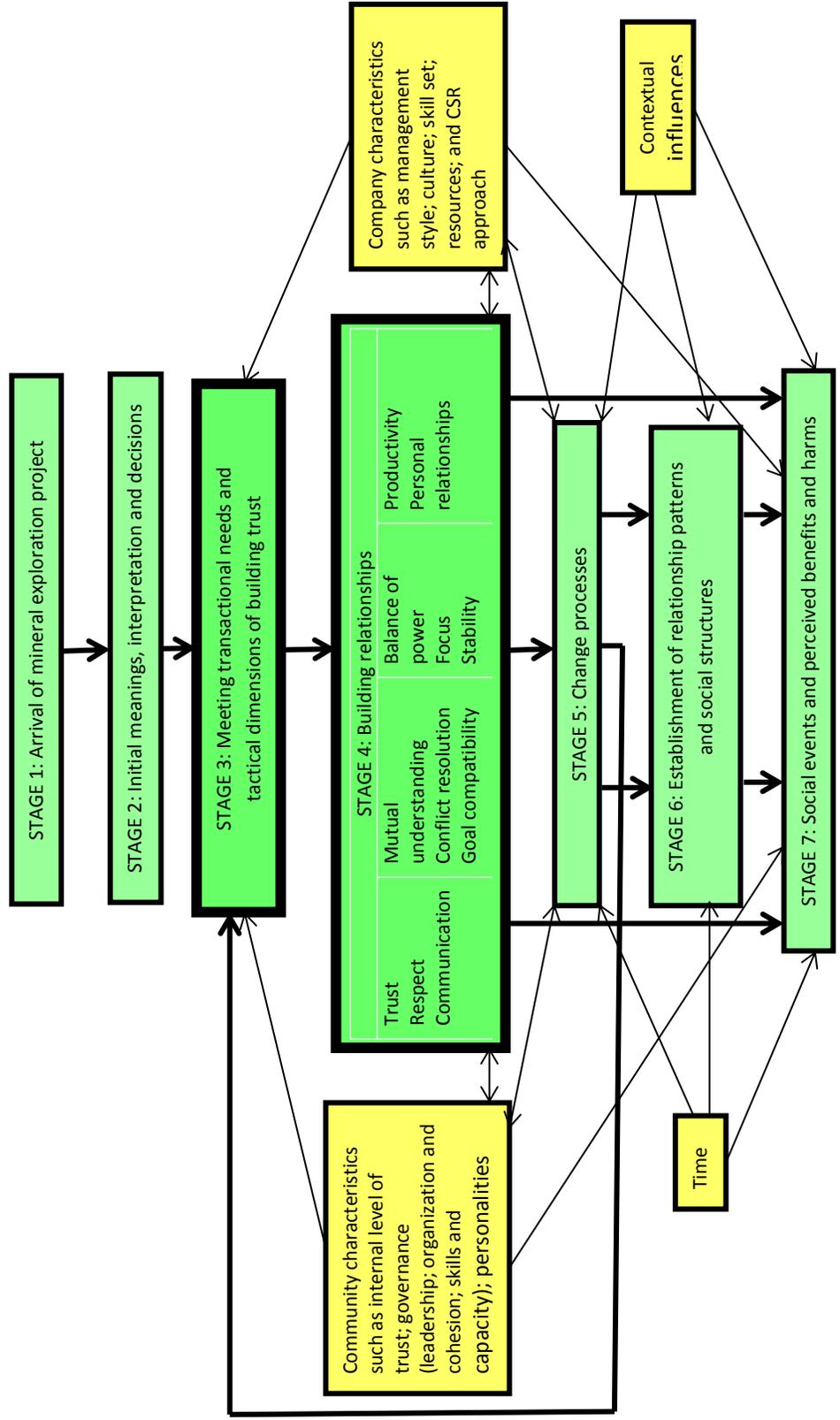
Stage 3: Meeting transactional needs

Stage 4: Building relationships

Stage 5: Interactionist change processes

There is continuous iteration through the “transactional needs/tactical dimensions => relationships => interactionist change => transactional needs/tactical dimensions” loop shown in Figure 7.1. The ongoing outputs of this continuous change process feed into stage 6.

**Figure 7.1.** Generalized interactionist model linking CSR (through company characteristics) and relationships to the course of social events and perceptions of present and future benefits and harms



Stage 6: Establishment of relationship patterns and social structures

Stage 7: The course of social events and perceived present and future benefits and harms

The arrival of the project (stage 1), the establishment of initial meanings, interpretations and decisions (stage 2) and the meeting of transactional needs (stage 3) lay the ground for building relationships (stage 4), which is at the centre of the model. The relationships that are built influence subsequent change processes (stage 5) that lead to the establishment of relationship patterns and new social structures (stage 6), which in turn lead to the course of social events and perceptions about benefits and harms (stage 7). The recursive loop meeting transactional needs => building relationships => change processes => meeting transactional needs is the model's "dynamic pulsating heart" that ensures continuous adaptation of the actors to each other and to the additional factors community characteristics, company characteristics, contextual influences and time. In the context of the model "building relations" has no normative content: depending on what happens during stages 1 to 3 the relationships that are built can fall anywhere on the spectrum from negative to positive.

### **Additional factors**

While interactionist processes drive the overall dynamics, there are a number of additional factors that feed into the outcomes. They include community characteristics (cohesion, leadership, capacity, and prior history), company characteristics (management style, culture, skill set, resources and CSR strategy), time, and contextual factors such as socio-economic conditions, history and government requirements. Among the company

characteristics, the approach to CSR has a major impact on perceptions of benefits and harms. Both community and company characteristics can influence and be influenced by the core processes. The stages are described in greater detail below.

## **Stage 1. Arrival of the exploration project**

“Arriving” can occur in a variety of ways: a company can show up one day with people and equipment and learn “on the go” or it can take a carefully planned approach involving previous study of relevant documents, identification of actors, and gradually building up a presence. The latter would already include some elements of subsequent stages. In all Latin American case studies the arrival of the exploration project was a significant event in the life of local actors. Reasons for this include the considerable difference in culture between the new arrival and the local scene, a generalized fear of mining that exists in many areas of the continent, and the significance of the people and financial resources of the company as compared to those of local actors. The Canadian case study was located in a relatively prosperous area with a long mining history in which none of these factors applied.

## **Stage 2. Initial meanings, interpretations and decisions**

The parties “size each other up” and make initial judgments as to who they are dealing with and what to expect. They also make initial action decisions. It is important to try and create space for dialogue at this stage, which will be helpful for the next stage. Patience, sensitivity, flexibility, attention, and leaving room for quick changes are some of the watchwords for this stage.

As Chapters 5 and 6 showed, initial meanings given to the mineral exploration project by communities covered the entire spectrum from being an environmental and social threat to being an economic opportunity, with associated interpretations of the situation. It appears that for communities that saw the project as an opportunity, local general assemblies were the most common reference community that influenced the decision for action. A number of the communities opposed to mining drew on a wider range of reference communities that included organizations that were mentioned earlier such as Ecuarrunari, Acción Ecológica, and the provincial prefect in the province of Azuay, Ecuador whose actions predated the arrival of the project. This means that the initial “lay of the land” had a significant effect on subsequent interactions. It may therefore be prudent for host governments to develop policies that help shape the lay of the land well in advance of mineral exploration, and to take symbolic interactionist considerations into account in the design of these policies. “Home” government agencies would also benefit from taking such factors into account, for example they may affect Export Development Canada’s lending decisions.

### **Stage 3: Meeting transactional needs**

At this stage the parties set the scene for developing a substantive relationship in the next stage. It involves creating the conditions that allow substantive issues to be openly discussed and emotions to be expressed. Solidifying dialogue space would be the first step, followed by trust building taking into account its tactical dimensions: being visible, personalizing encounters, being clear to the other party about your own expectations, and establishing routines. Ideally at this stage the parties honestly,

respectfully, and transparently explore each other's identities. They expect to benefit from their effort and want to be fully included in the "flow of things". Progress on this front will likely require a number of iterations through stages 3, 4 and 5. The degree to which the parties' transactional needs are met strongly influences the characteristics of the relationships that develop in the next stage.

The initial meanings that exist in communities opposed to mining create barriers to meeting transactional needs, especially in the absence of dialogue. In the present study this occurred to varying degrees in the communities surrounding the Río Blanco project, Chumblín, Victoria del Portete, Girón, San Fernando (Loma Larga project), Las Naves, Jerusalén, Salinas (Curipamba project), and Los Encuentros (Fruta del Norte project). While a number of the six communities in the area of influence of the Cauchari-Olaroz project initially saw the project as a threat, they adjusted the meanings they gave through intense interaction with the other communities which led to a joint decision to establish a dialogue with the company. Most other communities involved in the case studies either decided to work proactively with the company, or not to oppose its activities. With these communities, the process of meeting mutual transactional needs began "in earnest". Building trust and meeting transactional needs are at the heart of the model: they enable all other processes. For example, in the Lindero case trust between the community of Tolar Grande and Mansfield Minera was established very early on in the life of the project. Both the townspeople and company employees at all levels worked at meeting each other's transactional needs. As a result, the company became fully integrated into the community to the point that community members with general concerns not necessarily related to the exploration project were as likely to contact the director of

Mansfield Minera as they were to contact the town's mayor, and both saw this as a normal part of everyday life. In the Loma Larga case, the barriers to meeting transactional needs were too steep to overcome in the parish of Victoria del Portete: the president of the parish council decided to avoid all contact with the company. In the Río Blanco case the barriers were insurmountable.

Dialogue space is an important component of this crucial stage and impartial third parties or trusted intermediaries can play an important role in this respect. There is a role for governments here: their CSR policies should include promoting dialogue and creating appropriate mechanisms. The government of Peru established its Oficina Nacional de Diálogo y Sostenibilidad (ONDS – National Dialogue and Sustainability Office) in 2012 and provided it with ample resources. ONDS is reported to have been able to help resolve 60 social conflicts so far (Jara Velásquez & Huaroc Portocarrero, 2014). This may be a useful model to follow for other countries. Canadian embassies and Canadian exploration companies working in Latin America may benefit from availing themselves of the services of local branches of the Grupo de Diálogo Latinoamericano (Grupo de Diálogo Latinoamericano, 2013).

#### **Stage 4: Building relationships**

Meeting the transactional needs of both parties creates the conditions for developing relationships along the dimensions trust; respect; communication; mutual understanding; conflict resolution; goal compatibility; balance of power; stability; and productivity. Which of these dimensions will develop most depends on the local situation and the needs and characteristics of the parties.

The shades of red and green that fill the cells of Table 6.1 largely reflect the degree to which transactional needs were met and the consequent characteristics of the relationships. The effect of meeting transactional needs on relationships is best illustrated using the conflict resolution dimension. Conflicts will inevitably occur and if managed well, can be drivers of necessary change. Onuoha and Barendrecht, and Rees saw a need for the establishment of formal conflict resolution mechanisms (Onuoha & Barendrecht, 2012; Rees, 2009). However, explicit conflict resolution mechanisms were not present in any of the case studies. In the cases in which interaction transactional needs were met, existing interaction mechanisms apparently served multiple functions (that included conflict resolution, joint planning and budgeting, organization of events, and carrying out joint projects, which underlines the importance of meeting transactional needs).

Personal relationships were very important. An examples of their effects on the course of events that were mentioned earlier is the friendship between the initial manager of the Loma Larga project and the small commune close to the mineral deposit that played a big role in the subsequent establishment of good relations with the parish of Chumblín while the problematic personal relationship between the mayor of San Antonio de los Cobres (Salta, Argentina) and mineral exploration companies prevented them from undertaking joint projects with San Antonio de los Cobres' citizens and organizations.

While relationships are considered to be very important in the community engagement section of most CSR guidelines and codes, none pay specific attention to relationships per se. A review of these guidelines and codes through an interactionist lens may reveal opportunities for improvement.

Conclusions that can be drawn with respect to the character of relationships include: the processes and concepts are the same for all cases, but because of differences in the content to which the processes apply, the cases remain *sui generis*; community-company relationship characteristics cover a broad range, from strong animosity to friendship; and meeting transactional needs is a precondition for positive development of relationships, and for changing meanings.

### **Stage 5: Interactionist change processes**

All cases involved changes of meanings and considerable influence of reference communities. Changes of meanings often began with individuals or groups that did not share the meanings of the majority. The change processes were not linear and were influenced by contingent factors (such as the reputation of the change agents, as was the case in the parish of Los Encuentros; the unity and determination of the women's organization in Chumblín). Convergence of meanings between communities and companies was aided by meeting transactional needs and involved considerable effort on both sides (comment by an interviewee in San Gerardo - Loma Larga case). In the Río Blanco case a combination of actions taken by important actors (rondas campesinas; Catholic Church; community district and provincial authorities; Río Blanco Copper S.A.; Ministry of Energy and Mining) led to a strong convergence of meanings of those opposed to mining and to a strong divergence of meanings between the pro- and anti-mining camps. In a number of communities, meanings did not significantly change with time.

Meanings are adjusted through interactions with one's fellows and the party that has the most effective and intensive interactions between its members and that can call on

the deepest reservoir from which to draw possible meanings has the highest probability of being able to change “in-group meanings”. In many cases this will be the company because interaction between its employees is much more frequent and intense than between community members; the relationship with the community is an area of focus for company employees, while the relationship with the company is only one of many relationships for community leaders and members; and in many cases, the company has a higher proportion of educated people than does the community, and its resources allow it to gain access to much deeper reservoirs of meanings on which to draw – it could also be said that the company can draw on a wider reference community with greater ease. The most prominent reference communities on the community side were general assemblies and community leaders, and the Catholic Church and the Rondas Campesinas in one case. While most communities were not consciously aware of this, some of their actions were influenced by factors “farther afield” in the wider field of reference mentioned earlier. Examples are changes in legislation that have given more power to communities in Peru (related to free, prior and informed consent) and in Ecuador (the Buen Vivir concept and the 2009 mining law that were mentioned earlier). The concepts presented by a member of one of the six aboriginal communities in the zone of direct influence of the Cauchari-Olaroz project bore similarities to those found in international codes and guidance notes (e.g. e3 Plus), suggesting that these documents were part of her extended reference community, demonstrating the convergence of meanings that had occurred (Calpanchay, 2012).

Reference communities on the company side included, in order of decreasing proximity to company actors: the community relations team (reference community for its

members and other company staff); a variety of local actors (for example in the Fruta del Norte, Loma Larga, Lindero, and Cauchari-Olaroz cases in which the company and the community maintained close links); country management; international parent company; international social responsibility codes; country legislation; mining associations; and home country influences.

The meanings, reference communities and relationships observed at the time of the case studies resulted from continuous iterations through stages 3, 4 and 5 and going into the future this loop will keep feeding changes into the next stages. The above considerations imply that all actor groups benefit from paying close attention to: meeting transactional needs; identifying those who hold alternative meanings and are respected in their communities and work with them to try and establish a dialogue with those who hold majority meanings, all the time meeting transactional needs; applying Gawley's tactical dimensions (visibility, personalized encounters, "showing face", establishing routines); maintaining presence (for example, in the Loma Larga and Fruta del Norte cases the community relations team stayed "on the ground" even during interruptions of exploration activity); and learn from interactions and adjust as necessary. The iterative processes described above led to the situations that prevailed at the time of the present study and to the relationship characteristics summarized in Table 6.1. The section that follows discusses relationship patterns and links them to social structures.

## **Stage 6: Relationship patterns and social structures**

In most case studies, the arrival of the exploration project had a significant impact on relationship patterns. With time, relationships and related interactions led to changes

in meanings: convergence in many cases, for example in Las Naves (Curipamba), divergence in others such as Río Blanco and the communities of Victoria del Portete (Loma Larga) and Jerusalén (Curipamba). At first sight an exploration project would appear to be just a new node that is added to the existing networks of relationships. However, the relationship matrices for almost all case studies showed the existence of only a small number of relationship “axes” (entities interacting with a large proportion of all entities and individuals) and with the exception of the Cartier case, the exploration company always was one of the major axes, together with the authorities of the local community and in some cases the Catholic Church and an aboriginal or community organization (e.g. the Shuar Federation in the Fruta del Norte case and the rondas campesinas in the Río Blanco case). The precarious economic circumstances of a large proportion of the population as evident from the socio-economic indicators made it possible for the resources of even a relatively small exploration project to have a significant impact on the local economy. This, together with the economic promise or environmental or social threat associated with a potential mine could account for the local prominence of the project. The fact that the Cartier Resources projects (located in a comparatively prosperous mining region of Canada) had an almost negligible impact on overall local relationship patterns seems to confirm this observation, although its small size also played a role. Another important factor leading to the strong impact of companies on local relationship patterns was that most actively sought to establish relationships with community entities and individuals.

Turner posited that interaction processes function better when they are embedded in a social structure as it provides information about which of the factors such as status,

role, aspects of culture and “system ecology” are most important and thereby it gives clues as to how best to go about meeting transactional needs. He argued that this phenomenon tends to reinforce the social structures in which the interactions are embedded, through the identity verification processes involved (Turner, 2011). This may be one of the reasons for the stability of the relationships in projects that integrated their CSR strategies with local governance structures such as development and land use plans and parish councils (Loma Larga and Fruta del Norte) or that maintained tight linkages and cooperation with local general assemblies, town councils and provincial authorities (Cauchari-Olaroz, Lindero). The tactical dimensions of trust development, especially consistency, presence and establishing routines also have important implications. In communities not opposed to mining they can strengthen the social structure of communities, while in conflictive situations a negative tit-for-tat routine can develop that deepens the rift between the parties and leads to a descending conflict spiral.

The social structures mentioned above acquired most definition in the cases that developed greatest clarity about about who should be legitimately involved in the relationship and about the matters at stake, i.e. in the cases that had established clearly articulated mutual roles and expectations together with mechanisms to meet these expectations: Loma Larga (for the communities no longer opposed to mining), Cauchari-Olaroz, Fruta del Norte, Lindero. For example (as was mentioned in Chapter 5), the collaboration between the communities and the company strengthened community organization. According to Turner’s model, actors in these cases met transactional needs and thereby recursively strengthened the social structures that formed, which in turn led to greater stability. Inspection of the “stability” column in Table 6.1 shows general

agreement with the predicted trend for the Latin American cases. The processes in the Canadian case were strongly influenced by pre-existing social structures: a long history of mining in the area, general prosperity, and a strong provincial government regulatory presence. This stage of the model has important societal implications: the establishment of the new social structures referred to above can change local governance and politics, for example increasing the legitimacy of the parish councils in Los Encuentros (Fruta del Norte case) and Chumblín (Loma Larga case) led to improved governance. In the Río Blanco case, the establishment of the FDSFNP united a region in its opposition to mining and the national government, elevating a local conflict to the national level. The failure of national government ministries of the time to mediate this conflict ultimately led to the recent creation of the Peruvian National Dialogue and Sustainability Office that is reported to have achieved some successes (Jara Velásquez and Huaroc Portocarrero, 2014). The next section considers a number of additional factors that feed into the final outcomes. It will be followed by the discussion of Stage 7.

## **Additional factors**

### **Community characteristics**

As the course of social events involves community actors, community characteristics inevitably play a role. Important factors in this respect include internal level of trust; governance (leadership; organization and cohesion; skills and capacity); and personalities.

Internal level of trust in the population is an important independent variable because it affects the functioning of the social networks through which meanings are

transmitted and changed and through which normative considerations are drawn from reference communities. It also affects the way in which communities organize themselves. For example the overall low level of trust between and within communities in the Lurín valley affected their ability jointly to take full advantage of the presence of the Palma project to support regional development projects. On the other hand, the same factor reduced the ability of those opposed to mining to mount coordinated resistance. In the Morelos case weak social structures, low level of energy, and internal divisions, while not auguring well for local development, lowered the risk of conflicts developing. Local governance as expressed through community leadership, organization and cohesion can lead to a constructive dialogue and positive outcomes for both parties (in terms of both the social course of events and economic and development benefits) as was the case in the parish of San Gerardo (Loma Larga case) and in the communities surrounding the Cauchari-Olaroz project. The same characteristics can also have a negative effect on the course of social events such as in the Río Blanco case, where they led to an intensification of the conflict and elevated it to a regional and national level.

In view of the importance of personal relationships, it is to be expected that actor personality characteristics can significantly influence the course of social events. For example in the Lindero case, the personality of the mayor of San Antonio de los Cobres made it impossible for any of the companies working in the area to undertake social projects in this town, and in the Morelos case interviewees mentioned problems caused by personality conflicts between the comisariado (leader of the ejido) and the comisario municipal (leader of the entire community). In the Palma case, the lack of assertiveness

of the president of Villa Pampilla slowed down decision making and led to seemingly endless general assemblies:

“...It is as though he is afraid and he feels he needs to seek approval for the smallest decisions [company personnel]....”

### **Company characteristics**

Relevant company characteristics include its management style, culture, skill set, resources and CSR strategy and execution. While the following discussion focuses on each of these variables in turn, they mutually influence each other. This applies especially to its CSR strategy that of necessity builds on the other characteristics.

### **Management style**

Management style refers to the way in which organizations sets objectives and manages its employees and workflows to achieve them. Types of management styles often cited in the management literature include directive (control-oriented); authoritative (focus on long-term vision); harmony-focused (akin to Japanese “wa”: 和); participative (democratic); and coaching (focus on employee development). There is no single “correct” management style: styles need to fit the circumstances. In addition to the above way of categorizing management style, Bass distinguished between “transactional” and “transformational” leadership styles that are overlaid on the above categories. The former focuses on followers’ self-interests and possibly self-actualization. In contrast, the latter transcends self-actualization, and involves ethical and moral factors. In practice, the management style of an organization will be a mixture of all these components (Bass, 1999). Please note that the meaning of Bass’ term “transactional” is different from that in

“transactional needs” as used by Turner (2007). The core processes of the proposed model involve ethical and moral considerations. For this reason one would expect the management style of companies that are successful in terms of relationship indicators to be slanted towards the transformational style. This was borne out by the observations in the present study: the management styles of the companies in the four bottom rows of Table 6.1 displayed transformational approaches to varying degrees. All identified community development as one of the company’s goal and all had moral codes (either implicit as in the Lindero case or explicit as in the Fruta del Norte case) that were being lived.

Exploration projects employ local people many of whom have no experience when they start their jobs and are very likely to face culture shock when they enter the company. In addition, they may have to deal with people in their own communities who are opposed to mining, while at the same time being ambassadors for the company in the community and ambassadors for their community in the company. The professional engineers and geologists employed by the company face a different challenge: most have received very little grounding in the “soft” side of the business: community relations, intercultural communication, and sociological insights. In addition, as mentioned earlier, exploration is a financially and often physically high-risk activity. Taking these considerations into account, it would appear that a management style slanted towards “wa” (和), participation and coaching would be most appropriate. In the case studies for which information was available this was indeed the approach most companies took to a greater or lesser degree, the Lindero case being strongest: in Mansfield Minera, employees worked very much as self-managed teams, had much leeway of action,

participated in decision making and were given much opportunity to develop (for example, two employees that joined the company as unskilled workers developed into skilled prospectors that undertook unsupervised prospecting over large areas, which led to the discovery of an important mineral deposit). A different way of describing the management style that appeared to work best in the case studies would call it relaxed, informal, and creative while at the same time maintaining clear boundaries.

### **Company culture**

Schein defined organizational culture as "...a pattern of basic assumptions invented, developed or discovered by a given group as it learns to cope with its problems of external adaptation and internal integration. It has worked well enough to be considered valid and, therefore it is to be taught to new members as the correct way to perceive, think and feel in relation to those problems..."(Schein, 1990)

When an exploration team arrives, it still operates on the mix of cultures that its members developed in a different location where they had to cope with different problems of external adaptation. Upon arrival, the meanings they developed in their previous locations and that were partially shaped by their previous reference communities are part of their initial pattern of basic assumptions in their new environment. The team is often composed of new members that joined either from different parts of a parent company, or that were assembled in other ways. This means that they now also need to cope with problems of internal adaptation. From this starting point the team begins to try and meet transactional needs in its interactions with external actors in the new environment. The process of external adaptation and internal integration of the

exploration team takes place through the iterative loop that is part of the model described in Figure 7.1 and that leads to company cultural change. There are approaches that can help a team “hit the ground running”. The first is applying existing transactional skills as happened in the Lindero case. The second is employing local staff and involving them in all processes. The meanings they give to encounters with non-company locals in the new circumstance of the mineral exploration project may need little modification. This suggests that internal processes that build on this may extend across company boundaries and the existence of successful internal processes would predict success in establishing productive relations with communities. This prediction seems to be borne out most strongly in the Fruta del Norte and Lindero cases, with the internal-external boundary being most diffuse in the latter. However, as the sample of cases is biased towards projects on the “positive side” it may not be possible to generalize this observation and further study is needed. The third approach is bringing in expert help that can rapidly get up to speed in the processes of the iterative loop. Often this expertise is found in people with a strong background in anthropology, sociology, psychology or community relations. For example, the relatively fast development of strong relationships with the communities surrounding the Cauchari-Olaroz project was greatly facilitated by a community relations team that consisted of an anthropologist and a psychologist, both of whom were expert at meeting transactional needs.

### **Skill sets**

The latter observation points to the importance of acquiring and using relevant skills through internal capacity building, through hiring or contracting, or through both routes. As the processes of the model involve ethical and moral values they touch on the

core values of the company and, for consistent application across all operations internal and external, the model needs to be part of a company's core business. Kemp and Owen observed that, while community relations may be "core to business", it is not yet "core business" (Kemp & Owen, 2013). While bringing in external expertise is helpful to get going, consistent ethical and moral performance over longer periods requires that appropriate values and skills be diffused throughout the company and become a way of life. In most of the companies studied relevant skills were located in community relations teams with between one and 15 members. The Lindero and Fruta del Norte projects had been most successful at diffusing core values and approaches throughout the company.

## **Resources**

Many explorers argue that their small size, the high financial and technical risk, and the fluctuating nature of their activities make it difficult to assign resources to community relations and social responsibility endeavours. Part of their argument results from a comparison of their budgets to those of much larger mining companies. However, this is like comparing apples to oranges: many of the social responsibility challenges faced by mining companies are of a different nature and scale. Having access to plentiful resources of course creates opportunities such as the ability to maintain community relations staff on the ground during lulls in exploration activity, or to speed up execution of joint projects with communities. Also, resource requirements vary with circumstances. However, in a number of the case studies meaningful results were achieved using modest resources, for example the Cauchari-Olaroz project dedicated between 1% and 2% of its total budget to implementation of its social responsibility strategy (Pérez, 2012). In the

Lindero case social responsibility principles were implicit in all its operations from the beginning.

### **CSR approach**

Chapter 2 mentioned a plethora of CSR codes, guidelines and models from which companies can choose. Most companies in the case studies developed their own approaches “from scratch” and borrowed elements from the available models as needed. Some did not articulate their approach at all and “flew by the seat of their pants”. Elements common to all approaches include: attention to individuals; focus on the common good, avoiding personal favours; resolving conflicts as soon as possible; developing and executing joint projects with communities; and community development. Underlying motives varied and ranged from no more than obtaining a “social licence to operate” to considering community development as a company goal. In the cases where an explicit approach had been articulated, the Fruta del Norte and Loma Larga projects came closest to implementing it as planned, and the Río Blanco project showed the greatest discrepancy between plan and execution. The processes that are part of the model were to varying degrees explicitly part of the CSR approaches taken by the companies, and their relationship outcomes were summarized in Table 6.1. The description of the case studies in Chapter 5 showed many examples of “hard” outputs such as road improvements, education and capacity building, agricultural product development and others. It is these outputs that mostly affected perceptions of benefits, while perceptions of actual or potential harms were usually associated with the interpretation of particular events, the fears created by the historical social and environmental legacy of mining, or by NGO awareness campaigns. The above considerations have implications for company

policies and suggest that both application of the proposed model to an internal analysis of a company paying attention to its meanings, reference communities, relationship characteristics, relationship patterns and social structures; and employee surveys to evaluate understanding of social responsibility and how it is incorporated into company operations; characterize company culture; and management style may be beneficial.

### **Contextual influences**

The course of social events and the perceptions of present and potential future benefits and harms of any project are affected by project-specific contextual factors that cannot be captured in a generalized model. They should be identified and taken into account on a case-by case basis. A few of the factors that played a role in the present group of case studies are described below.

In the Fruta del Norte and Loma Larga cases the government requirement of development and land use plans for strategic zones, together with the involvement of the national government greatly facilitated the design and execution of joint company-community projects, and in the Cauchari-Olaroz case full community control over the land was an important factor in establishing power equilibrium. The concepts of community engagement and community development in the CSR frameworks employed by industry evolved over the past decade and affected company approaches (International Council on Mining and Metals, 2010; Prospectors and Developers Association of Canada, 2010; The Mining Association of Canada, 2014). Regulation also can play an important part: the strong provincial regulatory agencies in the province of Quebec, Canada, channelled the possible actions of all parties to a large degree and these

agencies' power also came into play prominently. Another important factor is that of aboriginal rights and culture: for example, the political climate surrounding aboriginal issues in Canada has been changing rapidly which, combined with various recent court decisions in favour of aboriginal rights to be meaningfully consulted and to land title may well impact the relationship and interaction processes between Cartier and the Algonquin. Such issues also played an important part in the Morelos and Cauchari-Olaroz cases.

In summary, contextual factors modulate the generalized model. Such factors are specific to each situation. In the present study, several of the contextual factors that were mentioned in the interviews related to government policies. This emphasizes the important role played by governments. Their decisions always have consequences, even if they decide to do nothing, such as in the Río Blanco case where the national government had never been present until the conflict became uncontrollable.

## **Time**

There is a big difference between the time scales on which communities operate and those on which companies operate. The former have a long-term orientation, the latter a short-term orientation. Especially in remote regions, community rhythms are tied to natural cycles such as birth and dying, climate, crops, and animals. Exploration company rhythms are driven by commodity prices, stock market movements, investor expectations and technical requirements. The difference in time scales is a major source of misunderstandings and conflicts. Building relationships takes time, often more time than is available to the company. There are legion examples of projects going off the rails because companies made shortcuts to save time (for example the Esquel case that was

mentioned earlier (WRI: DEVELOPMENT WITHOUT CONFLICT, 2007). It is possible to make more speed with less haste and building up the project slowly and cautiously over a long period as was demonstrated by the Lindero project, which is quite unusual in the industry. While this required finding patient investors and ongoing thoughtful investor relations management, it helped the company become integrated into the community, establish excellent relationships in the region and influence the approaches taken by other companies working in the area.

### **Stage 7: The course of social events and perceived present and future benefits and harms**

The examples that were used to illustrate the various features of the generalized model amply demonstrated how the proposed processes explain the course of social events. On the positive side they included full integration of the company into the community; communities uniting to work together with the company; functioning informal conflict resolution approaches; strengthening of local social structures and establishment of new social structures; many examples of personal relationships triggering major improvements; and decreases in internal division of communities. The same interactionist processes that led to convergence of meanings between communities and companies on the positive side led to convergence of the negative meanings community actors gave to the exploration project, which intensified conflict in a number of communities. The social outcomes of the iterative interactionist relationships cycle were a pre-condition for the realization of additional practical benefits through cooperation between the parties. Perceived present and future community benefits

mentioned by interviewees in addition to the social aspects mentioned above could be grouped into the categories economic; health and safety; capacity building and education; sports; infrastructure development; and other.

Economic benefits included employment (in some cases expectations were unrealistically high and needed to be managed); activities and business development generated by the project such as local purchases by employees, provision of services to the project, a hotel to provide accommodation for external visitors to the project; support for the establishment of businesses and business associations (for example a fisheries cooperative); and establishment of cooperatives (for example in organic produce). Benefits in health and safety included establishment of a medical post and attracting a medical doctor; CSR initiatives such as cancer and eyesight screening, vaccination of cattle; medical supplies; and special attention to and care of the weak and elderly. In capacity building and education there were practical courses in bakery, carpentry, plumbing, electricity, masonry, agriculture; organizational development; provision of a teacher and a building for early childhood education; and in cooperation with the ministry of education, high-school level education for a significant proportion of the population. Support for sports activities included regional soccer championships; a soccer school and a successful local soccer team; and sports facilities. Infrastructure development projects were undertaken in road construction and improvement; improvement of drinking water supply; and construction of religious buildings. Miscellaneous other reported contributions or outcomes were assistance with the resolution of land ownership issues; reduced emigration of breadwinners and return of emigrants to their families (mentioned

by interviewees in more than one country); improvement of personal lives; and good personal relationships.

The companies also benefited from the interactionist processes of the model. First, they moved towards a company culture that could meet the needs of the situation. Second, they experienced additional practical benefits, the most important of which was the ability to conduct their work without stoppages, in a tranquil environment. Most community interviewees felt that the real benefits for the company would only be realized once mining operations would start in earnest. The companies that had community development as one of their explicit goals were pleased to see progress. It is important to realize that the benefits described above were achieved through the joint effort of both parties.

While the communities that had established positive relations with the project did not perceive actual harms, some unease about potential future environmental damage remained. Various community members expressed a nuanced opinion and recognized that they too contaminated the rivers. Also, while there was satisfaction with the present relationship, some wondered about how it will change when mining operations begin or when there is a change in management or company ownership. For example Mansfield Minera was bought by Goldrock after the present study was completed, and Goldrock decided to keep the name “Mansfield Minera” because it was cognizant of the importance of the meaning this name has for the local communities.

The communities that did not establish a positive relation with the mineral exploration project perceived that there was and will be much present and future harm.

Their list of concerns included severe environmental damage (with concerns about water quality topping the list); social upheaval and destruction of the social fabric; suspicion about the intentions of the company (“...they will take the resource and leave us with the mess...”); loss of culture through Westernization; conflicting development models; co-optation and corruption of authorities and institutions; and government criminalization of protests. There had been few real encounters between these groups and the “other camp” which precluded the process of meeting transactional needs and the consequent creation of a dialogue space. In one case, inept CSR approaches by the company and the national government sharpened the conflict which led to a (temporary?) shutdown of the project. This was a partial benefit for the local organizations that wanted the project to disappear.

The present study confirmed that relationships do indeed affect the course of social events and the perceptions of present and future harm, and also explained the processes through which this happens. While most people in mineral exploration agree that relationships play an important role in their field and while most codes and guidelines emphasize the importance of establishing good relationships, there has been little in-depth study of the innards of relationship building. In contrast, mountains of literature have been produced on the hydrothermal or other earth processes that lead to the formation of ore deposits and any exploration geologist or geophysicist is familiar with a slew of ore deposit models. The present study has begun to rectify that imbalance by developing a model that is based on a small number of relatively simple concepts: meanings, interpretations, reference communities and related change processes. Geologists apparently effortlessly wrap their creative minds around complex ore formation models that play out over millions of years, that involve many hundreds of

cubic kilometres of rock and structures that are only partly visible. The author hopes that they will see fit to apply their considerable talents to further develop the relationship process model presented in this thesis.

# Chapter 8. Conclusions and Implications

## Conclusions

Nine case studies of exploration projects were conducted to answer the research question: “How do relationships within and between the actor groups involved in mineral exploration projects influence both the course of social events and perceived present and future benefits and harms?” The results were interpreted in a symbolic interactionist theoretical framework and led to the formulation of a generalized model that links CSR (through company characteristics) and relationships and interactionist processes to the course of social events and perceptions of present and future benefits and harms. The model’s seven stages are: arrival of the exploration project; initial meanings, interpretations and decisions; meeting transactional needs and applying tactical dimensions of building trust; building relationships; change processes; relationship patterns and social structures; social events and perceived benefits and harms. Stages 3, 4 and 5 form a continuous iterative loop, and additional factors that include community and company characteristics (which CSR approaches to outcomes); time; and contextual influences feed into the processes of various stages. It was posited that application of the model to social responsibility approaches would increase their transformational power. While the cases were *sui generis*, the underlying processes were similar. Interactionist concepts key to the interpretation of the case studies were: meanings; reference communities; relationships; transactional needs; and dimensions of trust building. Relationships were characterized using the indicators trust; respect; communication; mutual understanding; conflict resolution; goal compatibility; balance of power; focus;

frequency; stability; and productivity. These indicators successfully differentiated the cases in terms of qualitative risk of conflict measures. Various cases displayed transformational characteristics as defined by Bowen et al. (Bowen et al., 2010), for example Fruta del Norte, Cauchari-Olaroz and Lindero. In addition to providing a framework for analysis the theory of symbolic interactionism also provides a framework for policy development for both governments and industry, especially as it shows ways of incorporating “soft” issues into their considerations. The most important conclusion is that the model proposed by this study presents a coherent framework for understanding the relationships between the actors, the underlying processes and how they influence the course of social events and perceptions of present and future benefits and harms. Also, that application of the model will help promote transformational change.

## **Limitations of the present study**

The present study suffered from a number of limitations, many of which were related to logistics factors such as time and resources available, willingness of companies to participate, availability of interviewees, and requirements of some of the funders. Chapter 1 and Chapter 3 explained that companies on the “negative side” of the social harmony spectrum were in general not willing to participate in the study, for which reason the Río Blanco case was included. Future studies may decide to choose more cases on the negative side of the social harmony side of the spectrum and interview only community members, authorities and other non-company actors. While this creates its own bias, it would still contribute valuable insights. The exploratory nature of the present study made it impossible to conduct in-depth naturalistic inquiry. The interviews were

relatively short and in some cases small in number. Therefore, systematic triangulation was not possible, and only a snapshot of each case could be obtained. This thesis document follows a “classical” more or less linear representation model, and aims to build a coherent picture of situations observed by an outsider. Its description of these situations is based on what interviewees told the researchers and was moulded into a structured story by the author. Therefore, the reader “enters into the author’s view of this world” and risks confusing the representation of the story with the story itself. The entire document could have been written in the form of a novel or a travelogue, which would have created an entirely different picture in the reader’s mind and different aspects would have come to the fore. The analysis of the large number of interviews was challenging and required a number of iterations of an intensive detailed reading-classification-writing cycle. Inevitably, in this process the author’s interpretations gravitated towards the biases inherent in his background. Someone with a lifelong background in the social sciences might have emphasized different aspects and might have arrived at different types of conclusions. On the other hand, the author’s intimate knowledge of the industry helped avoid misinterpretation of activities. With the exception of the Río Blanco project, each detailed case study was commented on by the community relations team of the company involved. This provided a measure of triangulation and only minor adjustments were suggested.

## **Future research**

Reference community, meanings and transactional needs are key concepts and each bears further investigation. With respect to reference communities, methodologies

for studying them need to be developed. These would include a determination of how best to define the membership of a reference community (e.g. would it include individuals, groups or associations and organizations, social media, or all of these) and how Athens' "imaginary members" concept functions. They should also be able to trace membership of reference communities and map them as networks. Such knowledge might lead to the identification of cross-membership between reference communities. People who occupy nodes in the network of more than one reference community could act as intermediaries in certain situations. It would also be interesting to find out if members of reference communities are aware of their membership in such a community and if not, if making the network aware of itself has a recursive effect on the behaviour of the network. Knox et al. pointed out that a network description can become its own analysis and the network can become a basis for action and a form of description at the same time (Knox, Savage, & Harvey, 2006). Other points of interest include the question of whether a person's education influences his or her "choice" of reference community and how this choice changes over time; how many different reference communities exist for a given community; and which ones have the greatest impact on community choices. The influence of social media (Facebook, Twitter, LinkedIn, the blogosphere and the like) would also warrant investigation.

The descriptions of the processes that led to a change of meanings in a number of the case studies were derived from the comments made by a relatively small number of interviewees and some reasonable assumptions made by the author. However, meanings changed for a significant proportion of the population and a detailed study of the "diffusion" of the new meanings and the reasons for their acceptance by individual

community members would provide much clearer insight. Whether or not dominant meanings lead to power or whether power leads to the dominance of meanings also needs study. Turner's transactional needs concept would benefit from further empirical verification and refinement.

## **Implications**

### **Government policy**

The Government of Canada recently announced its "Enhanced Corporate Social Responsibility Strategy to Strengthen Canada's Extractive Sector Abroad" (Government of Canada, 2014). It expresses the Government of Canada's "...expectation that Canadian companies will promote Canadian values and operate abroad with the highest ethical standards..." The strategy will promote greater use of existing CSR guidelines and codes by the industry and it uses a carrot and stick approach by providing enhanced Government of Canada economic diplomacy for companies that align with CSR guidelines and withdrawal of such support from companies that do not embody CSR best practices and refuse to participate in the Government's CSR Counsellor's Office or National Contact Point (under the OECD guidelines for multinational enterprises) dispute resolution processes (OECD, 2011). The threat of withdrawal of support for companies that do not meet expectations implies that the Government will develop a mechanism for identifying those companies. While the approach to be taken is under development, the Government is strengthening support for CSR initiatives at Canada's diplomatic network of missions abroad and will be providing additional support and training to its staff. It also has expanded the role of the Office of the CSR Counsellor to include promotion of

strong CSR guidelines. Trade Commissioners and staff are expected to building networks and local partnerships with communities and need to be equipped to detect issues early on and contribute to their resolution before they escalate. The model proposed in this thesis provides a context for building networks and partnerships with local communities, as well as detect issues early on and suggest possible solutions by Trade Commissioners and staff. Awareness of the processes involved in the stages 3 => 4 => 5 => 3 loop will be especially helpful in this respect. In the strategy, the Government of Canada encourages companies to respectfully engage relevant stakeholders, early on and regularly; work with locals to develop a joint plan to contribute to local development; and strategically incorporate this information throughout their planning and management structures. The model proposed in this thesis pays close attention to the engagement process and its findings will be very relevant to all stakeholders involved. The results of this study confirmed the benefits of developing joint plans with communities, and the importance of diffusing social responsibility concepts and approaches throughout a company. The model conceptually starts at the moment an exploration project arrives on the scene, and the study suggests that preparatory actions should be undertaken well before this point. Trade Commissioners will be expected to share information on what works and what doesn't in a given country and the results of this Ph. D. thesis project are part of the information on what works and what doesn't work, and their interpretation using a cohesive framework would add context and value to Trade Commissioners' sharing and advice. The relationship tool and the process model developed as part of this Ph. D. thesis project are some of the tools that the strategy aims to promote. The model proposed in this thesis provides a theoretical underpinning for stakeholder engagement and many of

the case studies highlight best practices, areas that are emphasized in the strategy. The model proposed in the present study aligns very well with the Government of Canada strategy that sees as its role "... creating dialogue spaces and venues for bridge-building between companies, communities, and other interest groups... stepping up efforts to support engagement between companies and communities, including at the exploration stage..." and promoting "...meaningful and regular dialogue between companies, local communities, civil society and host country governments at all levels..." Parts of the lessons learned from the present study have already been disseminated through events organized by Canada's diplomatic missions and this effort will continue as they request. The proposed model and the case studies can readily be converted into training materials when requested and staff in the CSR section of the Department of Foreign Affairs, Development and Trade has expressed interest in the approach.

## **Industry approaches**

In view of the focus of this study on mineral exploration, the most relevant industry document with which to link the results and recommendations of the present study is e3 Plus – A framework for Responsible Exploration (Prospectors and Developers Association of Canada, 2010). It consists of high-level principles, guidance on each of the principles, and three internet-based toolkits dealing with social responsibility; environmental stewardship; and health and safety. Its principles were mentioned on page 56 of this thesis. Its social responsibility toolkit is particularly relevant in the context of the present study, especially its section on community engagement. It discusses the social dimensions to mineral exploration; aspects to consider; a definition of community

engagement; its objectives, business case and the questions that need to be asked. It lists as the basic principles of community engagement: respect; honesty; inclusion; transparency; communication; being sensitive to local cultural norms; create realistic expectations; and start early. It also advises explorers to support community organizations and structures, which will help to build or strengthen social capital. The document was developed over a four-year period through a number of workshops and consultations involving communities, academia, government and industry representatives, and NGOs. The author of this thesis was involved in the workshops and was a member of the committee that helped put the final document together. As there was a pressing need for the industry to make progress in this field and as many exploration companies were struggling with the CSR concept and its implementation, the developers of e3Plus took a pragmatic approach and little attention was paid to its theoretical underpinnings. The content of e3Plus provided under the above headings is similar to many of the comments made in earlier chapters of this thesis and the case studies illustrate many of the points e3 Plus makes. However, there are also significant differences. For example, e3Plus may generalize too much where it says: "...Communities are risk-averse; relatively static; and resistant to imposed change. Furthermore each community is unique; heterogeneous; and likely to have difficulty articulating its collective feelings towards the project..." In the Cauchari-Olaroz case the communities negotiated change and articulated their position very clearly and in the Río Blanco case, the communities expressed their opposition to the project clearly and forcefully. While making the business case is almost de rigeur in a document aiming to improve industry practices, focusing on it too much instrumentalizes the approach and

undercuts the all-important processes in stages 3, 4 and 5 of the model proposed in this thesis. E3Plus mentions “gaining a social license to operate” as one of its objectives. As was mentioned earlier, the “social licence” concept has come under fire, and for good reason. While some practitioners such as Ian Thomson and Bob Boutilier, make the point that “social licence to operate” is a process, not a transaction (Boutilier & Thomson, 2011), the word “licence” suggests an instrumental, purely transactional mechanism, and many in the industry treat it as such. In view of the findings of this thesis the term this is much too simplistic.

E3Plus suggests a series of questions that should be asked in community engagement related to: talking to the community (to whom; what about; when; how); the characteristics of the community; its capacity to participate; and the company’s characteristics in this respect. Almost all these questions can be framed in the context of the model proposed in this thesis. For example the relationship matrix (which needs to be regularly updated as the processes cycle through the 3 => 4 => 5 => 3 loop) in and of itself requires conversations with most actors, and it can be used to prioritize follow-up interactions. The matrix will also answer questions about the structure and organization of the community. The proposed model suggests that, especially during the initial stages, the most important objective should be to meet the transactional needs of the parties to the conversation and to build trust taking into account the tactical dimensions visibility; personalized encounters; “showing face” (i.e. how to talk). The content of the conversations should naturally flow from the dynamics of the situation or in Taoist terms: “don’t push the river, it will flow by itself”. The community and company characteristics elements of the model contain answers to the e3 Plus questions related to these characteristics and the arrows in the model show which stages

they can affect. Inspection of the e3Plus sections related to principles of engagement; recommended practices; relationship building and maintenance; corporate requirements; tools, working with indigenous peoples and others shows that each of these can be linked to elements of the proposed model with the added advantage of providing theoretical insight.

In summary, the proposed model provides a cohesive theoretical basis for and ties together most aspects of the community engagement module of e3Plus, the leading set of guidelines for the mineral exploration industry. Through its theoretical framework, it lays the basis for further development.

There are indications that many companies do not follow the suggestions of its industry organization: the Price Waterhouse Coopers survey that was mentioned earlier showed that social responsibility is not on the radar screen of at least 15% of the surveyed companies, while an unknown additional proportion of companies are not really interested but are being “politically correct” (Price Waterhouse Coopers., 2012). One of the interviewees commented that

“... While investors in public may say that they support CSR, in private conversations they admit that the stock price is the only thing of interest. This is especially de case with non-institutional investors [male company personnel]....”

A male member of a PDAC committee used the expression

“...that CSR nonsense...”

only a few years ago. The perception of the Government of Canada that it needs to come down on companies that do not implement international standards such as e3 Plus is inspired by such observations. However, institutional investors are now incorporating

CSR considerations into their investment decisions, to the point of travelling to exploration sites and interviewing communities (Stephen Kibsey, personal communication). While Hevina Dashwood argued that the mining industry has reached a tipping point with respect to social responsibility and that the discourse is being converted into action, this may not (yet?) be the case in the mineral exploration industry and more research in this area is needed (Dashwood, 2011). One interviewee opined that:

“... there are two classes of mineral exploration companies: those that are really interested in finding deposits and ensuring that they are developed, and those that are like real estate agents only interested in buying properties and selling them at a profit as soon as possible. The latter are obviously not interested in social responsibility [male company personnel]...”

It appears that strong regulation could play an important role in this respect, and the new CSR strategy of the Government of Canada is a step in the right direction. Another reason for which companies do not follow the guidelines is that, while well intentioned, their thinking patterns are not attuned at all to the “soft” and ambiguous world of social responsibility. They feel overwhelmed by the material presented on the e3Plus web site and don’t know where to start. Many of them believe that they don’t have the resources to attract expert staff and they have not yet incorporated social responsibility into their business models. However, as general industry opinion now holds that community approval is an essential ingredient of success, they will probably make the effort and the culture of the industry will gradually change with time. Logically, this will also lead to companies deciding not to proceed with a project if community approval cannot be obtained. For example, Great Panther Silver, a Vancouver-based exploration company had obtained an option to take over a project in the state of Chiapas, Mexico. Before exercising the option they decided to present their plans to the general assembly of the

community. The community voted against the project, the company thanked them for taking the time to discuss the project, and decided not to proceed. In conversations after the general assembly it was learned that the community was not opposed to mining per se, but because of a bad experience with a previous junior company it was not ready for mining now, but it might be in the future. The community also very much appreciated Great Panther Silver's respect of its decision (personal communication, Ian Thomson). Gunningham and Rees' observations that were cited earlier suggest that it may not be possible to achieve a wholesale cultural change of an organization with more than 1,000 members (Gunningham and Rees, 1997). However, as many financial institutions and institutional investors now review the quality of community as a routine part of their due diligence, mineral exploration projects that have been unable to establish appropriate relationships are much less likely to obtain financing for developing a mine. Be this as it may, a decision to proceed or not to proceed with developing a mine will always be the result of a complex, context-dependent process that is likely to involve dilemmas. One of the reasons for which exploration companies find it difficult to wrap their mind around social responsibility is related to their education: most geoscientists and engineers receive an intense indoctrination in the "hard" sciences, the methods and thinking patterns of which are not so useful in the "soft" social responsibility world. This challenge needs to be addressed at the level of the professional engineering and geoscientist bodies, university accreditation boards, and university faculties and departments. An initial venture of the author into this area suggested that this will be a complex, long-term endeavour that requires collective approaches.

## **Applying the model**

Social Impact Analysis and Stakeholder Analysis (also called Stakeholder Engagement and Representation) have become standard tools that provide a wealth of useful information and suggestions for organizational approaches that can help achieve the parties' goals (Boutilier et al., 2013; Franks, 2012; World Bank., 2012). They view “engagement” as an important separate step in the overall process but do not pay detailed attention to the underlying processes. In addition, they risk taking a detached view that sees situations as needing to be “managed” rather than “lived”.

The interactionist model developed in this thesis can begin to be incorporated into social impact assessment and stakeholder analysis at the data collection phase by including questions on meanings, reference communities and relationship characteristics in the field surveys. A menu of idealized approaches that could be employed to try and influence the course of social events and the associated perceptions of present and future benefits and harms is proposed below. Each particular situation and group of actors would need to choose from this menu the approaches most appropriate to its particularities and adapt them as needed. The approaches are not listed in the order in which they should be applied – there will be much iteration and different activities could go on at the same time, according to the demands of the situation. Also, as all human interaction processes take time and are potentially full of surprises, significant time should be set aside and planning should allow for unexpected events.

## **Meeting transactional needs**

Meeting transactional needs is a *conditio sine qua non* for most processes of the model. The establishment of a dialogue table can create the psychological space within

which transactional needs can begin to be met. The interaction processes should be guided by the transactional needs (identity confirmation, benefits from the encounter, being part of the flow, trust and absence of hidden agendas) and from a practical perspective should use the tactical dimensions proposed by Gawley (visibility; personalized encounters; “showing face”; and establishing routines). Almost all suggested approaches can and possibly should be undertaken by each group of actors, albeit that they would need to be adapted, sometimes in significant ways.

## **Relationships**

Relationships move the world and it is important to understand both the patterns of relationships and their characteristics. It would be wise to “prepare the ground” well in advance. For a company this could mean to begin “exploration for relationships” in areas of high mineral potential, well before exploration for minerals is to start. For communities and local governments this would mean acquainting themselves with the companies interested in the area, which could take many forms and may require assistance from higher levels of government. The latter could set up partly standardized approaches for assistance to communities. “Staking rushes” can pose a particular challenge to communities, as they may generate more requests for meetings and negotiations than communities can handle. Developing personal relationships right from the beginning and continuing through all phases of a project is essential. Aside from the specific dialogue space mentioned above that could be established somewhat closer to (but still before) the start of actual exploration, ongoing dialogue in any encounter would be advisable. Once exploration starts, the parties should regularly characterize their

relationship using the indicators to track dynamics and make changes as necessary and possible.

## **Reference communities**

Knowledge of reference communities provides insight into community and company decision making processes. While the reference community concept and methods for identifying and characterizing these communities need further study, it is possible to make a first approximation that can serve as an initial reference frame for understanding the situation and identify potential avenues for change. This applies to both the communities and the company. For example, the Algonquin in Abitibi-Témiscamingue did exactly this when they studied e3 Plus and began drafting a framework for agreements. A preliminary map of reference communities, the values they espouse and the meanings they give would be useful. Areas of overlap between reference communities would be of special interest, as would identification of intermediaries: persons that are respected by more than one reference community. The intermediaries can be key resources in bringing about convergence of meanings. Companies are possibly better equipped for these tasks than are communities, but as the Cauchari-Olaroz and San Gerardo (Loma Larga) examples showed quite capable communities do exist and it is very important not to make assumptions about the capacities of communities. Tracing the personal networks within reference communities would help define their extent and possible overlap with others, as well as identify “outliers”, potential nuclei of change.

## **Meanings**

Meanings given to people and things by both community members and company personnel determine their interpretation of situations and influence their actions. In communities, many of these meanings are implicitly discussed, formed and changed in general assemblies. Outliers are crucial to help avoid communities get locked in too soon into particular sets of meanings and to present options for change. While some community leaders may be aware of this, many probably aren't and there is a role for higher level authorities and NGOs to build capacity in this area. On the company side, this responsibility falls to management. Dialogue between community and company is essential to achieving convergence of meanings: each side needs to learn from the other.

## **Self-analysis**

For companies and other actor groups, a self-analysis will provide valuable clues as to its weaknesses in addressing transactional needs, knowledge of the meanings it gives to people and things (especially the community) and of its reference communities. Conducting an early self-analysis of their relationship indicators, meanings and reference communities can be an extremely useful preparation for their interaction with new neighbours. This allows them to put their own house in order before engaging with other actors, while at the same time developing familiarity with the tools that they may use for external engagement. This will enhance their ability to meet transactional needs. The present study suggests that adopting a flexible, relaxed management style that trusts, respects and involves employees will also contribute to external relational success, as will instilling and living a strong value system. Thorough diffusion of this approach throughout the company is very important.

The approach to be taken in situations where communities are mostly in favour of mining is quite different from that in situations where communities are mostly opposed to mining. In those mostly in favour of mining it may be relatively straightforward to design and implement the strategies proposed above with a reasonable probability of success: the spectrum of meanings will converge and with time there will be overlap between the meanings and reference communities of all actor groups. It is much more difficult to work towards meeting transactional needs with communities that are strongly opposed to mining – in a number of cases it may be impossible to establish initial interactions. Under such circumstances the outliers and possible intermediaries can play an important role. However, all of those involved in trying to bring about change need to be patient and move with great caution, and should be prepared to accept the possibility that no productive relationships can be established.

A number of the suggestions made above are already implicit or explicit parts of various existing guidelines and models. However, the present study integrates them into the coherent perspective of symbolic interactionism and explicitly builds on the underlying mechanisms. Concepts that are “new” as compared to existing guidelines and models are meanings, reference communities, and meeting transactional needs. The coherent symbolic interactionist framework provides greater depth and hopefully further research and refinement will increase its usefulness and spur the development of innovative approaches.

## **Transformational approach**

Creating dialogue space that enables meeting transactional needs, developing relationships, and continual adjustment of meanings through interactions are at the core of the proposed model. These processes bring about collaborative processes and facilitate community decision making. They also promote acting together rather than just deciding together and provide room for leadership to emerge. Implementing Gawley's tactical dimensions helps build intensive alliances, which in turn results in strengthening social structures. These are the characteristics of the approaches to social responsibility that Bowen et al. characterized as transformational (F. Bowen et al., 2010). The strongly relational approach of the proposed model also would address the current overly instrumental approaches seen as problematic by various authors (Kemp & Owen, 2013; Macintyre et al., 2008; Owen & Kemp, 2013). Therefore, further development of the model and its incorporation into existing practices should be promoted through collaborative projects involving relevant actor groups and academia. Theoretical components of the development program could include research on meanings, reference communities, meeting transactional needs, relationships and change processes and could be most fruitfully undertaken within a symbolic interactionist framework. Applied components of the program would test the tools and understandings developed in the field and feedback would inform further theoretical research. The program would have to be managed by an impartial agency or institution and could be overseen by a board composed of representatives from relevant actor groups.



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**Appendix A:**  
**Interview Guides**

Interviews were conducted in Spanish in the Río Blanco, Curipamba, Palma, Loma Larga, Morelos, Fruta del Norte, Cauchari-Olaroz and Lindero case studies and in English and French in the Cartier Resources case study. The interview guides shown below were translated into English by the author as needed.

## **Interview guide for key members of communities in the vicinity of the Río Blanco mineral exploration project, Piura Region, Peru.**

### **1. You and your community**

#### **1.1. You**

- Have you lived here for a long time?
- What do you do for a living?

#### **1.2. How would you describe your community?**

##### *Probes*

- number of inhabitants
- occupations
- sources of income
- employment opportunities
- neighbourhoods
- age structure
- community organizations
- church
- ethnic groups
- rich people, poor people

#### **1.3. Who do you go and see when you have a question, a problem or a need?**

##### *Probes*

- within the community
- outside the community

### **2. Could you tell me what the Río Blanco project is?**

#### **2.1. Do you know its history?**

##### *Probes*

- When did it begin?
- Who started it?
- How were local people involved?
- Who supported the project?

- Who opposed the project?
- Which organizations were involved?
- Important events

## **2.2. Has the Río Blanco project had an economic impact?**

### *Probes*

- on your family
- on others in the community
- livelihoods
- employment
- contract opportunities
- cost of living
- infrastructure
- agricultural production...
- ownership of the land on which the project is located
- compensation?

## **2.3. Have there been any environmental effects?**

### *Probes*

- land, water, air, noise
- agriculture
- health
- food
- lifestyle activities

## **2.4. What does the term “community social environment” mean to you?**

### **2.4.1. Has it changed since the Río Blanco project began?**

#### *Probes*

- unity
- changes in the influence of certain groups
- conflicts
- lifestyle
- outside influences

### **2.4.2. Have you heard the term “Corporate Social Responsibility” before and if so, could you explain your understanding of what it means?**

### **2.4.3. Do you believe that there is communication between the people of the Río Blanco project and the people in your community?**

### **2.4.4. If there is communication, how is it done?**

#### *Probes*

- through people or institutions or both?
- which people or institutions?
- company newsletter, or TV and radio programs?
- public meetings – who organizes these?
- liaison committee or similar dialogue space?
- NGO involvement?
- employment offers
- corporate social responsibility initiatives such as provision of infrastructure, training...)

**2.4.5. How does the community as a whole handle issues related to the Río Blanco project?**

*Probes*

- community organizations
- committees/meetings
- NGOs
- Defensoría del Pueblo
- legal approaches
- selection of representatives
- expertise inside the community
- expertise from outside

**2.5. In dealing with the issues related to the Rio Blanco project, in which areas do you think the community has done really well and in which areas has it been less successful?**

**2.6. What would you like to see happen in relation to the Río Blanco project over the next two [five] years?**

**2.6.1. What do you expect may actually happen?**

*Probes*

- agreement to proceed?
- without agreement
  - forced settlement (government decree?)
  - deterioration of the conflict
  - community cohesion
  - lifestyle
  - are there other options

**2.7. What factors have been most challenging for your community and why?**

*Probes*

- lack of resources
- lack of skills in certain areas

- opposition from certain groups
- community divisions
- lack of co-operation and support (from any of the actors)
- cultural differences
- lack of time

**3. In this section of the interview I will ask you some questions about your perceptions of the role of the municipal, district, provincial, departmental, and national authorities.**

**3.1. Do you believe that there is communication between the authorities and the people in your community?**

**3.2. And between the authorities and the people of the Río Blanco project?**

**3.3. With respect to issues related to the Río Blanco project, what have the authorities (including your mayor) contributed (or what mistakes did they make)?**

*(Probe for differences between municipality, district, province, department, and national authorities, as appropriate).*

*Probes for possible contributions:*

- presence
- support
- impartiality
- infrastructure investment
- transparency
- provision of information
- seeking internal and external expertise
- co-ordination of effort
- negotiation
- mediation
- facilitation
- conflict resolution
- capacity building
- regulation, incentives and sanctions for companies
- consultation
- provision of legal frameworks (e.g. for agreements, CSR, community action)
- intervention with the company
- intervention with other levels of government

**3.4. Have foreign authorities made contributions (or mistakes)?**

**3.5. What additional useful contributions could or should the authorities have made?**

*(Probe for differences between municipality, district, province, department, and national authorities, as appropriate)*

**3.6. What additional useful contributions could foreign authorities have made?**

# **Interview guide for NGOs in the vicinity of the Rio Blanco mineral exploration project, Piura Region, Peru.**

## **1. Your organization and the community**

### **1.1. Please describe your organization (Name of organization)\_\_\_\_\_**

#### *Probes*

- mission
- approximate annual budget
- number of people involved
- organizational structure
- funding sources
- linkages with other organizations

### **1.2. What is your role in the organization?**

### **1.3. How would you describe the relation between your organization and the community?**

### **1.4. How would you describe the community?**

#### *Probes*

- number of inhabitants
- occupations
- sources of income
- employment opportunities
- neighbourhoods
- age structure
- community organizations
- churches [religious organizations?]
- ethnic groups
- rich people, poor people

### **1.5. Who do people go to when they have a question, a problem or a need?**

#### *Probes*

- within the community
- outside the community

### **1.6. Who or what organizations or agencies do you contact when dealing with issues?**

*Probes*

- within the community
- outside the community
- levels of government (including foreign)

## **2. Could you tell me what the Río Blanco project is?**

### **2.1. Do you know its history?**

*Probes*

- When did it begin?
- Who started it?
- How were local people involved?
- Who supported the project?
- Who opposed the project?
- Which organizations were involved?
- Important events

### **2.2. What have been the impacts of the Río Blanco project on the local economy?**

*Probes*

- on individuals and families in the community
- livelihoods
- employment
- contract opportunities
- cost of living
- infrastructure
- agricultural production...
- ownership of the land on which the project is located
- compensation?

#### **2.2.1. Has your organization attempted to deal with some of the economic issues related to the Río Blanco project?**

### **2.3. Have there been any environmental effects?**

*Probes*

- land, water, air, noise
- agriculture
- health
- food
- lifestyle activities

#### **2.3.1. Has your organization attempted to deal with some of the environmental issues (if any) related to the Río Blanco project?**

**2.4. What does the term “community social environment” mean to you?**

**2.4.1. Are you in a position to judge if it has changed since the Río Blanco project began and if so, how has it changed?**

*Probes*

- unity
- changes in the influence of certain groups
- conflicts
- lifestyle
- outside influences

**2.4.2. Has your organization done work related to the social environment of the community?**

**2.4.3. Have you heard the term “Corporate Social Responsibility” before and if so, could you explain your understanding of what it means?**

**2.4.4. Do you believe that there is communication between the people of the Río Blanco project and the people in your community?**

**2.4.5. If there is communication, how is it done?**

*Probes*

- through people or institutions or both?
- which people or institutions?
- company newsletter, or TV and radio programs?
- public meetings – who organizes these?
- liaison committee or similar dialogue space?
- NGO involvement?
- employment offers
- corporate social responsibility initiatives such as provision of infrastructure, training...)

**2.4.6. Is there communication between your organization and people from the Río Blanco project**

**2.4.7. If there is communication, how is it done?**

**2.4.8. How does the community as a whole handle issues related to the Río Blanco project?**

*Probes*

- community organizations
- committees/meetings
- NGOs

- Defensoría del Pueblo
- legal approaches
- selection of representatives
- expertise inside the community
- expertise from outside

**2.5. In dealing with the issues related to the Rio Blanco project, in which areas do you think the *community* has done really well and in which areas has it been less successful?**

**2.6. In dealing with the issues related to the Rio Blanco project, in which areas do you think *your organization* has done really well and in which areas has it been less successful?**

**2.7. What would you like to see happen in relation to the Río Blanco project over the next two [five] years?**

**2.7.1. What do you expect may actually happen?**

*Probes*

- agreement to proceed?
- without agreement
  - forced settlement (government decree?)
  - deterioration of the conflict
  - community cohesion
  - lifestyle
  - are there other options

*Probes*

- lack of resources
- lack of skills in certain areas
- opposition from certain groups
- community divisions
- lack of co-operation and support (from any of the actors)
- cultural differences
- lack of time

**2.8. What areas have been most challenging for your organization and why?**

**3. In this section of the interview I will ask you some questions about your perceptions of the role of the municipal, district, provincial, departmental, and national authorities.**

**3.1. Is there communication between your organization and the authorities?**

**3.2. If so, how is it done?**

**3.3. Do you believe that there is communication between the authorities and the people in the community?**

**3.4. And between the authorities and the people of the Río Blanco project?**

**3.5. With respect to issues related to the Río Blanco project, what have the authorities (including the local mayor) contributed (or what mistakes did they make)?**

*(Probe for differences between municipality, district, province, department, and national authorities, as appropriate).*

*Probes for possible contributions:*

- presence
- support
- impartiality
- infrastructure investment
- transparency
- provision of information
- seeking internal and external expertise
- co-ordination of effort
- negotiation
- mediation
- facilitation
- conflict resolution
- capacity building
- regulation, incentives and sanctions for companies
- consultation
- provision of legal frameworks (e.g. for agreements, CSR, community action)
- intervention with the company
- intervention with other levels of government

**3.6. Have foreign authorities made contributions (or mistakes)?**

**3.7. What additional useful contributions could or should the authorities have made?**

*(Probe for differences between municipality, district, province, department, and national authorities, as appropriate)*

**3.8. What additional useful contributions could foreign authorities have made?**

# **Interview guide for local government officials in the area of the Rio Blanco mineral exploration project, Piura Region, Peru.**

## **1. Your agency and the community**

### **1.1. Could you describe your agency (agency name)\_\_\_\_\_**

#### *Probes*

- mandate
- annual budget
- number of people involved
- organizational structure
- relation to other entities at the same level of government
- funding sources
- linkages with other organizations

### **1.2. What is your role in the organization?**

### **1.3. How would you describe the relation between your organization and the community?**

### **1.4. How would you describe the community?**

#### *Probes*

- number of inhabitants
- occupations
- sources of income
- employment opportunities
- neighbourhoods
- age structure
- community organizations
- church
- ethnic groups
- rich people, poor people

### **1.5. Who do people go to when they have a question, a problem or a need?**

*Probes*

- within the community
- outside the community

**1.6. Who or what organizations or agencies do you contact when dealing with issues?**

*Probes*

- within the community
- outside the community
- levels of government (including foreign)

**2. Could you tell me what the Río Blanco project is?**

**2.1. Do you know its history?**

*Probes*

- When did it begin?
- Who started it?
- How were local people involved?
- Who supported the project?
- Who opposed the project?
- Which organizations were involved?
- Important events

**2.2. What impact has the Río Blanco project had on: the local economy?**

*Probes*

- individuals and families in the community
- livelihoods
- employment
- contract opportunities
- cost of living
- infrastructure
- agricultural production...
- ownership of the land on which the project is located
- compensation?

**2.2.1. Has your organization attempted to deal with economic issues related to the Río Blanco project?**

**2.3. Have there been any environmental effects?**

*Probes*

- land, water, air, noise
- agriculture

- health
- food
- lifestyle activities

**2.3.1. Has your organization attempted to deal with environmental issues (if any) related to the Río Blanco project?**

**2.4. What does the term “community social environment” mean to you?**

**2.4.1. Are you in a position to judge if it has changed since the Río Blanco project began and if so, how has it changed?**

*Probes*

- unity
- changes in the influence of certain groups
- conflicts
- lifestyle
- outside influences

**2.4.2. Has your organization done work related to the social environment?**

**2.4.3. Have you heard the term “Corporate Social Responsibility” before and if so, could you explain your understanding of what it means?**

**2.4.4. Do you believe that there is communication between the people of the Río Blanco project and the people in your community?**

**2.4.5. If there is communication, how is it done?**

*Probes*

- through people or institutions or both?
- which people or institutions?
- company newsletter, or TV and radio programs?
- public meetings – who organizes these?
- liaison committee or similar dialogue space?
- NGO involvement?
- employment offers
- corporate social responsibility initiatives such as provision of infrastructure, training...)

**2.4.6. Is there communication between your organization and people from the Río Blanco project**

**2.4.7. If there is communication, how is it done?**

**2.5. How does the community as a whole handle issues related to the Río Blanco project?**

*Probes*

- community organizations
- committees/meetings
- NGOs
- Defensoría del Pueblo
- legal approaches
- selection of representatives
- expertise inside the community
- expertise from outside

**2.6. In dealing with the issues related to the Rio Blanco project, in which areas do you think the community has done really well and in which areas has it been less successful?**

**2.7. In dealing with the issues related to the Rio Blanco project, in which areas do you think your organization has done really well and in which areas has it been less successful?**

**2.8. What would you like to see happen in relation to the Río Blanco project over the next two [five] years?**

**2.8.1. What do you expect may actually happen?**

*Probes*

- agreement to proceed?
- without agreement
  - forced settlement (government decree?)
  - deterioration of the conflict
  - community cohesion
  - lifestyle
  - are there other options

**2.9. What areas have been most challenging for your organization and why?**

*Probes*

- lack of resources
- lack of skills in certain areas
- opposition from certain groups
- community divisions
- lack of co-operation and support (from any of the actors)
- cultural differences
- lack of time

**3. In this section of the interview I will ask you some questions about your perceptions of the role of the municipal, district, provincial, departmental, and national authorities.**

**3.1. Is there communication between your organization and the authorities?**

**3.2. If so, how is it done?**

**3.3. Do you believe that there is communication between the authorities and the people in the community?**

**3.4. And between the authorities and the people of the Río Blanco project?**

**3.5. With respect to issues related to the Río Blanco project, what have the authorities (including the local mayor) contributed (or what mistakes did they make)?**

*(Probe for differences between municipality, district, province, department, and national authorities, as appropriate).*

*Probes for possible contributions:*

- presence
- support
- impartiality
- infrastructure investment
- transparency
- provision of information
- seeking internal and external expertise
- co-ordination of effort
- negotiation
- mediation
- facilitation
- conflict resolution
- capacity building
- regulation, incentives and sanctions for companies
- consultation
- provision of legal frameworks (e.g. for agreements, CSR, community action)
- intervention with the company
- intervention with other levels of government

**3.6. Have foreign authorities made contributions (or mistakes)?**

**3.7. What additional useful contributions could or should the authorities have made?**

*(Probe for differences between municipality, district, province, department, and national authorities, as appropriate)*

**3.8. What additional useful contributions could foreign authorities have made?**

# Interview guide for the Curipamba, Loma Larga, Morelos and Fruta del Norte case studies

## Company

### 1. What patterns of relationships do exist?

- Company structure (from documents)
- What is the structure of your company? Could you draw the org chart?
- Where are you in the chart?
- Does the company have relationships with the community?
- What relationship do you as an employee have with the community?

### 2. What are the characteristics of the relationships?

- What type of relationships does the company have with the community?
- Which links have the highest quality and which the lowest (in terms of trust, respect, conflict, stability, communication, etcetera)?
- Which links do you perceive to be most important for the company and its relationships with the external environment?
- Which connections are the most important to you?
- Why?
- Which links do you use often/sometimes/hardly ever/never?
- Why?
- What is the most relevant thing the company has done for the community?
- What is the least relevant thing the company has done for the community?

### 3. How are CSR initiatives designed and implemented?

- Does the company use a CSR guide and if so, which one?
- Who is responsible for designing the CSR Program?
- Who is involved in designing the “CSR program”?
- Who carries it out?
- How are you involved in it?
- Do you take part?
- Do you not take part?
- Does it include capacity building?
- Does the company report on it? Do you read the reports? What do you think of them?

### 4. Who gains and who loses?

- How did the company benefit from its CSR activities?
- Did you benefit? If so, how?
- Did anyone else in the company benefit? If so, how?
- Did the community benefit? If so, how?

- Is capacity being built in the community?
- In the local government? Provincial, regional or national government agencies?
- Do you know of anyone in particular within the community benefit that benefited? If so, how?
- What does the future look like in terms of CSR?

## External stakeholders

### 1. What patterns of relationships do exist?

- Community (NGO, local government,) structure (from published documents and interviewee description). Could you draw an “org chart” of the community?
- Where are you in the org chart?
- In which way do you participate in your community?  
Leadership?  
Other?  
None?
- Could you draw a diagram that shows the links between the company and your community?
- How does the company relate with the community?  
Work  
Education  
Transportation  
Economic contributions  
Infrastructure improvements  
Other
- With whom in the company do you interact?  
Direction  
Operating personnel  
Others

### 2. What are the characteristics of the relationships?

In the diagram, could you indicate?

- Which connections you perceive to be most important for your community (NGO, local government...)
- And which are most important for the company?
- Which connections are the most important to you personally?
- Why?
- Which links do you use often/sometimes/hardly ever/never?
- Why?
- Which links have the highest quality and which the lowest (in terms of trust, respect, conflict, stability, communication, perceived other)?

### 3. Do you know how the company designs and implements its CSR initiatives (adjust language as required)? If so

- Do you know if the company uses a CSR guide and if so, which one?

- Who in the community is charged with dialoguing with company management on community improvements?
  - Town council?
  - The president?
  - All?
  - No one?
- In carrying it out?
- Does it include community capacity building?
- Does the company report on it? Do you read the reports? What do you think of them?

#### **4. Who gains and who loses?**

- How did the community (NGO, local government...) benefit from the company's CSR activities?
- Did you benefit? If so, how?
- Did anyone else in the community (NGO, local government...) benefit? If so, how?
- Did the company benefit? If so, how?
- Is capacity being built in the community?
- Are local, provincial and national authorities and government agencies building capacity?
- Has any community member developed capacity in social issues?
  - Yes?
  - Who?
  - No?
- What do you think of the company and its contribution to the community?
  - Beneficial?
  - Damaging?

## **Interview guide for the Palma case study**

The interview guide for this case study was identical to that for the Curipamba, Loma Larga and Fruta del Norte case, with the following question added:

### **5. Reference community**

- 5.1. When you make a decision, where do the values come from on which you base it?**

# **Interview guide for the Cauchari-Olaroz and Cartier Resources case studies**

## **Company**

### **1. Responsible Governance and Management**

#### **Strategy and Corporate Capacity**

Does the company have a policy to deal with CSR/Sustainability (including corporate governance, ethics, and sustainable development)?

Have these policies been made public?

Does the company have performance objectives at the corporate level to achieve CSR/Sustainability objectives?

Has the company made efforts to ensure that site level performance objectives are generally aligned with corporate level objectives?

Have specific and clarified roles, responsibilities and authorities been assigned for employees to address CSR/sustainability objectives?

Has the company identified areas where additional training and resources for employees and/or contractors to meet sustainability requirements/responsibilities?

Did the e3 Plus Guidelines help you identify management gaps or areas/issues that needed to be improved? If so, what areas/issues were they?

Did the PDAC e3 Plus Guidelines help you build more sound management practices? If so, in what ways were they most helpful?

Are there parts of the Responsible Governance section that you did not agree with or did not want to implement (for reasons other than resource limitations)? What were they?

Was there enough information in this section of the guidelines to address all of your needs around responsible governance and CSR management?

Do you feel that you learned anything new from the information presented in this section? If so, what was new to you?

## **2. Ethical Business Practices**

Does the company have a Code of Conduct or Statement of Business Principles been developed?

Has the code been made publically available?

Are employees required to read the code of conduct upon hiring or given training/presentations on key elements of the code of conduct?

Are contractors required to adhere to the company's code of conduct?

Does the company have mechanisms been established so that personnel and business partners are comfortable reporting violations of the Code of Conduct and concerns about corruption without fear of reprisal (e.g. a complaints procedures or whistleblower policies)?

Does the company have policy/procedures for dealing with bribery?

Does the company have policy/procedures for dealing with conflicts of interest?

Does the company have a screening process (checklist) for the selection of contractors and suppliers that includes screening for social and environmental performance/commitments?

Does the company work with suppliers and/or business partners to encourage compliance with the company's social and environmental standards?

Does the company track the social and environmental performance of suppliers and business partners (includes keeping track of grievances made against the company)?

Does the company have a policy on gifts and entertainment?

Does the company have a policy for making political contributions?

Does the company have a policy or guidance on responsible lobbying practices?

Was the section on Ethical Business Practices helpful in identifying gaps in policies and procedures? If so, what were the major gaps?

Did the guidelines provide sufficient information on to address these gaps?

Are there parts of the Ethical Business Practices section that you did not agree with or did not want to implement (for reasons other than resource limitations)? What were they?

Was there enough information in this section of the guidelines to address all of your needs around ethics?

Do you feel that you learned anything new from the information presented in this section? If so, what was new to you?

### **3. Human Rights**

Has the company developed or adopted a policy on human rights or incorporated human rights into an existing policy?

Is this policy publicly available?

Are contractors and subcontractors required to abide by the company's human rights policies and standards?

Has the policy been communicated to employees?

Has the company conducted or commissioned an evaluation of human rights issues (risk assessment) relating to the company, the project or the project area (perhaps part of an SIA/EIA)?

Have strategies been identified to manage these risks?

Has the company taken reasonable steps to review human rights practices of contractors, joint venture partners, suppliers and others with whom the company will establish key business relationships?

Has a policy been developed to ensure equal opportunity for employment, training and advancement?

Does the company have policies and practices designed to eliminate harassment and discrimination for employees?

Does the company ensure the free association of workers is permitted and that employees are aware of this right (i.e. workers unions)?

Does the company ensure that marginalized groups in the community know about your recruitment programs?

Has a grievance mechanism been established to receive, investigate and respond to complaints of discrimination, workplace violence, harassment and threats?

Does the company have a policy that prohibits the use of child labor and forced labor, in any form, across all of the operations and activities?

Does this policy apply to suppliers and sub-contractors?

## **Security**

Does the company conduct a review and evaluation of security requirements necessary for the project size?

Does the company conduct due diligence on security providers to avoid retaining the services of any group or individual that has previously been responsible for violations of human rights?

Does the company conduct training for security personnel so that they are aware of the need for and nature of positive community relations?

Does the company conduct training for security personnel so that they are aware of the circumstances under which force may be used and the level of force appropriate for a given threat?

Does the company have a policy for the hiring and use of security personnel, which states clearly that security personnel are employed only for activities that are preventive or defensive in nature?

Have company policies regarding human rights been communicated to security providers?

Has the company communicated security protocols and applications to affected communities?

Does the company take reasonable steps to monitor and performance of security activities conducted on your behalf or in relation to the operations?

Was the section on Human Rights helpful in identifying gaps in policies and procedures? If so, what were the major gaps?

Did the guidelines provide sufficient information on to address these gaps?

Are there parts of the Human Rights (and security) sections that you did not agree with or did not want to implement (for reasons other than resource limitations)? What were they?

Was there enough information in this section of the guidelines to address all of your needs around human rights and security?

Do you feel that you learned anything new from the information presented in this section? If so, what was new to you?

Is there any information we should add to e3 Plus to make it more applicable or helpful to address human rights issues?

Was e3 Plus a practical guidance of good practice in this area? If so, How did it help you? If not, please provide some details of why not.

#### **4. Engaging Host Communities**

Has the company identified national standards for community consultation?

Has a Social Risk Assessment (SIA) been conducted for project sites?

Did the company employ or contract specialists to facilitate the risk assessment?

Have strategy(ies) been developed to avoid, manage or mitigate the risks identified in the SIA?

Does the company have a specific policy (ies) and procedures for community relations/stakeholder engagement?

Are these policies publicly available?

Does the company have a policy that addresses land access and compensation?

Has the company defined a management structure for stakeholder/community engagement (decision making, documentation processes, internal communication, etc.)?

Has the company hired qualified persons or identified qualified staff to conduct community engagement activities (or contracted a third party to perform these activities)?

Has the company provided information, instruction and/or training on cultural awareness and cross-cultural communications to the project team?

Does the company have a communications plan for external communication?

Have key stakeholders (groups and individuals) and representative leaders been identified at the project level?

Has the company identified land-use and land ownership for the project area?

Have formal engagement activities been conducted with impacted communities (interviews, open houses, etc.) that provide opportunities for community members to offer feedback?

Has the company provided information to impacted communities on company activities in a language understood by the majority in the community?

During engagement activities (such as open houses or information sessions) is information provided about the nature and the process of exploration/mining, including risks, opportunities, and potential time lines?

Have efforts been made to identify and include vulnerable and marginalized groups in consultation/engagement activities?

Does the company have a formal documentation process to track and analyze engagement activities?

Does the company use input from the engagement process in any planning (operational, social management, future engagement activities, etc.)?

Does the company maintain a mechanism for managing issues, grievances and disputes arising from the company's activities (a 'grievance mechanism')?

If yes, was the mechanism developed in collaboration with the community?

Is the local community or civil society groups involved in any sort of monitoring or verifying activities (such as exploration activities, environmental monitoring)?

Does the company maintain an exit strategy (at every stage of a project) that includes/discusses the minimization of social/economic impacts on the local communities?

Does the company have a management process with sufficient resources to execute the existing strategy (i.e. to reasonably handle the social and environmental consequences of projects that terminate)?

Does the company maintain performance objectives related to community consultation?

Do you try to build constructive relationships with your stakeholders? If so, did e3 Plus help you to the development of these relationships and how?

Did the guidelines help you identify important topics you were not aware of?

Are there parts of the Engaging Host Communities (and security) section that you did not agree with or did not want to implement (for reasons other than resource limitations)? What were they?

Was there enough information in this section of the guidelines to address all of your needs around engaging communities and other stakeholders?

Do you feel that you learned anything new from the information presented in this section?

## **5. Community Contribution**

Does the company have policies for (or polices that include) the use of local suppliers and services?

Does the company have policies for (or polices that include) community development?

Are these polices publically available?

Does the company make employment procedures accessible and understandable to the local community (e.g. in all local languages, distributed widely and in ways that are accessible to the vast majority of the populations)?

Have efforts been made to identify goods and services that can be obtained through local contractors and suppliers?

Are procedures for the contracting of local services and supplies accessible and understandable to the local community?

Have goals for community development been established?

Has the company conducted any baseline social studies to establish pre-existing conditions against which changes can be monitored and evaluated?

Are these goals publicly available or have they been clearly communicated to the community?

Have guidelines been established for donations, sponsorships and in-kind contributions?

Has a budget for community development programs/initiatives been established?

Has the company hired qualified people or identified qualified and appropriate people within the company to work with communities on development initiatives?

Have internal roles and responsibilities been established to manage community development initiatives?

Has the company discussed expectations for community development with community stakeholders and the extent to which the company has the capacity to help the community

achieve these expectations?

Has the community actively participated in the identification and implementation of local economic and development opportunities?

Are efforts made to ensure that community development initiatives align with existing community strategies or programs?

Has the company looked for opportunities to partner with government or non-governmental organizations to facilitate delivery of programs that benefit the community?

Have any sort of formal partnership evaluations been conducted to assess partnerships (such as the UN or ICM's Partnership Assessment Tool)?

Has the company identified indicators of social and/or economic wellbeing that can be used to monitor and measure the outcomes of any development programs?

Were indicators identified in collaboration with the stakeholders involved and impacted by the development program?

Have any sort of progress reports been developed for the community development projects the company is involved in?

Are efforts (regularly) made to identify where infrastructure required for exploration and development could also benefit the community?

Has the company determined how taxes, revenues, and royalties are distributed among local, regional, and national governments - so as to be prepared to explain this to communities and manage expectations?

Was the section on Community Contribution helpful in the identification/selection of community development initiatives?

Are there parts of the Community Contribution sections that you did not agree with or did not want to implement (for reasons other than resource limitations)? What were they?

Was there enough information in this section of the guidelines to address all of your needs around community development and investment?

Do you feel that you learned anything new from the information presented in this section? If so, what was new to you?

## **6. Environmental Responsibility**

Has the company developed a policy for environmental protection (may be part of a broader 'Sustainability' policy)?

Is this policy publically available?

Are environmental policies extended to contractors and subcontractors?

Are penalties included for non-compliance of environmental policies by contractors and subcontractors (e.g., replacement of personnel, withholding of payments or fines)?

Has an Environmental Impact Assessment (EIA) been conducted for the site/project?

Have the key results of the EIA been communicated to the community and relevant stakeholders?

If EIA results were not communicated, have general environmental issues and potential risks (and benefits) associated with the project been communicated to the local community and relevant stakeholders?

Is the EIA updated periodically at different phases of the project, for significant operational developments and/or after extended periods of time?

Were baseline environmental study(ies) conducted to establish pre-existing conditions against which changes can be monitored?

Was local or traditional knowledge and practice incorporated into baseline studies, the identification of environmental risks and issues or the management of environmental

issues?

Did the company consult with government and the local authorities to identify the potential to augment or complement existing land use and development strategies or plans?

Does the company have a formal environmental monitoring system?

Was the community involved in the identification of environmental concerns or potential risks?

Was the community involved in the identification and/or implementation of environmental management options (e.g. environmental planning or monitoring)?

Has the company in any way helped build capacity among local stakeholders to understand environmental issues related to your activities?

Has the company created and implemented procedures for managing chance finds of archaeological sites, artifacts or cultural items?

Have processes been implemented that reduce the consumption of energy and/or water?

Does the company have a program to deal with recyclable materials?

Does the company have a documented process for the safe storage and disposal of hazardous materials and residual wastes?

Does the company have a reclamation/decommissioning plan for this site?

Has this reclamation plan been communicated to communities and other relevant stakeholders?

Were stakeholders consulted in the development of the plan?

Is the reclamation plan periodically updated (after any significant infrastructure developments)?

### **Exploration**

Has an exploration code of conduct been established?

Prior to significant exploration activities in an area, do you conduct (formal or informal) site assessments that include:

Land use considerations (prior to, during and after exploration)?

Environmental impact from soil disruption (runoff, soil conservation, etc.)?

Community views of exploration project?

Noise and emissions impacts?

Vegetation clearing requirements?

Does the company calculate the potential reclamation costs before commencing exploration projects (with significant land disturbance)?

Does the company consult with community stakeholders regarding potential cultural, religious or archeological importance of the area of exploration?

Does the company consult with a professional archeologist or anthropologist (who is familiar with the area) regarding areas of significance prior to major infrastructure development?

Does the company have a waste management plan/protocol, etc. for exploration sites?

Are audits on for environmental performance semi-regularly carried out for exploration sites?

Does the company regularly document the history of an exploration site (written and/or photographic) to include the state of the area before, during and after exploration (as well as specific incidents)?

Does the company have documented procedures to address the following:

Emergencies, accidents, spills and incidents?

Notification and reporting?

Noise, dust, and other air emissions?

Water management (including water used and water potentially impacted by the operation)?

Aquatic life resources?

Wildlife resources

Archaeological and cultural resources?

Waste management (fuels, solvents, lubricants, batteries, etc.)?

Traffic management?

Blasting?

Spill management?

Is training provided for employees on documented procedures?

Does the company have a spill report form?

Has a spill response team been identified to deal with more significant incidents?

Have specific procedures for communicating spills been established (both internally and externally)?

Does each exploration site have a contact list for environmental emergencies?

Does the company have a code of blasting signals?

Are ALL employees working at blasting sites familiar with the code?

Does the company require a Material Safety Data Sheet (MSDS) from suppliers for all products or maintain its own MSDS?

Was the section on Protecting the Environment helpful in identifying gaps in the company's environmental policies or practices? What were some of the most significant gaps?

Was the section helpful in filling those gaps?

Are there any parts of this section that you did not agree with or did not want to implement (for reasons other than resource limitations)? What were they?

Was there enough information in this section of the guidelines to address all of your needs around environmental responsibility?

Do you feel that you learned anything new from the information presented in this section? If so, what was new to you?

## **8. Health & Safety**

Does the company have an Occupational Health And Safety policy?

Does the company have documented health and safety SOPs (Standard Operating Procedures)?

Are all employees made aware of these policies and their rights and responsibilities according to these policies?

Are contractors also made accountable to these policies?

Is education and training provided for employees on health and safety guidelines (i.e. induction training)?

Was the training provided to local employees in a culturally appropriate manner (i.e. in local languages)?

Have all employees been informed of their right to refuse unsafe work?

Has the company established a Health and safety committee for the company?

Has the company developed policies and procedures for the transportation of persons, equipment and hazardous materials to and from exploration work sites?

Does the company have a provision in place for appropriate action should there be an accident involving persons or the release of hazardous material?

Does the company verify that drivers, pilots, boat operators, etc. employed or contracted to provide transportation for the company and/or exploration sites are appropriately qualified for the tasks they are expected to perform (through screening and/or training)?

Does the company regularly conduct Health and Safety audits?

Does the company have a process to review incidents in order to revise policies and procedures?

Has the company identified potential emergency situations as part of project due diligence?

Has the company established emergency response and contingency plans to deal with situations identified?

Are employees trained in emergency and contingency procedures?

Are emergency procedures periodically tested?

Are post mortems conducted after any emergency situation?

Was the section on Health and Safety helpful in identifying gaps in the company's H&S policies or practices? If so, what were some of the most significant gaps?

Was the section helpful in filling those gaps?

Are there any parts of this section that you did not agree with or did not want to implement (for reasons other than resource limitations)? What were they?

Was there enough information in this section of the guidelines to address all of your needs around environmental responsibility?

Do you feel that you learned anything new from the information presented in this section? If so, what was new to you?

## External stakeholders

### E3 Plus EXTERNAL FIELD QUESTIONNAIRE

<b>Company</b>	
<b>Date</b>	
<b>External Interviewee</b>	
<i>Community</i>	
<i>Organization/group</i>	
<i>Contact info</i>	
<b>PDAC interviewer</b>	
<b>Notes</b>	

#### Introduction

The Prospectors and Developers Association of Canada (PDAC) is an organization of 6,000 members, representing the Canadian mining industry. Since 2003, PDAC has been developing and refining a set of guidelines to help mining and exploration companies build more socially and environmentally responsible practices. The guidelines are called *e3 Plus: A Framework for Responsible Exploration*.

In an effort to review the application of the framework, PDAC has asked several companies to participate in a field review that will help identify needed improvements and promote its more widespread adoption. Part of the review process includes an external perspective of [company X] successes and challenges. Your opinion of the company's performance will help both the PDAC and [company X] improve its social and environmental management.

This interview will take about 30 - 45 minutes. Your individual responses will be kept confidential but they will be compiled into an aggregate report. Do you have any questions before we start?

1. Do you think that the company is committed to being a good corporate citizen? If so, how does the company demonstrate that commitment?
2. Have you been part of any consultations with the company? Can you briefly describe the consultation process (interview, open house, etc.)?
3. Do you feel like the company provides you with adequate opportunity to express your concerns/grievances regarding its operations? If so, how?
4. Generally speaking, do you think that the company does a good job of engaging its stakeholders?
5. Based on your experience, has engagement with the company been open and transparent in its communications?
6. Do you think the company supports the local community? Why or why not?
7. To your knowledge, does the company give priority to local employment and suppliers?
8. To your knowledge, does the company involve the community or local partners (e.g. local government, aboriginal groups, NGOs) in the development and implementation of its community projects?
9. To your knowledge, has the company communicated the risks and benefits of the project to the community?
10. To your knowledge, have community members ever been involved in planning or projects on the company's site (i.e. environmental monitoring, risk identification, etc.)?
11. Have you noticed improvements in the company's relationship with the community or other stakeholders over the past year? If so, could please describe what has improved?

## **Interview guide used in the Lindero case study**

The answer to question 1 helps set the context for the answers to the questions that follow. Questions 2 and 3 are the research questions, and with each of these there is a list of possible questions the replies to which may help answer the research question. Of the possible questions, only those relevant to the particular interview situation were touched upon.

### **1. Could you describe your daily duties?**

### **2. Do relationships within the company play a role in how it positions itself with respect to CSR?**

- a. How was the subject of CSR introduced into the company?
- b. In which ways was CSR discussed (meetings; informally in the corridors; official and informal e-mail; video-conferencing)
- c. Who were most intensely involved?
- d. When was a firm go/no-go decision made?
- e. Who were involved in making it?
- f. What proportion of staff agreed with the decision?
- g. How many were opposed or expressed concerns?
- h. How was the “high-level CSR position” developed?
- i. Who all provided suggestions for it?
- j. What proportion of these suggestions was incorporated into the plan?
- k. Was the position generally accepted?

### **3. How significant are the relationships within and between actor groups (communities, NGOs, church, authorities, exploration team, etcetera) in the design and implementation of CSR initiatives?**

#### **a. Between actor groups**

- i. Which groups are involved?
- ii. From your group’s perspective, which other groups are most important?
- iii. What makes them important?
- iv. What are, in your eyes, the characteristics of a “good relationship”?
- v. What are, in your eyes, the characteristics of a “bad relationship”?
- vi. When is there no relationship?
- vii. With which groups does your group have good relationships? Bad relationships?
- viii. Have there been external factors that caused relationships to change?
- ix. Have the relationships changed with time? In which way?
- x. Have there been conflicts, were they resolved and if so, how?

- xi. What are your group's expectations of the other groups?
- xii. How do you deal with the other groups (informally or formally, committees or other structures, frequency of meetings, frequency of e-mail exchanges, number and types of people who act as the interface)
- xiii. Has your group affected CSR initiatives? If so, in which way? How did your group exert influence?
- xiv. How do the people who represent your group receive instructions and share information and opinions within your group?

**b. Within actor groups**

- i. How would you describe your group (size, internal organization, unity, leadership, history, and role)?
- ii. How many times a year do you meet? Who calls the meetings?
- iii. How was the most recent conflict within the group resolved?
- iv. What are the expectations the group has of its members?
- v. What expectations do members have of the group?
- vi. What do members expect of each other?
- vii. How many different subgroups could one identify?
- viii. What makes one into a member of the group (shared ideals, shared community, shared resources....)
- ix. What do you receive from and give to other members?
- x. Who are the most important people in the group?
- xi. How does the group make decisions?
- xii. With which group members do you talk more than once a week, and about what? How many times did you talk about CSR over the past three months? In which ways?
- xiii. If your organization is hierarchical, how many times a month do you talk with each of the higher levels? How many of these conversations are about CSR?