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Introduction

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GMI 52 PRESENTED SIX ARTICLES THAT focused on the values and principles that underlie corporate social responsibility (CSR), as it relates to environmental management in the extractive industries. *GMI* 53 builds on that analysis and considers how corporate performance in the area of social responsibility can be monitored and assessed, and what role is played by government regulation in a context that stresses the obligation of corporations to take responsibility for minimising their environmental impacts.

By way of general introduction, we argued in our article in *GMI* 52[1] that the issue of environmental management in extractive industries raises key issues involved in CSR in a particularly clear light. First, there is the question of how 'sustainability', a concept central to discussions of CSR, can be pursued in industries that are based on exploitation of non-renewable resources and which, in economic terms, tend to be highly cyclical. We noted that a critical issue here is whether, or to what extent, extractive industries can exploit non-renewable resources in a way that fosters more broadly based economic and social development, including enhancement of social capital.

Second, the environmental impacts of extractive industries are both highly visible and can be fundamental and catastrophic, because of the very large scale of modern mining projects, their concentration in regions that are environmentally sensitive and biologically diverse, and the use of highly toxic substances, such as arsenic and cyanide, in some mining activities. In this context, the stakes involved in CSR are particularly high. If it can lead companies to internalise environmental protection as a core value, it has the potential to greatly reduce the environmental costs of extracting resources that are essential to modern industrial society. If CSR is adopted as part of a public relations strategy and does not fundamentally affect corporate behaviour its impact will be negligible and may be negative if it results in the relaxation of government regulation.

In fact, the motivations underlying adoption of CSR policies are complex and varied, to help to provide a foundation for the analysis provided by individual authors in the two volumes, we identified

1 S.H. Ali and C. O'Faircheallaigh (2007) 'Extractive Industries, Environmental Performance and Corporate Social Responsibility: Introduction', *Greener Management International* 52: 5-16.

and discussed four distinct foundations for CSR: human rights; principles of sustainability; economic and operational efficiency; and the social licence to operate. In each case, we identified appropriate measures on which to gauge corporate performance. In relation to human rights, for instance, these would include compliance with relevant human rights principles and codes of conduct, both in terms of corporate policies, in terms of the processes they employ in interacting with peoples and communities affected by their operations and in terms of the substantive outcomes from their activities and investments. In the area of sustainability, relevant corporate policies might include refraining from mining in protected and environmentally sensitive areas; actions (including constraints on production) to reduce greenhouse emissions and water usage; and use of supply chain linkages to encourage customers and suppliers of goods and services also to adopt sustainability principles. Performance indicators could include trends over time in energy and water usage per unit of output and demonstrated success in bringing about behavioural change throughout the supply chain.

A central theme in this volume is the relationship between CSR and regulation, and related issues involving assessment of corporate performance, self-regulation and voluntary regulation, and market incentives for environmentally responsible corporate behaviour. In general terms, the appropriate level of regulation and its efficacy in extractive industries has been highly contested. Environmental activists have complained that laws, such as the 1872 Mining Act in the United States, have generally favoured mining over environmental enforcement. This law is emblematic of an era of regulation when governments were most concerned about facilitating the exploration of new mineral deposits by prospectors. During the 1970s and 1980s there was a growth in environmental regulation worldwide and extractive industries were also affected by these laws, particularly with regard to waste management. Many in industry have complained that excessive regulation without flexibility stifled creative solutions to environmental problems during that time.

We start with a detailed quantitative analysis of how well corporations are reporting their environmental performance. Guenther *et al*. analyse the reporting of mining and oil and gas companies on 35 variables identified by the Global Reporting Initiative (GRI) and find that there are significant gaps in performance, both between reporting on different categories of variables and between industry sectors.

The next paper (Schiavi and Solomon) evaluates the efficacy of voluntary initiatives that have been very popular with industry and asks the seminal question of whether such initiatives can make a long-term difference in environmental performance? They come to the apparently paradoxical conclusion that the voluntary initiatives with the most potential for success appear to be those that are, effectively, compulsory. Schiavi and Solomon discuss the key ways in which 'compulsory' voluntary initiatives might differ from command-and-control regulation and the broader implications of the apparent movement towards the privatisation of regulation.

Hilson focuses on corporate relations in Ghana, one of the fastest-growing mineral economies in Africa. On this basis, he offers a critical perspective, not only on voluntary initiatives, but on CSR more generally. He argues that an empirical analysis indicates that Ghana's major mining companies are generally implementing community development programmes incapable of alleviating rural hardship, are participating in destructive displacement exercises and, in their engagement with African countries, are driven strictly by commercial motives.

It is beyond dispute that, at the end of the day, businesses must consider the financial imperative in adopting CSR policies and seek win–win opportunities for improving shareholder value, as well as recognising stakeholder concerns. Norton's paper provides the analytical argument for how the capital-raising technique of securitisation of future cash flows can have the incidental and unintended consequence of making oil, mining and gas companies environmentally responsible.

We finish with a case study that illustrates how many of the general issues discussed in this volume played out in the specific context of a mining project in Montana. Zuzulock and Kuipers examine a 'good neighbour agreement' negotiated between a mining company and community groups which includes site-specific trigger levels, which are more stringent than state water quality standards. Their case study provides an opportunity to compare management tools in a company–community agreement to those provided by the regulatory framework and discuss the strengths and weaknesses of each.

The papers in this volume and *GMI* 52 indicate that the role of CSR in extractive industries is highly contested, both at conceptual and empirical levels, and that outcomes can vary significantly from sector to sector, country to country and company to company. We hope that these volumes have both contributed to, and will encourage further research on, the circumstances under which CSR can contribute to environmentally responsible mineral development.

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