

# CORPORATE SOCIAL RESPONSIBILITY OF THE TWO MINING COMPANIES IN SURIGAO DEL SUR, PHILIPPINES

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## **Abstract**

*As a mandate of Corporate Social Responsibility, companies should implement sustainable programs and activities to communities. Evaluation of the implemented CSR programs and activities optimizes benefits and avoids potential obstacles. Thus, this study assessed the implementation of CSR in selected Mining Companies of Surigao del Sur. It utilized a quantitative-descriptive research design. Results revealed that CSR programs and activities of the mining companies were satisfactorily implemented. Both mining companies had contributed towards economic, social and environmental aspects of the target communities. Though its contributions were acknowledged, there were still some aspects that needed improvement for they were useful in achieving sustainable development and paved the way for effective company interventions.*

**Keywords:** *Corporate Social Responsibility, mining industries, economics, social, environment*

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## **1.0 Introduction**

Corporate social responsibility (CSR) is a mandate for any corporation to consider the needs of society by taking responsibility of the impact of their activities to community and the environment in all aspects of their operations (Welford, 2009). Evaluation of the implemented CSR programs provide the corporate with a better understanding to improve services delivered to the recipients of the programs. Thus, this study assessed the level of implementation of the CSR programs in the identified mining companies in Surigao del Sur

CSR in a mining sectors' perspective refers to a company's voluntary actions to either reduce the adverse impacts of mining (economic, social, and environmental) or to improve the living conditions of the local communities where they operate (Westphalen, 2012). Benefits of CSR can vary significantly from one project to another depending on the design/framework,

local suitability and community support. In most developing countries, CSR policies have become a very common practice for mining companies. It usually consists of investments in infrastructure, building social and human capital. Some people characterize CSR programs as just part of a company's public relation strategy and claim that companies do not intend to really benefit local populations (Hamann and Kapelus, 2004). To others, CSR programs divest profits from a company's shareholders and diminish efficiency of the market economy (Garriga and Melé, 2004).

With the conflicting ideas on the benefits of CSR programs to target communities, the need for assessment of these programs is highly commendable. Focusing on the mining companies operating in Surigao del Sur, this study assessed the CSR programs of these mining corporations with the end view of determining whether these

companies have responded to the mandates of the Government on their impact to social, economic and environmental terms. While there are established studies on CSR both in foreign and local settings, no study yet was conducted in Surigao del Sur, hence this research was initiated.

The results of this study serve as basis for the enhancement of environmental, social and economic programs to help strengthen Company CSR. This study is deemed to provide beneficial information to the mining communities, DENR-Mines and Geosciences Bureau, academe, Research and Development Institutions, Indigenous People, Local Government Units (LGUs), Government Line Agencies, and Mining Area Operators.

## 2.0 Research Design and Methods

This study utilized quantitative-descriptive survey method. Two mining companies and its host and neighboring communities were identified as respondents. Questionnaire was administered to 300 randomly chosen respondents. Participatory approach in a form of Focused Group Discussion was further used to validate their responses.

## 3.0 Results and Discussions

The level by which CSR of mining companies in Surigao del Sur manifest expressions of their community initiatives vary greatly in terms of social, economic and environmental aspects.

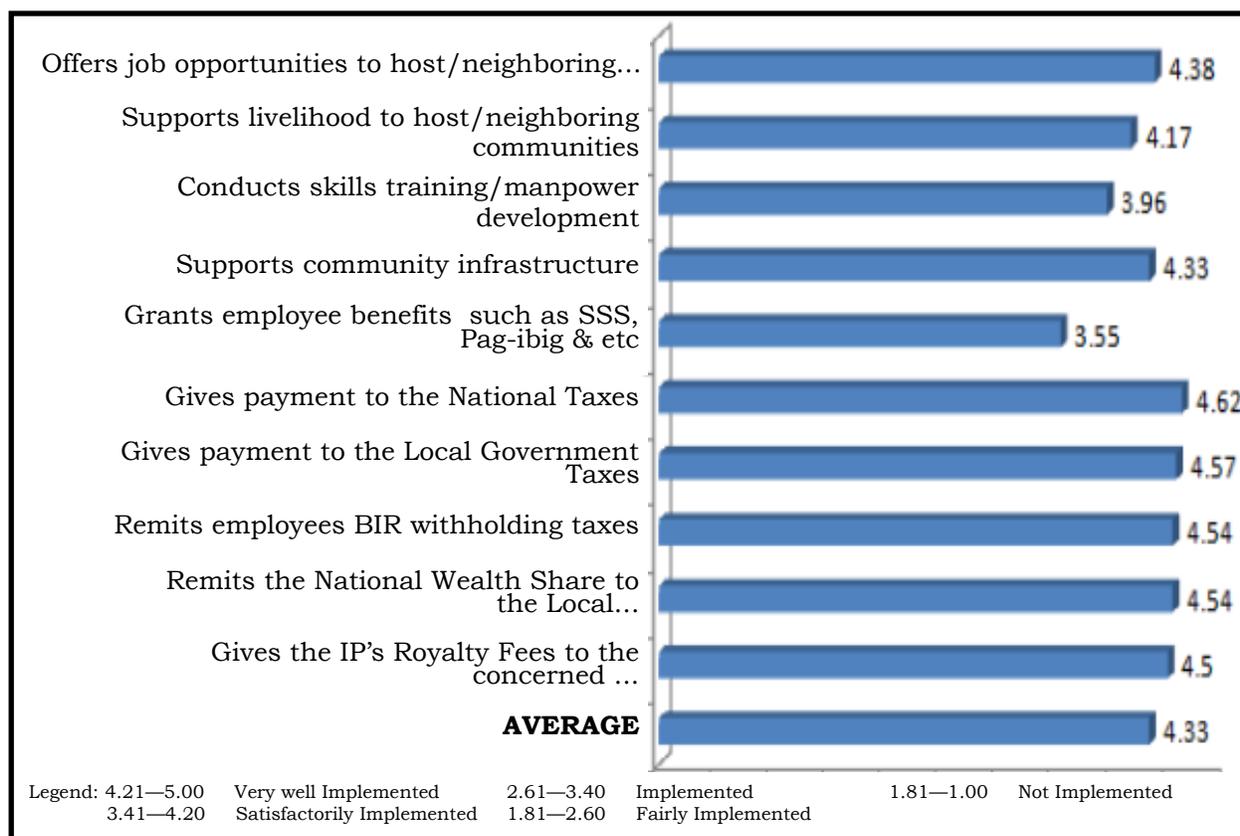


Figure 1. Corporate social responsibility programs and the level of implementation in terms of the economic aspects

In terms of economic aspects (fig. 1), CSR programs of the two companies were found to be very-well implemented. This connotes that the respondents were very much aware of the economic benefits of the mining companies which include the income from export revenues and royalties, job opportunities and livelihood. However, employees' benefits such as skills training/manpower development, SSS, Philhealth were given less priority. According to Gidwaney (2012), personal benefits are expensive on the part of the company thus, they are hesitant to provide all these benefits to the employees. Unfortunately, companies should consider these benefits in the implementation of their CSR programs since this will help motivate employees, enhance loyalty and provide a better reward for the delivered performance. Furthermore,

Fox et al., (2002) emphasizes that CSR should be a commitment of any firms to contribute to the sustainable economic development of the local community and to improve the quality of life.

With respect to the social aspects (fig. 2), CSR programs were rated as satisfactorily implemented. From these generally shared perception, it is evident that mining companies' major social contributions tend to cluster around educational benefits, infrastructure development, and health related activities. As featured by the Miningfacts.org (2012), the common CSR programs usually invests in infrastructure, building social and human capital. However, Frynas (2005) cited number of reasons why CSR programs may fail to address the needs of communities and therefore detrimentally affect their sustainable development. This

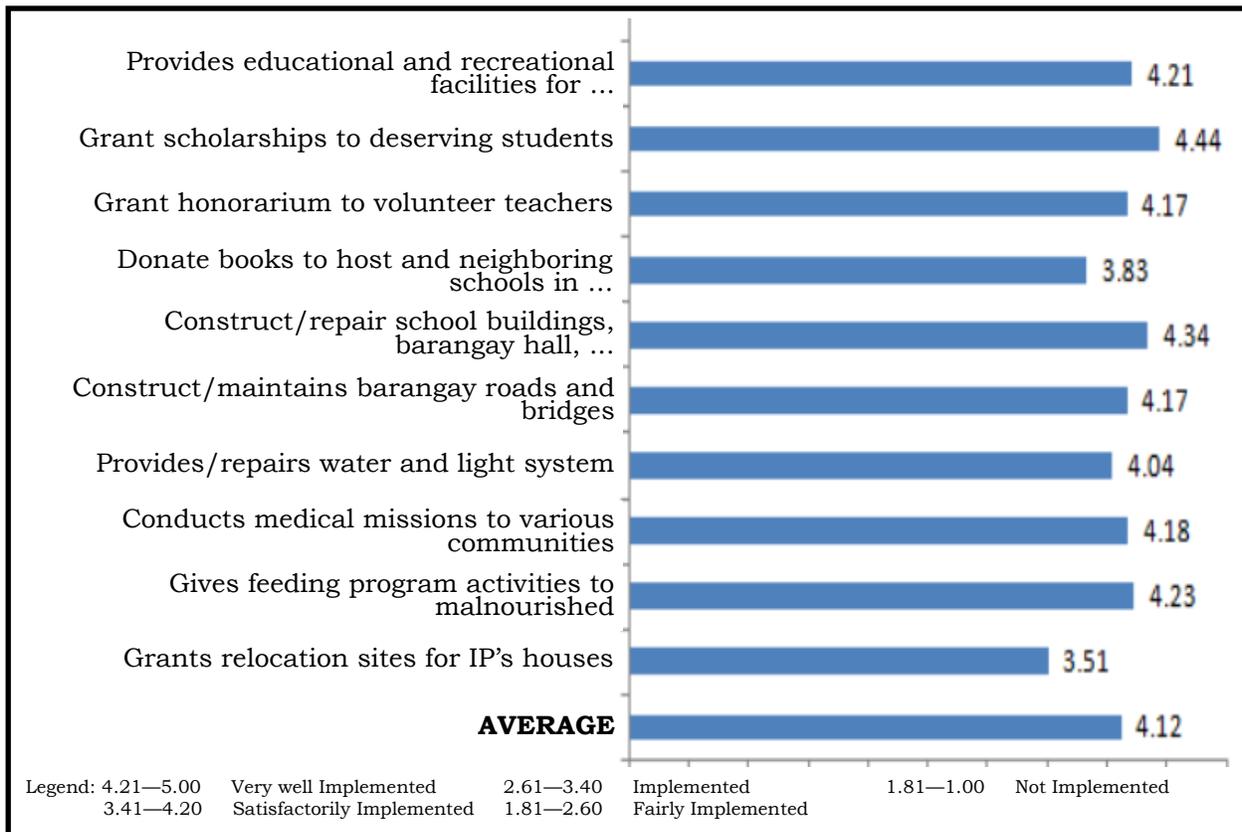


Figure 2. Corporate social responsibility programs and the level of implementation in terms of the social aspects

includes country/context specific issues (corruption, conflict, bureaucracy), failure to involve the beneficiaries of CSR, lack of human resources and appropriate skills, the micro-level perspective of companies and superficial, inadequate consultation with communities. Hence, there is the need to address such constraints in order to attain effective and sustainable implementation of the CSR programs.

Similar to social aspects, environmental aspects of CSR programs (fig. 3) are rated by the respondents as satisfactorily implemented. This only implies that some respondents are not really satisfied on the environmental programs implemented by some of the mining companies. It cannot be denied that mining activities have resulted to environmental pollution and damage to

health of affected communities (Jenkins and Obara, 2008). Thus, the associated actions of mining companies are the implementation of CSR programs as a way to demonstrate the company's commitment to minimize the negative impacts associated with its business operations and processes, which could affect society and the environment (Colantonio, 2007). Though, mitigations mechanisms are identified through social impact assessment (SIA) and management plans are put into place, it is very difficult for these plans take immediate effect (Petrova and Marinova, 2012). This could be the possible reason why host and neighboring communities of the identified mining companies are not really gratified with the mitigating mechanisms of the mining companies.

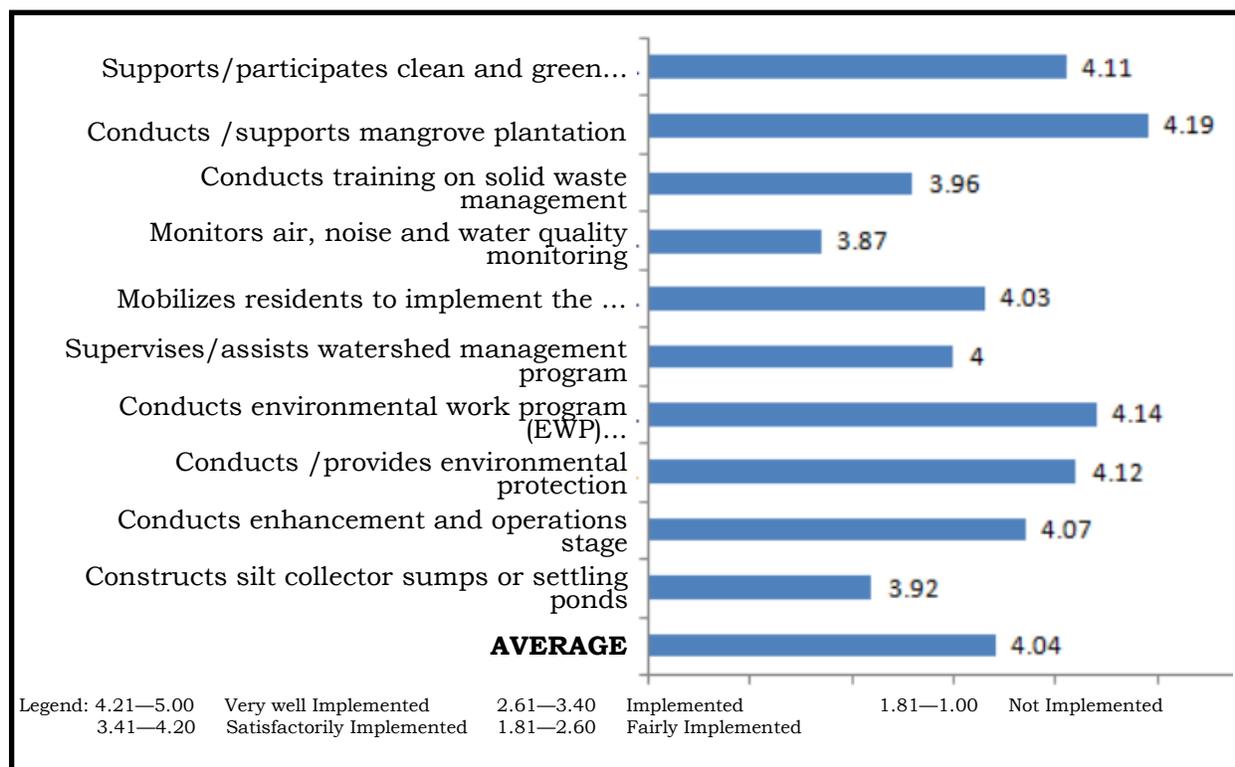


Figure 3. Corporate social responsibility programs and the level of implementation in terms of the environmental aspects

#### 4.0 Conclusion

CSR programs implemented by two selected mining company were duly recognized by the host and neighboring communities and were found to contribute to the sustainable economic development of the local community and improved the quality of life of the people in terms of economic, social and environmental aspects. Though contributions were acknowledged still issues and concern were observed. Thus, the need to overcome and address constraints relating to some social and environmental aspects could contribute to a more enhanced and effective implementation of CSR programs.

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