

The rhetoric and reality of Corporate Social Responsibility: A case study in the mining industry in Papua New Guinea

Kevin Kepore, Robert Goddard and Colin Higgins
Massey University and Victoria University, Melbourne

Mr Kevin Kepore is a postgraduate Student, Department of Management, Massey University, Palmerston North, New Zealand. Mr Robert Goddard is a lecturer, Department of Management, Massey University, Private Bag 11 222, Palmerston North, New Zealand. Dr Colin Higgins is a lecturer in the School of Management, Victoria University, Footscray Park Campus, P O Box 14428, Melbourne 8001, AUSTRALIA

Contact: Robert Goddard, r.goddard@massey.ac.nz

Abstract

Corporate Social Responsibility (CSR) is an elusive concept to those who desire to define and practice it. Many define it as business' concern for society that includes economic, legal, ethical and philanthropic considerations. However, there is no true consensus on what it should be or what it should encompass. Despite this, society is placing pressure on business to integrate the philosophy of CSR into their business strategies. This is none more evident than in the mining industry. Because of the mining industry's perceived impacts on the social, economic and environmental aspects of people's lives, opponents are placing mining companies under greater public scrutiny. A prime example of this is the Ok Tedi Mining Company Limited (OTML) in Papua New Guinea (PNG). Indigenous communities have long expressed concern for OTML's impact on their lives, especially regarding pollution to the Ok Tedi and Fly Rivers.

This paper examines how one small section of an indigenous community in the Western Province of PNG views the CSR practice of OTML. Insights gained from four focus groups conducted amongst the Lower Ok Tedi River indigenous communities in November 2007 are used as the basis of the discussion. The investigations discovered that while some of the focus group participants were satisfied with CSR activities of the company at the macro level, many expressed reservations about its ability to impact them at the village and family unit level. Despite the evidence of numerous company policy guidelines on CSR, participants across the focus groups claimed the implementation of such policies was slow and in many instances did not effectively address their concerns. These findings are consistent with the refusal of the Lower Ok Tedi village representatives and delegates to sign a draft Memorandum of Agreement with the company in June 2007(Wanbelistap, 2007a).

Postscript: *The lower Ok Tedi village representatives have now signed but the business consultant in charge of the process cannot tell us when this occurred!*

Introduction

The extraction of mineral resources by Multi-National Mining Corporations (MNNC) displaces indigenous people from their traditional lands, and affects their cultural and social lives as well as the natural ecosystem. It is an activity of business in which the whole ways of life for the indigenous people are altered permanently. Given the irreversible changes that mining companies bring to an area, stakeholders are placing increasing pressure on these companies to operate in a socially responsible and sustainable manner.

In the search for economic resources, mining companies operate in some of the world's most remote places. Such places are amongst the least developed and lack basic social and infrastructure services. Many of these host countries have weak legislation governing the extraction of mineral resources (Yakovleva, 2005).

Method

The research discussed in this paper draws from both an extended literature review of CSR strategies in the mining industry and material published by OTML and focus groups used to collect data on what the people's perceptions were on the effectiveness of CSR strategies implemented by OTML.

Participants for the focus groups were identified by purposive sampling. Participants were recruited from the regions between the Ok Tedi mining township of Tabubil and the river port town of Kiunga (See appendix A). Of the four focus groups surveyed, one was from Kiunga and the other three were from different villages along the Ok Tedi River. The three villages had approximately 150 to 200 people per village. Kiunga has a population of approximately 10,000 people. The four focus groups consisted of between eight and 10 people per group, with a total of 37 participants.

The eight questions discussed in the focus groups were structured to obtain an understanding of the indigenous community's perception on the CSR strategies applied by OTML. The principles and processes of thematic analysis were used to code and interpret the data obtained from the focus groups.

Literature

In his influential book *The Social Responsibility of Businessmen*, Bowen (1953, cited in Carroll, 1999) defined CSR as the obligations of businessmen to pursue policies, implement actions, and make decisions which are considerate of society's values. His definition implied that businessmen were responsible for their actions to a wider group of audiences than the traditional shareholders. Bowen further argued that "corporate social responsibility is no panacea" (in Carroll, 1999, p.270) but contains important concepts that can guide business in the future. Other early writers such as Davis (1960) and Frederick (1960) also expressed similar views on CSR. These sentiments expressed more than 50 years ago are still very relevant to modern business. Businesses are realising the importance of incorporating CSR strategies into their business policies as a means of sustaining corporate life.

The early writers highlighted the importance of social responsibility and obligations to society, however they failed to mention what these specific obligations were and to what degree businesses were responsible for them. This gap was partially filled by McGuire (1963, cited in Carroll, 1999) when he claimed that the responsibilities of businesses extended beyond economic and legal obligations. He argued that businesses must take an active interest in politics, the welfare of the community, in education, employees and in fact, the whole social world that encompasses business (Carroll, 1999). However, this definition is still vague because the social world contains many variables which need to be defined so that businesses can be focused in addressing CSR issues. Drucker (1984) argued that businesses must actively participate in solving society's ever increasing social problems. However, he limited the responsibilities to those that businesses can profit from rather than wider societal issues as postulated by McGuire (1963, cited in Carroll, 1999).

Carroll and Buchholtz (2006) have built on McGuire's definition of CSR and added another two dimensions. They argued that business not only has economic and legal obligations, but they also have ethical and philanthropic responsibilities. They defined ethical responsibilities as those activities and practices that are expected of by society even though they are not required by law. They defined philanthropic responsibilities as those that are discretionary or voluntary. This appears to be a more comprehensive definition of CSR as it identifies the areas that business should be ultimately

responsible for. Despite this, it is still evident that the degree to which corporations should be socially responsible still appears to be a continuing debate. This brings into question the issue of CSR measurement because the extent and degree to which CSR is applied can only be truly quantified through appropriate measuring guidelines. However, as Korhonen (2003) argued, CSR is a difficult concept to define, and even more difficult to measure. Carroll (1999) asserts that perhaps future research in CSR will answer this question as more attention is expected to be given to CSR measurement initiatives and theoretical developments.

The 1990s saw the concept of CSR as a building block for departure into related concepts and theories (Thomas & Nowak, 2005). Theories such as Corporate Social Performance (CSP), stakeholder theory, business ethics theory and corporate citizenship gained prominence in the 1990s (Carroll, 1999). Wood (1991) made an important contribution to the CSR literature by redefining the CSP model, supporting the assertion that CSP can have objective outcomes. Wood further identified three principles of CSR which are: principle of legitimacy, principle of public responsibility and principle of managerial discretion. She further asserts that these three principles have contributed to the development of conceptual framework in CSP. However, it is apparent that these principles have their limitations also. For instance, the principle of managerial discretion allows an individual in an organisation to make decisions, yet these rights and responsibilities are constrained by economic, legal and ethical factors.

The current trend in CSR is seeing a shift towards sustainable development and environment protection. According to Scherer & Smid (2001, cited in Thomas & Nowak, 2005), advocates of CSR are echoing the opinion that “multinational corporations should take responsibility for the improvement of worldwide social and environmental conditions” (p.10). Businesses which were once thought of as national and local entities have now transcended international boundaries. Their activities impact and influence the lives of people all over the world. Modern business operations and their consequences now affect the natural environment, sustainability of resources and the livelihoods of people (Filer 1996; Imbun 2007). These effects are felt more in the mining industry than in any other area of business activity.

The mining industry in Papua New Guinea

The formal economy of PNG is dominated by the mining and oil sector, which makes up approximately 70 percent of exports and accounts for 25 percent of gross domestic product (Banks, 2002; Imbun 2007). Despite the industry's contribution to the economy, controversies have surrounded the large MNMCs regarding the environmental impact of their waste management strategies, indigenous community relations and a host of other socio-economic and ethical issues (Banks, 2002). A central element of this is the mining companies' CSR policies towards the indigenous communities that inhabit the often isolated and mountainous mining regions.

It is evident that companies in the mining industry do give benefits back to the local communities in return for extracting its resources. However, as noted by Imbun (2007), how much is returned as benefits to the local community is dependent on the pressure exerted on mining companies by locals before mining commencement. Nevertheless, the benefits provided in the form of infrastructure development, education and health services as well as financial benefits are acknowledged by the local communities.

PNG Government's perspective on the mining industry

Sceptics of the mining industry in PNG have been highly critical of the way in which the PNG Government has handled mining-related issues (Harper & Israel, 1999). For instance, the enactment of statutory laws by the State denying customary resource owners the right to sue for compensation in PNG courts is a case in point (Kalinoe & Kuwimb, 1997). Filer & Imbun (2004) acknowledge that despite the numerous challenges, the PNG Government has done a reasonably good job of coping with difficult circumstances and unforeseen events. The MNMCs come into the country and negotiate with the State and indigenous communities against a background of weak environmental and mining laws (Harper & Israel, 1999).

An examination of the events leading up to the commencement of the OTML reveal that the PNG Government gave the approval for the dumping of mine tailings into the Ok Tedi River. However, the approval was given only after the government's request for a tailing dam at the mine site collapsed during the early construction stage (Harper & Israel, 1999; Morrison, 2007). It is also noted that the approval was given on the

company's insistence that a tailings dam at the site was unviable and that there was no alternative recourse than to use the river as a tailings disposal site. The company threatened to quit operations if the approval was not granted (Harper & Israel, 1999). The government appears to have made a lot of compromises along the way as they were placed in a dilemma of choosing between the environment and the revenue that was desperately needed by a young developing nation.

The indigenous community of Western Province

One of the most important stakeholders in the mining industry is the indigenous people. In the case of OTML, anthropologist Kirsch (1992) maintained that there were a number of indigenous people affected by the mine's operation. He noted that the company's operations greatly impacted indigenous communities who live along the Lower Ok Tedi River and in particular the Yonggom community which is outside the Mine Lease Agreement (MLA) zone. According to Kirsch these are the people who have suffered the greatest adverse impacts from the mine (apart from those at the excavation site), yet the social, economic, and environmental impacts on these communities had been largely been ignored.

The Lower Ok Tedi comprises numerous villages stretching approximately 150 kilometres along the Ok Tedi River system. Prior to the commencement of mining, the indigenous communities of these regions were predominately subsistence farmers (Kirsch, 1992). Their livelihood was sustained through the use of land resources and a working knowledge of the environment. These local communities did not originally derive any form of direct benefit from OTML such as the Wopkaimin people who lived by the mine site and who were deemed by both the company and the government to be the immediate beneficiaries of compensation (Morrison, 2007). It was only as a result of a lawsuit filed in 1994 by the landowners from the Ok Tedi and Fly rivers against BHP Billiton that the plight of the Lower Ok Tedi people was first highlighted to the world.

Ok Tedi Mining Limited

The OK Tedi gold and copper mine is located in the Star Mountains in Western Province of Papua New Guinea (See appendices A & B). The project was the country's first major post-independence mining operation, developed as part of a

national strategy to generate revenue for the State and create employment opportunities for its people. It is managed by OTML under a consortium agreement between shareholders. OTML's shareholders comprise PNGSDP (52 percent), Inmet Mining Ltd (18 percent) and the PNG Government (30 percent).

BHP Billiton originally owned 52 percent of the mine. In 2002 it transferred these shares to the Papua New Guinea Sustainable Development Program (PNGSDP) and pulled out of operations. This occurred when issues regarding environmental damages and human rights abuse tarnished the company's reputation in the mid to late 1990s during the lawsuit and its aftermath. Since then, the Ok Tedi and Fly River pollution issue has come to be known as an international environmental disaster (Evans 2001; Imhof, 1996; Jennings, 1995).

The impact of Ok Tedi mine

The environmental impact of the tailings disposal into the river is now widely seen even at the mouth of the Fly River – some 800km downstream from the mine site. OTML discharges on average 80,000 tonnes of mine waste per day into the Ok Tedi River, which eventually joins the Fly some 150 km from the mine (Kirsch, 1992; Imhof, 1996). The environmental damages and related matters continue to be issues of discussions between the affected people and the mining company.

In social terms adequate nutrition and protein intake is an area of concern in the Lower Ok Tedi and Fly River area (Kirsch, 1992). This appears to be the result of the people's mistrust for fish and other river-sourced protein alleged to be contaminated by toxic chemicals. In addition, though the mine operation has brought about increased medical benefits to the villages, it has been noted by Kirsch (1992) that the introduction of the mine and the influx of outsiders have also brought about a number of introduced diseases such as tuberculosis and sexually transmitted illnesses. Unemployment among the Lower Ok Tedi people also appears to be an issue of concern. Even though the mine operation brought great prospects of employment, the number of Yonggom employed at the mine site is rather low (Kirsch, 1992).

The Ok Tedi mine has had a huge economic effect at both the local and national levels. At the national levels, the company has provided much needed revenue in the

form of taxes and dividend returns to the national budget (Imbun, 2007). The company employs approximately 2,000 people with a further 1,500 employed by contractors servicing the company. Over 90 percent of the employees are PNG citizens with about 800 coming from within a 40 kilometre radius of the mine (Higgins, 2001). According to Morrison (2007), OTML has contributed K300 million in community infrastructure and local business as well as agricultural programmes. Morrison further estimates that more than 50,000 people depend on the economic activity that the mine generates.

However, while many have benefited from the mine and its trickle down effects, the distribution of the economic gains have failed to reach the people living in the lower Ok Tedi and Fly rivers and in particular the Yonggom people (Kirsch, 1992). The lack of participation by this group of indigenous communities appears not to be due to a lack of enthusiasm from the villagers, but more from the company's part in isolating and limiting the opportunities available to them. For many years, the company failed to recognise these people as an important stakeholder group. This was despite the fact that the company's toxic waste was dumped into the river systems that passed through their villages and gardens and despite countless letters and petitions to the company expressing their concerns and frustration (Kirsch, 1992).

Corporate Social Responsibility strategies of OTML

These have altered over the time that the mine has been in operation. In the early years of mine operation, little attention was paid to indigenous community concerns. It was only after the 1994 litigation that OTML shifted its CSR strategies towards a more ethical and philanthropic consideration and became more involved in addressing the concerns and expectations of its various stakeholders, including the wider regional indigenous communities. Despite a commitment as a result of the litigation to pay compensation and address the wider social and environmental issues caused by the mine, many still remained critical of the company's proposed plans.

The company commenced a major review of agreements involving all stakeholders in February 2006 resulting in the signing of the Memorandum of Understanding (MOA) in May 2007 (Ok Tedi: our projects, Our Challenge). The revised Community Mine Continuation Agreements (CMCA) resulted in a significant increase in benefits and

development packages to the mine-impacted communities. In the past, the company's community based programmes appear to have been limited to the Tabubil, Ok Tedi and the North Fly regions. However, it is evident that under the new CMCA agreements, the company's CSR strategies appear to have extended to the all of Western Province. In particular, the regions of North Fly, Middle Fly and South Fly through which the Ok Tedi and Fly Rivers flow appear to have comprehensive packages under the revised CMCA agreements. However, the Lower Ok Tedi village representatives and delegates had refused to sign a draft Memorandum of Agreement with the company as late as June 2007 (Wanbelistap, 2007a).

An evaluation of the 2006 CMCA Review published on the company website shows that the 29 respondents collectively rated the quality of the outcome of the review as good to very good. The report does note that the return of the response forms from the community had been slow, with only five responses. In contrast there had been 10 responses from people associated with Ok Tedi Mining Limited (Wanbelistap, 2007b).

In a PNG mining seminar in October 2007 the Managing Director of OTML Alan Breen admitted that:

The operation [of the mine] continues to face many challenges, the greatest of which is managing the impact of mine wastes on the Ok Tedi and Fly River system OTML does not take lightly its responsibility to keep communities and other stakeholders informed of, and involved in, major project decisions. As such, changes in key operating and environmental targets, the impacts of these changes and the mitigation strategies are discussed extensively with community leaders and government... Agreement was also reached with government and communities on a K1.1 Billion compensation package for mine-affected communities. This compensation will be used predominantly to fund sustainable development projects (Breen, 2007, n.p.).

These changes in approach suggest a company that has taken on a different perspective regarding the effects of its operations and the subsequent impacts it has created in the communities in which it has operated.

Indigenous community perceptions on OTML's CSR strategies

The eight questions discussed in the four focus groups held in November 2007 were structured to obtain an understanding of the indigenous community's perception on CSR strategies applied by OTML (see appendix C). In the process of the research three major themes were identified from the group discussions and interactions.

Theme one – frustration and resentment

The first theme was an expression of disappointment, anger and frustration towards the mining company for discharging mine tailings disposals which had destroyed their river – the primary source of their livelihood. Shared within this theme was the concern that the company was not adequately assisting the local communities to live within their mine-impacted environment, given the fact that the river and land that sustained their livelihoods was no longer usable. This sentiment was expressed vividly by a participant when he stated that:

...we cannot do gardening because bananas, sago, taro and yams can no longer grow beside the rivers. Also there is no fish in the river anymore. These problems have come about because of the mine polluting our river but the company is not doing anything to help us (Group 1, p.2).

The common concern expressed throughout the four focus groups regarding the first theme centred on the immediate difficulties faced by communities along the Ok Tedi River. Individuals within the focus groups were more than eager to elaborate on the difficulties they faced in not being able to use the river and the land resources beside the river for their livelihood. Often times, the tone of language used and the expressions on their faces and their body movements provided a glimpse into their inner emotions of frustration and resentment at the company.

OTML maintains that the river is safe to drink and that there is adequate fish stock in the river (Higgins, 2001). Breen (2007) continues to advocate this position when he stated on 29 October 2007:

“There are fish in the system and they are edible. The water is still drinkable so long as the areas of evident oxidation are avoided. The produce from gardens is still safe to eat.”

When asked whether the company's position regarding the status of the river was correct, all members of the focus groups were angered by the company's claim.

Theme two – the benefits – a love-hate relationship

When asked whether the last 20 years of mine operation had produced any positive effects in their lives, the participants responded in a more restrained manner and on a more personal basis. On an individual and household basis, the respondents stated they did not benefit much from the company. One participant responded to the above question in the following manner.

...we are not given any kind of compensation for the damage to the river and our land. The mine area landowners are paid royalties every year. They have a lot of money to spend. The landowners in Tabubil also benefit because the company pays them for using their land. Here, in my place, we are not given anything. The company said they will pay us, and we are still waiting for them (Group 4, p.2).

When asked whether the indigenous communities as a whole had benefited in any way from OTML's presence in their region, the participants were able to identify a number of important community impacting projects. The first of these was the 150 kilometre Kiunga to Tabubil road. The participants across the focus groups were generally happy that they had a road that linked them to the Tabubil hospital and the Kiunga wharf.

Apart from the major road and the hospital services, another theme that was expressed across the four focus groups was on schools and training services. The participants were happy that the company was involved in many aspects of educating the young, and in some instances, even the old.

The participants across the four focus groups agreed the company's assistance at the village level was achieving some positive results. The major concern raised was for the programmes to be more extensive – covering a wider area and impacting a larger population. The participants believed that because the Western Province has a large land mass relative to its small population, it should be targeted by the government to implement mass production of food crops for commercial purposes. They believed

what the company was doing should be enhanced further by the government so that the whole of PNG can benefit.

Theme three – grievance and compensation

The third and final theme that arose during the focus group discussion was a high expectation that OTML must provide sustainable socio-economic and financial benefits before the planned mine closure in 2013. Many of the participants expressed the concern that in the last 20 years of mine operation, financial benefits as well as spin-off business had gone to a minority group who had benefited. They asserted that the lives of the majority of people along the Ok Tedi River had hardly changed. In the few years left before anticipated mine closure, the local communities wanted to have a greater stake and participatory role in the mine operations. Coupled with this was the fear that people have continued to use the polluted river which would result in future illnesses. To address this grave concern effectively in the immediate future, the locals wanted a form of medical insurance scheme to be established before mine closure. Several participants in groups 3 and 4 expressed this concern in a very stern manner. One participant expressed the following views:

...we are fearful that people will get many kinds of sicknesses in the future. Already some of our people have the sickness called bladder stone disease. This is a result of the pollution and chemicals in the river. We want the company to establish a long term medical insurance cover for mine-affected regions (Group 4, p.7).

In addition to concerns for future pollution-related illnesses, food security and associated problems in the event of mine closure, an overwhelming majority of participants put financial compensation as the top priority concern. This theme was overwhelmingly expressed across the four focus groups. It was evident the local communities wanted adequate financial compensation before mine closure. It was also evident the focus groups were not satisfied with the company's current method of compensation payment. This concern was expressed by a participant in the following manner:

...money given on a piecemeal basis does not allow us to do anything with it. We are only able to consume this money. They must give it to us in lump sum so that we can do something with it, such as investments (Group 3, p.7).

Another participant used the sago tree, a staple diet in the region, to illustrate his concern regarding the current compensation schemes administered by the company.

...sago is the livelihood of the people. If OTML is doing something, they must do so that it lasts a lifetime just like the sago tree. Otherwise, it is a lost cause. We have the ideas to obtain this, however OTML must listen to us (Group 4, p.8).

Related to the above grievances were certain promises the company had made to the indigenous communities after the 1996 lawsuit but had never honoured them. One of these was the commitment to pay mine-affected indigenous communities \$US40 million as a one-off payment. One participant expressed his sentiment regarding this concern in the following manner.

...the promises made after the 1996 lawsuit have not been kept. We don't know how much of this money is being paid to us and whether we will ever receive the full amount. This money must be paid to us in full now so that we can do something with the money. (Group 4, p.8).

Participants in groups 3 and 4 emphasised the second-most important thing was the need to equip the Kiunga hospital to the same standard as the Tabubil hospital. A majority of the focus group participants agreed settling in permanent villages was a good concept. However, because there was no road linking the Western Province and the rest of PNG, the participants felt there was no market to sell surplus crops and fruits that were farmed. The participants felt a solution to this problem would be to have a ship that would run along the Ok Tedi and Fly Rivers as a floating market, which would stop at designated places to buy agricultural produce from the local communities.

In light of the limited time available before the anticipated mine closure, the participants expressed a sense of urgency in wanting the company to deliver sustainable projects and benefits before mine closure. This theme has been expressed across the four focus groups by an overwhelming majority of the participants. The participants also expressed concern that what the company was doing now should have been done a long time ago as the company had been in operation for well over

23 years. Thus, they feared that all the recent plans to encourage social and economic development projects may not be achieved before mine closure. In light of this, the majority of participants agreed that the company must give adequate financial compensation so that the local communities can have a sense of ownership and direction in making decisions for the future. The participants acknowledged they had educated people from the local areas who can provide leadership in making investment decisions and they had ideas on how to achieve sustainable development projects for the community. Therefore, they wanted the company to come forward and make the promised compensation payments in a lump sum and let the indigenous communities face the risks and challenges of investment and business. As one participant expressed:

...we know the problems we are going through, and we have the ideas to help ourselves. The company must let us help ourselves by giving the compensation money as a one of lump sum payment and not little by little (Group 4, p.8).

Concluding comments

According to Imbun (2007), the current literature on mining in PNG portrays a picture where local communities and governments seem to develop a 'love-hate' relationship with the MNMCs. This relationship is highly evident between the Lower Ok Tedi indigenous community and OTML. For example, when BHP Billiton, OTML's then major shareholder, wanted to close operations in 1996 after the lawsuit, the wider community in the mine-affected regions rejected the idea. Despite the anger and frustration exhibited at the company for the years of environmental destruction, the indigenous community still wanted the company to remain and fix the environmental problems and address development needs.

This 'love- hate' relationship was also evident amongst the participants during the focus group discussions. When expressing resentment towards the company, the expressions on peoples' faces and the manner of speech used portrayed a picture of hatred towards the company. The participants expressed frustration for being neglected for compensation payments from the company while their river was being destroyed. They resented the company for polluting their river and causing destruction to the surrounding environment. The primary 'hate' factors appear to be the lack of

adequate financial compensation promised after the lawsuit and the slow implementation of community-based CSR projects. Conversely, the relationship turns to 'love' when the indigenous communities realise that it is OTML that has introduced them to modernity and the western world. They realise that without the mine-initiated development projects, they would not have any of the vital health and education services currently available. They realise that the mine has brought about infrastructure developments and other economic and social projects which were once non-existent (Imbun, 2007; Jorgensen, 2006). For these development benefits, it is apparent the indigenous communities along the Ok Tedi River appear to be appreciative of the company's CSR assistance. Therefore, on one hand, the indigenous communities appear to 'hate' the company for the negative social and environmental impacts on their lives. Yet, on the other hand they tend to 'love' and appreciate the company for vital health, education and infrastructure projects which were non-existent before the arrival of OTML.

Analysis of the focus group perceptions indicate OTML's CSR strategies at the macro level appear to be appreciated by an overwhelming majority of the participants. However, the company's CSR strategies directed at the micro level targeting individual villages and households appear to be ineffective in impacting the local communities. Many participants argued that OTML was slow and ineffective in identifying needs and expectation of locals and responding in a timely manner. An example of this was the constant flooding experienced by villages due to sediment build up. The participants expressed the view that in many instances, villages were left to face these environmental hardships on their own with limited company assistance. Others expressed a common view that even after more than 20 years of mine operation, there were no improvements in the living standards of the indigenous community. The participants argued that the community-based projects were few and far apart and expressed doubts if such strategies would bring any effective solution to the problems faced by the villages.

The participants' perception of the provincial and national governments appears to be negative and highly sceptical. In particular, the participants believed the State government was totally ignorant of their development needs. The mining company's continuing CSR strategies, including its ability to deliver macro projects, appear to

have created a social atmosphere where indigenous communities view the various levels of government with contempt (Imbun, 2007; Jorgensen, 2006). They see the government as having failed in its responsibilities to provide basic services and economic development initiatives (Imbun, 2007, Kirsch, 2007). Thus, the local communities view the mining company as the medium that has potential to bring development and would favour the mining company to provide more CSR services. The common view amongst the participants was that OTML's presence was felt in the Lower Ok Tedi regions, despite its limitation, but that there was little evidence of the government's presence. Other participants argued that the Western Fly River provincial government and the national government were given their share of the mine's revenues, yet had reinvested very little in the province.

In recent times, indigenous communities in the host regions have demanded more tangible benefits from mining companies as a means of compensation for environmental impacts (Imbun, 2007). Due to the government's lack of presence in mining communities, mining developers are viewed as responsible for bringing environmental and cultural changes to their once pristine and tranquil areas; therefore they should make amends through meeting the expectations of the indigenous communities (Imbun, 2007).

OTML appears well positioned to deliver on the indigenous communities' request for social and economic development projects. However, an outcome of the focus group study reveals what appears to be a major obstacle in the company meeting local demands and expectations. This is the apparent lack of cohesion and coordination on the part of recipients to agree on high impacting socio-economic projects as opposed to a shopping list of individual requests. It is evident in the focus group discussions that the lack of consistency has led to competing claims made on the mining company (Ballard & Banks, 2003). Observations during the focus group discussions revealed underlying tensions between participants from different regions of the mine-affected area. For instance, those closer to the mining site felt they were the most affected and preferred their concerns to be addressed over those of others. Conversely, those participants lower down from the mine site argued they were the most affected and forwarded their grievances to OTML, seeking redressing of their claims over other villages. The participants also expressed concern that despite village leaders chosen to

represent communities in the various CMCA agreements, there were numerous other self-appointed leaders who were making claims on behalf of local communities. It is this sort of behaviour, coupled with internal competition and conflicts amongst different village communities, that may impede the delivery of much needed development services to these regions.

Given the gravity of expectations placed on the company regarding CSR projects, one would wonder whether the company would have the financial, human and technical competencies to meet expectations in a limited timeframe before mine closure. The meeting of individual expectations of 30,000 people, stretching an area of 180 kilometres, would appear non-feasible. Even if the company attempted to resolve issues and meet CSR expectations village by village, it is highly unlikely all villages would be covered before mine closure in 2013.

On the company's part, there also appears to be one major impediment in achieving its CSR strategies. Despite the obvious fact that the company has well documented CSR policies (i.e. CMCA agreements) and other CSR corporate guidelines to direct its strategies, the practical implementation of such projects appears to be very slow. The snail's pace in CSR project implementation appears to be an inherent characteristic of OTML. As one senior OTML management official stated, "despite the huge wealth and benefits generated by the mine over the many years and the increasing environmental impacts, there is little to show for in terms of social and economic development" (Higgins, 2001, p.1).

The participants in the four focus groups generally agreed that their environment, including riverine and land resources along the river, was no longer viable. For the loss of subsistence livelihood, the participants expressed sentiments wanting the company to adequately compensate them.

In responding to the concerns of the mine-impacted communities, the company appears to have developed a series of comprehensive corporate policy guidelines to achieve socio-economic developments at both the village and provincial levels. It has also engaged the affected communities as key stakeholders in developing solutions to the complex issues, such as the containment of increasing pollution levels and

identifying key development projects. These development projects are intended to create alternative cash-generating opportunities as part of the mine closure plans. In spite of the recent concentrated efforts by the company to increase CSR, many participants in the focus group study had reservations on whether the company's community-based projects will be fully implemented before mine closure. This is in light of the claims made by participants that, after nearly 20 years of mine operation, they had little to show in terms of socio-economic progress and development. As the company now has approximately five years of mine life left, only time will tell whether it will hold true to its words in bringing about much needed and anticipated development projects.

References

- Banks, G. (2002). Mining and the environment in Melanesia: Contemporary debates reviewed. *The contemporary pacific*, 14(1), 39-67.
- Ballard, C., & Banks, G. (2003). Resource wars: The anthropology of mining. *Annual review anthropology*, 32, 287-313.
- Breen, A. (2007). PNG Mining Seminar, Port Moresby [Electronic Version]. Retrieved 25 March, 2008, from <http://www.oktedi.com/home/oktedi/okTedi/www/reports/news/75/Presentation.pdf>
- Carroll, A. B. (1999). Corporate Social Responsibility: Evolution of a Definitional Construct. *Business & Society*, 38(3), 268-295.
- Carroll, A. B., & Buchholtz, A. K. (2006). *Business & Society: Ethics and Stakeholder Management* (sixth Ed.). Mason: Thomson South-Western.
- Davis, K. (1960). Can businesses afford to ignore social responsibilities. *California Management review*, 2(3), 70-76.
- Drucker, P.(1984). The new meaning of corporate social responsibility. *California Management review*, 26(2), 53-63.
- Evans, G. (2001). *Human rights, environmental justice, mining futures* [Electronic Version], 1-8. Retrieved 19 May, 2007, from: www.austlii.edu.au/au/other/HRLRes/2001/14/
- Filer, C. (1996). The Melanesian way of menacing the mining industry. In B. Burt &

- C. Clerk (Eds.), *Environment and Development in the Pacific islands* (pp.91-122). Canberra: Australian National University and University of Papua New Guinea, Port Moresby.
- Filer, C., & Imbun, B. (2004). *A short history of mineral development policies in Papua New Guinea*. Canberra: Resource Management in Asia Pacific Program.
- Frederick, W. C. (1960). The growing concern over business responsibility. *California Management Review*, 2(4), 54-61.
- Harper, A., & Israel, M. (1999). *The killing of the fly: State-corporate victimization in Papua New Guinea*. Canberra: Resource Management in Asia Pacific Program.
- Higgins, R. J. (2001). *Ok Tedi: Creating community partnership for sustainable development* [Electronic Version]. (p.1.) Retrieved 3 September, 2007, from http://www.oktedi.com/reports/reports/54/CIM_paper_Higgins.pdf
- Imbun, B. Y. (2007). Cannot manage without the significant other: Mining, corporate social responsibility and local communities in Papua New Guinea. *Journal of Business Ethics*, 73, 177-192.
- Imhof, A. (1996). The big, ugly Australian goes to Ok Tedi. *Multinational Monitor*, 17(3), 1-7.
- Jennings, A. (1995). *Environmental devastation: BHP lies about Ok Tedi*. Tabubil. Papua New Guinea.
- Jorgensen, D. (2006). Hinterland History: the Ok Tedi Mine and its cultural consequences in Telefomin. *The Contemporary Pacific*, 18(2), 233-263.
- Kalinoe, L., & Kuwimb, M. (1997). *Customary land owners' right to sue for compensation in Papua New Guinea and the Ok Tedi dispute* [Electronic Version]. Retrieved 28 August, 2007, from: www.paclii.org/journals/MLJ/1997/4.html
- Kirsch, S. (1992). *Social impact of the Ok Tedi mine on the Yonggom villages of the North Fly*. South Hadley, Massachusetts: Mount Holyoke College.
- Kirsch, S. (2007). Indigenous movements and the risks of counter globalization. *American ethnologist*, 34(2), 303-321.
- Korhonen, J. (2003). Should we measure corporate social responsibility? *Corporate Social Responsibility and Environmental Management*, 10(1), 25-39.
- Morrison, J. (2007). *Mining and sustainable development* [Electronic Version], 1-35.

Retrieved 18 May, 2007, from

www.sustainability.murdoch.edu.au/casestudies/case

OK Tedi Mining Limited. (2007). *Ok Tedi: Our Project, Our Challenge*. Tabubil, Western Province, Author.

Thomas, G., & Nowak, M. (2005). *Corporate social responsibility: A definition*. (p.10.) Perth: Curtin University of Technology.

Wanbelistap (2007a). Update on Lower Ok Tedi villages and the CMCA Review [Electronic Version]. Retrieved 25 March, 2008, from <http://www.wanbelistap.com/Downloads/Update%20on%20LOT%20villages.pdf>

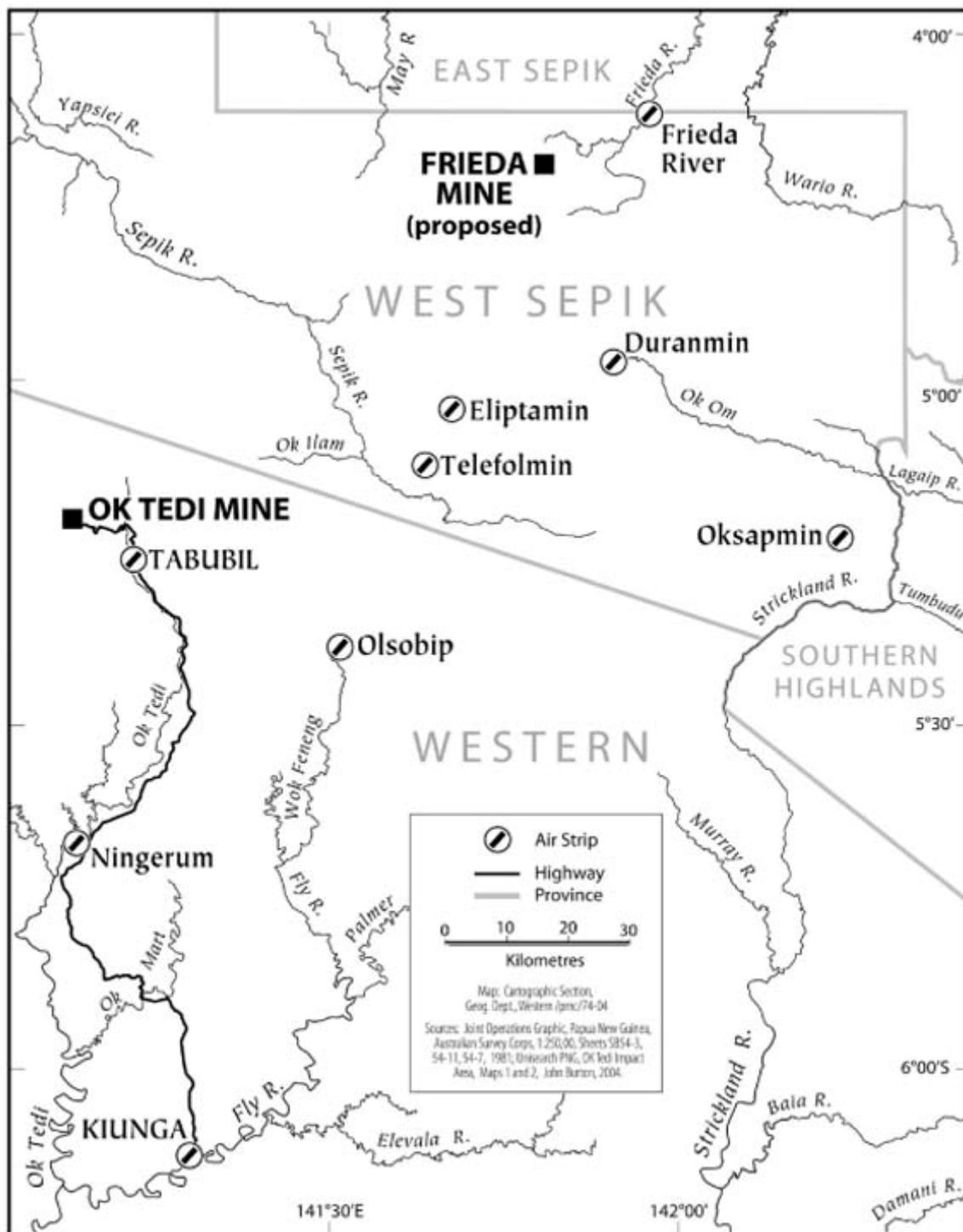
Wanbelistap (2007b). 2006-07 CMCA Review Evaluation Compiled Responses [Electronic Version]. Retrieved 25 March, 2008, from http://www.wanbelistap.com/Downloads/CMCA%20Review%20Evaluation_Compiled%20responses_230807.pdf

Wood, D. (1991). Corporate social performance revisited. *Academy of Management Review*, 16(4), 758-769.

Yakovleva, N. (2005). *Corporate Social Responsibility in the Mining Industries*. Hampshire: Ashgate Publishing Limited.

Copyright Statement: Articles submitted for ANZCA08 remain the copyright of the author, but authors by virtue of submission agree to grant the Department of Communication, Journalism & Marketing at Massey University a copyright license to permanently display the article online for public viewing as part of this conference proceedings, and to grant the National Library of Australia a copyright licence to include the ANZCA08 Proceedings in the PANDORA Archive for permanent public access and online viewing. Articles first published in this ANZCA08 proceedings may subsequently be published elsewhere by authors, provided the next version acknowledges this original publication in the ANZCA08 refereed proceedings.

Appendix A: Map of the Ok Tedi Mine, Ok Tedi River, Tabubil Town and Kiunga Town.



Appendix B: Ok Tedi, Kiunga and Western Province in perspective to PNG.



Appendix C: Focus group questionnaire

(1) What is the best (positive) thing(s) the company has done for the people in your village and how has this affected your life?

.....

(2) What are your views on the way the company has operated and what do you think the company should do?

.....

(3) What is the worst thing(s) the company has done and how has this affected your life?

.....

(4) What are the things you believe the mining company can do differently in terms of its strategies that are directed at you?

.....

(5) How has your life changed over the last 20 years since the company commenced mining operations?

.....

(6) What is the condition of the river and how has this affected your lives?

.....

(7) Do you think the village has changed during the mining operation and if so, how has it changed and in what ways has the change affected the villagers?

.....

(8) What are your views on the company's compensation payment for the environmental damage?

.....