Towards Sustainable Mining: 
The Corporate Role in the Construction of Global Standards

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Abstract
Drawing upon research on the initiatives of Canadian mining companies, this paper examines private efforts in the mining sector to promote acceptable standards of corporate social responsibility (CSR). Although much has been written on CSR in the business and organization fields, there has been little scholarly treatment of the topic from a social sciences perspective. A common assumption is that companies are merely reacting to societal pressures from transnational non-governmental organizations, which are portrayed as promoting global norms that induce change in behaviour at the micro level. This paper challenges that assumption, by weighing the impact of emerging global norms of CSR against influences internal to the companies themselves, and domestic influences operating in Canada. While emerging global CSR norms are important influences on companies’ decisions to adopt policies on CSR, their role is more complex than is often assumed, as mining companies have been proactive in their efforts to shape those norms. The near universal embrace of the concept of sustainable development by mining companies illustrates both the influence of global norms on companies, and their efforts to promote sustainable mining practices domestically (in Canada) and globally.

Introduction
From the mid-1990s, multinational mining companies began to adopt sustainable development policies to reflect their commitment to corporate social responsibility (CSR). By the early 2000s, virtually all large mining companies were producing annual sustainable development reports. This study explores the influences that led two Canadian mining companies, Noranda and Placer Dome, to adopt CSR policies, and asks how important emerging global CSR norms were in influencing those policies. The

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Since this study was undertaken, Noranda merged with Falconbridge in 2005, and Falconbridge was taken over by Swiss-based Xstrata in August 2006. Placer Dome was taken over by Canadian-based Barrick Gold in February 2006.
embrace of sustainable development as a means to frame their CSR policies is an important indicator of the influence of emerging global CSR norms. By the early 1990s, global norms on the environment had been widely recognized by states and global civil society, and sustainable development had become the leading principle guiding efforts to protect the environment.

The behaviour of Noranda and Placer Dome presents a puzzle in that the theoretical literature expects that non-governmental organizations (NGOs), not firms, create and disseminate progressive norms (Keck and Sikkink, 1998). The role of firms is discounted, because they are self-interested (instrumental) actors, while NGOs are portrayed as disinterested entities acting on principled beliefs. That perspective can and has been challenged (Sell and Prakash, 2004), as much as the rational choice literature can be challenged on the centrality it attaches to instrumental motives for actor behaviour. In this regard, this paper provides a modest corrective to the rationalist-constructivist divide in the international relations literature, as much as it responds to the narrow economistic and institutionalist approaches to the firm in the organizational literature.

Mining is an important case because of the environmental devastation associated with hard-rock mining, which has left the industry as a whole with a bad reputation. The mining industry has left a legacy of polluted water through acid rock drainage, toxic waste associated with metals processing, air-borne pollution associated with smelting processes and the massive displacement of earth in the case of open-pit mining (Diamond, 2005: 441-485; Miranda et al., 2003). Since the 1970s, it has become increasingly difficult for mining companies to treat environmental damage as an
externality, but the volatility of mineral markets and slim profit margins in economic downturns serve as disincentives for companies to assume the costs associated with environmental clean-up. The very severe and long-lasting nature of pollution problems associated with mining increases the financial burden of environmental responsibility.

In light of these hugely damaging practices, much is at stake in the push to promote greater responsibility amongst mining companies. That mining companies would voluntarily seek to improve their environmental and social performance is contrary to what might be expected of them. Structural conditions faced by the mining industry would lead one to expect that mining executives would be reactive and defensive about environmental issues. Certainly, some NGOs are highly skeptical of the intentions of mining companies. As such, the promotion of CSR by mining companies as something more than a public relations exercise can be considered a “hard” case.

There is substantial diversity both between and within sectors in terms of the content and nature of a company’s CSR policies (OECD, 2001). In order to control for the range of possible influences on CSR policies, the companies for this study were selected from the mining and minerals sector, with Noranda involved in nickel, copper, and zinc and Placer Dome primarily in gold. The choice of two Canadian mining multinationals is appropriate, as Canada is a major global player in the mining and minerals sector. Canadian companies operate over 130 mines abroad, and exploration companies have 2,800 properties in over 100 countries (Natural Resources Canada, 2006).

By the early 1990s, global norms around the environment and human rights had been recognized by states and global civil society (through NGOs). However, most
companies in the mining sector had not accepted these norms. Noranda and Placer Dome were leaders within the mining sector both in terms of the adoption of their own policies, and the role they played in bringing practices in the mining industry into closer alignment with societal expectations. Placer Dome and Noranda were not simply reacting to global developments, but were themselves participating in the shaping of global CSR norms. They worked through industry associations and international organizations to promote standards of behaviour applicable to the mining sector. The most salient example of this is the creation in 1991 of the International Council on Metals and the Environment (ICME) and in 2001 of the ICME’s successor organization, the International Council on Mining and Metals (ICMM).

Three broad questions inform the research; 1. what influences explain these companies’ initial adoption of CSR policies and their evolution over time?; 2. how important were global CSR norms in the adoption and evolution of CSR policies?; and 3. how did global CSR norms work their influence on these companies?

To answer the first question, this study draws on organizational approaches and the voluminous business literature on CSR (for example, Campbell, 2006; Cragg, 2005, Gunningham, et. al, 2003; Hoffman, 1997; March and Olsen, 1999; Margolis and Walsh, 2003; Powell and DiMaggio, 1991; Prakash, 2000; Suchman, 1995). To answer the second and third questions, however, this study draws on the literature in international relations on global governance, and constructivist approaches to the dissemination of global norms (for example, Cutler, 2006, 2003, 1999; Florini, 2000; Hall and Biersteker, 2002; Haufler, 2001, 2002; Keck and Sikkink, 1998; Kirton and Trebilcock, 2004; Levy and Prakash, 2003; Lipschutz, 2000; O’Brien, et al, 2000; Risse et. al, 1999; Scholte,
2000; Wendt, 1992, 1999). To the extent that the business literature considers the role of global norms, it tends to focus on the role of transnational NGOs in pressuring companies to conform to global CSR norms. For example, David Vogel, in his important book, *The Market for Virtue*, argues that one key reason firms adopt CSR policies is in reaction to targeting by NGO activists (2005: 3, 15, 53, 73, 138). Although correct, other avenues through which global norms are disseminated are overlooked, such as international law and international organizations responsible for the environment. Also overlooked is the interaction between state and transnational actors (including firms) in the dissemination of global norms (Ruggie: 2002, 2004). As such, the role of global CSR norms is underspecified in the business literature, and this study aims to contribute to a fuller understanding of their role.

This paper begins by placing the global role of multinationals in theoretical context and includes a discussion of the corporation as an actor or agent. This is followed by a review of the literature relevant to CSR, ending with a framework for analyzing the impact of global CSR norms. The paper then turns to an analysis of the influences that led Noranda and Placer Dome to frame their CSR policies in terms of sustainable development, and explores their efforts to promote global CSR standards. The conclusion reiterates the theoretical implications of the empirical research, and identifies issues for further research.

**Conceptualizing the Role of Mining Companies**

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2 Constructivist approaches in international relations mirror institutionalist approaches in organizational literature, in that emphasis is placed on cognitive processes to explain state/firm behaviour. Values, norms and identity are understood to shape interests/preferences, which are not fixed, but change over time.
The Framing of CSR as Sustainable Development

The study of corporate social responsibility has produced many terms that relate to how companies should behave, including corporate responsibility, business ethics, corporate citizenship and sustainability. This reflects on-going debates about the extent and nature of a company’s obligations. One key aspect of the debate on CSR centers around the question of whether or not companies should have responsibilities beyond their shareholders (Margolis and Walsh, 2003). The traditional view holds that company’s obligations extend only to their shareholders, as part of their fiduciary responsibilities (Friedman, 1970).

Stakeholder theory, on the other hand, makes the case that companies should (and do) have responsibilities towards a range of stakeholders, including shareholders, but also employees, customers, local communities, and the environment (Jacobs and Getz, 1995; Prakash, 2000). Drawing upon this, for the purposes of this study, CSR can be understood as the obligations companies have towards their stakeholders in the areas of human rights, labour, and the environment. Obeying the law constitutes the baseline of responsible corporate behaviour, with CSR referring to voluntary obligations that go beyond regulatory compliance (Prakash, 2000, pp. 3-6).

This study uses the term CSR to describe the policies mining companies have adopted to promote better practices in the areas of human rights, labour and the environment. The term sustainable development has been employed by most mining companies to encompass the social aspects of their operations, especially as they relate to the local communities in which they operate. Sustainable development has come to serve
as a common language for framing companies’ CSR policies, as much as it is a concept for guiding action.

*The Company as Agent*

Although technically the corporation is a legal construct, this study treats the corporation as an organization managed by individuals who are responsible for the day-to-day operation of the company. While responsible to a Board of Directors, this study focuses on senior managers as the key individuals who influence the company’s overall direction and shape CSR policies. When this study speaks of the impact of global and domestic influences on mining companies, it is the impact on a company’s senior managers that is being referred to. Although individual shareholders have in the past attempted to influence a company’s CSR policies, such as, for example, over divestment from apartheid South Africa, for the most part their efforts have not been overwhelmingly successful.

Since a company’s raison d’etre is to make a profit, it is often assumed that corporate responsibility is incompatible with profit maximization. Narrow, economistic views of firm behaviour predict that unless firms calculate that they will profit from, or enjoy cost-savings from CSR measures, they will not undertake such policies unless forced to do so through legal coercion (Gunninghan et al., 2003: 20-21). In response to this understanding of firm behaviour, much ink has been spilled putting forth a “business case” for CSR (Vogel, 2005). As Vogel notes, research results to date have been inconclusive, which leads him to conclude, in keeping with the narrow economic view, that only under very limited conditions would firms chose to invest in CSR.
Rejecting the narrow view of the profit-maximizing firm does not, however, mean that firms can ignore the cost and market implications of costly CSR expenditures. Using the language of public/private goods, firms cannot provide costly public goods if it is unprofitable to do so. Companies, for example, that incur heavy costs in order to make their operations more environmentally responsible could compromise their competitive position. Companies will, however, incur socially beneficial costs if there are market incentives that allow firms to transform public goods into private (excludable) goods (Prakash, 2000: 20-23). Companies, for example, may develop technologies that foster better environmental results that they can market to other companies (Porter : 1991). Vogel downplays this dynamic by arguing that firms will only absorb minimal costs in support of CSR, and will not incur significant expenses (2005: 4, 121, 164-6). Yet, research demonstrates that firms will undertake expenditures even where the returns are not easily quantified (Gunningham et al., 2003: 21-23; Prakash, 2000).

The narrow, utility-maximizing view of firms possessing fixed preferences based on rational calculations can be challenged on another front as well. The literature on the national characteristics of global corporations points to distinctive variations in corporate strategies that go along national as opposed to global lines (Aguilera and Jackson, 447; Doremus et al., 1998; Pauly and Reich, 1997). Distinctive corporate cultures have also been identified (Powell and DiMaggio, 1991). Similarly, there is significant variation amongst companies in terms of how and the extent to which they incorporate CSR into their policies and practices (Prakash, 2000).

Borrowing the language of the institutionalist approach to organizational behaviour, this study is broadly situated in an understanding of firm behaviour that allows
for a “logic of appropriateness” as the basis for action (March and Olsen, 1999: 309). Such an approach acknowledges that firms will act according to a “logic of consequences”, based on preferences or interests, while recognizing that firm behaviour is informed by complex motives that include cognitive and ethical dimensions. (Ibid: 311). Institutionalism, moreover, holds that firms are embedded in a larger social environment beyond the marketplace, which induce firms to conform to societal norms.

Following March and Olsen, an “institution” can be defined as “a relatively stable collection of practices and rules defining appropriate behaviour for specific groups of actors in specific situations” (308). How firms behave is a function of how accepted conceptions of corporate behaviour are defined by the firm’s social environment, understood as the “organizational field” (Hoffman, 2001: 7). The organizational field consists of relevant actors, such as governments, environmental NGOs, industry associations and chambers of commerce that define acceptable corporate behaviour. While firms are not completely devoid of choice in this context, the range of choice is constrained by the external environment. Consistent with March and Olsen, Hoffman defines institutions as the coercive rules, normative standards and cognitive values of the organizational field (8).

Institutional approaches within organization theory reflect debates around agency. At one extreme, a firm can be seen as acting completely autonomously, free from external constraints (agency). At the other extreme, the firm is seen to be constitutive of its social environment (structure). Institutional approaches within sociology lean heavily towards the structure side of the debate, by questioning whether individuals can choose freely, and pointing to the cultural and historical frameworks within which individual
choices are embedded (Powell and DiMaggio, 1991: 9-11). These debates are mirrored in the constructivist approach within international relations, with structurally oriented explanations broadly represented by the scholarship of Wendt (1999).

This study leans toward the agency side of the debate, consistent with research that has observed the crucial role of managerial leadership in determining the extent of a firm’s commitment to CSR (Galaskiewicz in Powell and DiMaggio, 1991; Gunningham, 2003, Hoffman, 2001, Prakash, 2000). At the same time, these studies have noted the dynamic and interdependent relationship between internal influences, external influences (including institutional dynamics) and intra-organizational factors. The theoretical implication of these findings is that it is not possible to draw a causal relationship between any single set of factors and a company’s degree of commitment to CSR.

**Influences on CSR**

Following on other studies, the range of influences on CSR can be broadly divided into internal (company) factors, intra-organizational factors and external factors. Internal variables include the role of leadership and managerial attitudes towards CSR. The preferences and strategies of key managers are central to an explanation of why companies would adopt CSR policies (Gunningham, et al., 2003; Hemingway and Maclagan, 2004; Hoffman, 1997). The critical role of senior executives and the dynamics behind a cognitive learning process has been widely documented in the organizational and business literature (for example, Crossan et al., 1999; Hoffman, 1997; March and Olsen, 1999; Prakash, 2000; Suchman, 1995). This literature stresses the importance of unpacking the “black box” of the firm, of not treating interests as fixed (even in the context of competitive markets), of not assuming a strict demarcation
between firms and the surrounding environment, and that norms, beliefs and identities (cognitive forces) can influence decision-making as much as technical or material imperatives. The literature on the role of leadership in bringing about change is similarly rich (for example, Chemers and Ayman, 1993; Northhouse, 1997). Furthermore, individual’s professional training and orientation can have a decisive influence on approaches to problem-solving and perceptions of the operating environment (Downs, 1957; Haas, 1990).

Institutionalists in organizational behaviour lend insights into how the institutionalization of CSR norms by a firm might occur. In his work on institutionalizing firm contributions to charity in Minneapolis-St. Paul, Galaskiewicz looked at how new institutions develop out of the preferences and strategic actions of individual actors (1991: 293-310). Galaskiewicz’s research pointed to the importance of professional roles and professional networks in institutionalizing an ethic of commitment to corporate responsibility. This process included the creation of professional positions specifically responsible for corporate responsibility, and the existence of organizations, such as professional associations, committed to corporate responsibility. Galaskiewicz found that the effect of a network of professionals committed to corporate responsibility was two-fold: 1. professional networks shaped one another’s priorities and those of their respective firms, and 2. a system was created whereby consensus could be reached on where charitable dollars would be expended (306).

The theoretical implications of Galaskiewicz’s study are relevant to the processes of institutionalization occurring in the mining sector (309-310). First, consistent with institutional theorizing, firms were shown to respond to social pressures emanating from
the larger society. Second, even where social pressures run contrary to the dominant ideology of the firm, such forces may be consciously introduced into the firm by “change agents”, pointing to conscious efforts to institutionalize meanings, values and norms both within the organization and at the interorganizational field level. In short, changes in behaviour that acquire a “taken for granted” status do not necessarily “worm their way into organizations” undetected. Third, the importance of social learning (in this case through professional networks) was highlighted. Fourth, changes in behaviour were the result of variables operating at both the micro and macro levels, in an interactive manner, making it challenging to pinpoint causality.

In the past fifteen years, there has been a dramatic shift in thinking amongst mining executives, reflecting the broader shift in understanding as to whether a company has obligations beyond its immediate shareholders. Prior to the 1960s, it was assumed that the assimilative capacity of the environment would suffice to absorb effluents and emissions. Any environmental damage could thereby be treated as an externality, and companies did not have to bear the cost. It was further felt that a company’s contribution came through producing its product and generating employment.

In the 1960s and 1970s, that thinking began to give way to the realities of greater public environmental awareness and the introduction of regulations in industrialized countries. This shift gained momentum in the 1980s and 1990s, as countries signed on to global environmental treaties, and transnational NGOs kept the environment on the global agenda and drew attention to corporate malpractice. Still, many mining companies were slow to come around, and as late as the mid-1990s some mining executives remained very behind in their thinking on corporate responsibility.
The lag in thinking can be explained in part by the fact that it was often the case that mining executives had backgrounds in geology and engineering, who tend to see the development of a mine site as a technical problem to be solved. Sometimes referred to as the ‘mining mindset’, in this stereotypical characterization, executives tend to place great faith in the role of science and technology in addressing environmental problems. They had difficulty accepting the possibility that there should simply be no mining allowed in some parts of the world that are designated heritage sites or are ecologically sensitive. They tended to be similarly skeptical of movements to ban certain chemicals, such as lead and CFCs, or certain metals.

By extension, many mining executives were deeply skeptical of the claims of environmental NGOs as the following comment dating from the mid-1990s suggests: “These claims [of environmentalists] are highly contentious rather than self evident, but they are fundamental to the environmentalist critique of capitalism which now replaces the socialist critique as the legitimizing doctrine of the intellectual class” (confidential source). Companies prepared to engage with NGOs were seen as capitulating (the feeling was mutual in some cases) to unreasonable demands for greater regulation:

…some business groups seem willing to cede the moral and intellectual high ground in return for the right to collaborate on the resulting regulations. Businesses may even be granted “consultative status” – as long as they refrain from questioning the basic principles of environmental orthodoxy (confidential source).

By contrast, the thinking within Noranda and Placer Dome was more progressive. As such, their thinking was in sync with the broader societal consensus of what appropriate corporate behaviour should entail.
Many mining companies, however, were caught in the mid-1990s with a significant gap between societal expectations and their institutionalized practices. For the industry as a whole, the gap had widened so much that companies experienced a legitimacy crisis, and it was recognized that measures needed to be taken to repair legitimacy (Suchman, 1995). Individual mining companies, and the mining industry as a whole, had reached this point by the mid-1990s, as devastating environmental practices became unacceptable to society. Yet, while all mining companies were experiencing broadly similar pressures, they did not all display the same degree of commitment to CSR.

Margolis and Walsh suggest a broad framework that points to organizational dynamics to explain the variation in firm’s responses to pressures to promote CSR (2003: 286-290). First, firms make judgments about whether to respond to pressures (or stimuli), and which ones to respond to. Problems may be framed as a cost or investment, a burden or responsibility, a threat or opportunity, or a combination of these traits. Second, once a problem has been identified as requiring a response, various “response options” are generated and evaluated. Considerable variation can be expected in terms of the range of activities firms consider in response to social pressures. Third, firms will evaluate options either according to the logic of consequences (weighing costs and benefits) or a logic of appropriateness (weighing the fit of potential options with conceptions of the company’s role identity). Fourth, once an appropriate response has been selected, it must be implemented, raising managerial issues of how responses should be executed, controlled and monitored. Management challenges arise from the fact that
CSR initiatives may be both legitimacy-seeking and legitimacy-threatening, depending on the interests of various stakeholders and the degree to which they come into conflict.

CSR initiatives can also be “identity-bridging” and “identity-begging” because of the lack of consensus on the proper role of firms in society. Furthermore, a mix of motives is likely to complicate managerial responses, as a desire to aid society is likely to be combined with a desire to secure a company’s legitimacy, reputation and ability to function. Fifth, the consequences of CSR initiatives must be weighed, both in terms of their impact on a firm’s financial performance, and the extent to which society benefits from such initiatives.

Intra-organizational dynamics, including internal structure and corporate culture, provide important clues to the extent of a company’s commitment to CSR. As Hoffman argues, beyond environmental expenditures and environmental performance indicators, organizational structure and culture are an important measure of a firm’s long-term commitment to (environmental) CSR (1997: 8). According to Hoffman, corporate culture includes the existence of environmental goals, the extent of their support by senior management, the incentive structure for employees around achieving those goals, and what positions exist for managing environmental affairs (8; see also, Gunningham, et. al, 2003: 97-9).

The external environment includes a wide range of potential variables, encompassing political, legal and economic factors. External variables frequently identified in the business literature include the level of regulatory and public scrutiny, the extent of environmental risks inherent in the company’s operations, the degree of local community concern and pressure, a company’s stake in reputational considerations, the
extent to which market opportunities exist for adopting “green” processes, the extent to which industry associations are encouraging CSR (or not), the impact of parallel initiatives in other sectors and the role of local, nationally or transnationally –based NGOs. Within the external environmental, this study makes a further distinction between domestic (Canadian) influences on mining companies, and global (or international) influences.

Gunningham et al. organize external variables according to the concept of a “license to operate”, derived from the expectations of economic, legal and social stakeholders (2003: 35-8). Consistent with institutional insights, the concept of a license to operate captures the fact that firms are dependent on various economic, regulatory and social stakeholders, who define the nature of the license. The regulatory license, economic license and social license interact with each other in a dynamic relationship, such that no single component can be isolated out as “driving” CSR. Furthermore, the different components of the license are malleable, and firms negotiate with key stakeholders to set the terms of the license. Significantly, corporate managers interpret similar regulatory, economic and social expectations differently.

For mining companies, a most salient risk is opposition from the local communities in which they operate. Unlike manufacturing multinationals, which have greater mobility, mining companies chose their locations based on the availability of metals to extract. Failure to establish and maintain good community relations could result in a company losing its ‘social license to operate’, even where the company possesses a regulatory license to operate. This can drive mining companies to adopt beyond compliance measures in order to meet social expectations.
How do global norms fit into this picture? As Gunningham et al. correctly note, social actors, such as environmental NGOs, can influence firm behaviour directly through the social license, but can also influence firms indirectly by seeking leverage over the terms of the economic license (through consumer boycotts, for example) as well as the regulatory license (by pressuring regulators to tighten regulations). But how, then, do global CSR norms work their influence on corporate managers? Two preliminary points would be that NGOs are not the only disseminators of global norms. States also disseminate global norms, through the “spillover” effect of national regulation, and through international organizations that hold conferences and draft international treaties. Firms themselves promote norms, through their own actions, which can encourage institutional “isomorphism”, as other firms model themselves on successful firms engaging in CSR, and through industry associations (both national and global ones). Second, in addition to the direct role that NGOs play at the global level, it is important not to overlook the role of international organizations and international law in promoting CSR norms.

The constructivist literature in international relations provides insights into how evolving global CSR norms might influence corporate managers and firm behaviour. Keck and Sikkink help to shed light on this in their seminal work on transnational advocacy networks (1998). Although they limited their discussion to transnational advocacy networks and their impact on state behaviour, the dynamics they describe can be related to firms as well. Transnational advocacy networks most commonly employ persuasion and socialization to influence state behaviour, employing such strategies as reasoning with opponents to bring about change. Just as often, networks will take a
confrontational stance, by bringing pressure to bear, arm-twisting, encouraging sanctions and shaming (Keck and Sikkink, 1998: 16). Keck and Sikkink identify four tactics employed by networks, including, 1) information politics: the dissemination of information about an issue or cause; 2) symbolic politics: the use of symbols, actions or stories to give an issue resonance for a larger public; 3) leverage politics: calling upon powerful actors to exert pressure or influence on the target; and 4) accountability politics: holding powerful actors to their previously stated policies or principles (16).

Local, national and transnational NGOs have used these tactics effectively in targeting mining companies. With the tendency for mines to be located in remote, rural areas, mining operations used to be out of sight (and out of mind) of all but the local communities directly affected by them. Since the late 1980s, NGOs have been able to take advantage of information technologies to widely disseminate information about the environmental impact of mining activities. Where once smokestacks were a symbol of development and prosperity, they came by the 1970s to be associated with pollution and environmental destruction. In the 1990s, NGOs used their observer status in international organizations to put pressure on states to negotiate environmental treaties. Lending organizations such as the World Bank were pressured to include environmental considerations in their lending criteria to mining companies investing in developing countries. Mining companies’ reputations can be damaged if NGOs are able to draw attention to gaps between publicly stated policies on CSR and actual practice.

The actual influence of NGOs, whether directly or indirectly, is a question of degree. As disseminators of global norms, NGOs can influence the discursive positions of mining companies, whereby they acknowledge that environmental degradation is bad
and must be avoided. NGO efforts can also result in companies changing their policies, and ultimately, their behaviour (Keck and Sikkink, 1998: 25). The degree of influence of NGOs depends on how vulnerable companies are to normative pressure (Ibid: 29). Material incentives clearly figure into why companies would change their policies and behaviour. Individual mining companies are vulnerable to direct targeting by NGOs in communities in which they operate, because they lack mobility and must locate where the ore is. But companies may be vulnerable if they are sensitive to moral leverage, if they are concerned about reputation, or if they wish to be seen as good corporate citizens. Such sensitivity may not be the result of purely material concerns, but rather, of cognitive preferences on the part of managers. At this level, the role of management becomes an important determinant of how a company might respond to normative pressure.

Firms that adapt in response to normative pressure are likely to do so either as instrumental, strategic adaptation or because they see CSR norms as consistent with their interests and/or identities. Empirical process-tracing of how this played out at Placer Dome and Noranda sheds light on how norms work their influence. It is also essential to understanding what was motivating their changes in policy and behaviour.

Building on Keck and Sikkink’s work on transnational advocacy networks, Risse et. al identify two phases in the institutionalization process that are useful in explaining the degree of commitment of firms to CSR norms (Risse et. al, 1999). The first, “prescriptive status”, holds when firms regularly refer to CSR norms to describe and comment on their behaviour. “Prescriptive status” is achieved when the validity claims of CSR norms are no longer controversial, even if actual behaviour is inconsistent with CSR norms (29). Firms that have reached prescriptive status, would need to demonstrate
a sustained effort to improve their CSR practices and performance. Firms are often accused of not matching words with deeds. Where violations of CSR norms occur, undertakings to improve performance and on-going dialogue with external critics can be inferred to imply acceptance of CSR norms. The final phase of institutionalization is rule-consistent behaviour, where practices are consistent with CSR norms.

**Sustainable Development at Noranda and Placer Dome**

The embrace of the concept of sustainable development by mining companies to frame their CSR policies is an important indicator of the impact of global CSR norms. The principle of sustainable development is considered a key indicator of global influence, because it had become the driving principle behind all global environmental and development initiatives by the 1990s.

Since the late 1990s, many mining companies have borrowed the language of sustainable development as a means to frame their CSR policies. All accept the broad definition employed by the Brundtland Commission, namely, meeting the needs of the present without compromising the ability of future generations to meet their own needs. In the absence of global norms, these companies would not have had a reason to frame their CSR policies in terms of sustainable development. As such, the global normative weight of sustainable development provided the context in which Placer Dome adopted its CSR policies, and in which Noranda’s policies evolved.

**Evolution of CSR Policies**

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3 Empirical material for this section is drawn from the following article: Hevina S. Dashwood. “Canadian Mining Companies and Corporate Social Responsibility:
In the 1970s, both companies were affected by the growing environmental awareness of the Canadian public. British Columbia, where Placer was based, was a hotbed of the environmental movement, and the birthplace of Greenpeace. Placer’s direct experience with operating mines in northern British Columbia set the foundation for its subsequent CSR policies. The Equity Silver Mine in northern B.C, for example, helped develop awareness amongst mine managers of living in small communities. These same mine managers ultimately moved up in the company, and were able to bring their experience to senior levels within the company (Confidential interview, January 2006).

Noranda also started out with developments in the Canadian north, and the 1970s was an important time in raising environmental awareness. A key experience was a claim brought by the Cree Indians in Northern Quebec in the mid-1970s, against a number of companies, including Noranda. The Cree’s claims pertained to acid rain (caused by sulphur dioxide emissions, a by-product of copper, lead and zinc smelting), the discharge of mercury into the water system, and allegations of adverse health effects. After extensive research, it was found that the acidic compounds were coming from the United States, not from within the region, and that the health concerns were unfounded. Although Noranda was not held responsible, and the case never made it to court, it was nevertheless a wake-up call for the company, resulting in a more concerted effort to address environmental issues (Confidential interview, February 2006).


4 Placer Dome was the result of a merger between Placer and Dome (based in Ontario) mining companies in 1987. For the period up to 1987, Placer Dome is referred to as Placer.
Actual or impending government regulation is widely considered to be a prime motivator for companies in moving forward with CSR. The growing public awareness and concern in the 1970s over the environment in Canada and other industrialized countries prompted governments to enact laws to protect the environment. In Canada, most of the law relevant to mining is provincial, as provinces have jurisdiction over natural resources. However, the federal government has passed environmental laws where national oversight is required, such as the Canadian Environmental Protection Act (CEPA). The main legislation affecting mining falls under the Fisheries Act, which covers metal mining effluent regulations. In Ontario and B.C., where Noranda and Placer Dome were headquartered, respectively, the relevant regulation includes the Ontario and B.C. Mining Acts and the Environmental Assessment Acts, among others.

While it is certainly the case that Noranda and Placer had to respond to stricter environmental requirements, managers in both companies were unanimous that this development alone was not a key driving force in the adoption of CSR policies. As one senior manager put it, meeting regulatory requirements constitutes baseline compliance, and even to do that much requires that much more has to be done (confidential interview, January 2006). Rather, all major companies need to be constantly looking forward, looking ahead at potential sources of contaminants and possible social issues. Since the cost of implementing new governmental requirements is very high, these companies found it strategic to anticipate government regulation.

What was critical for both companies in driving their CSR policies was the role of senior management, and this helps to explain the variation in timing as to when those policies were adopted. Since a corporation’s main purpose is to make a profit, a culture
of commitment to the environment has to be set by top management. At Noranda in the 1970s, the CEO and President began to take an active interest in the environment. Three components of CSR policy were identified, including environment, health and safety (EHS). Until the end of the decade, EHS policies were implemented in a very decentralized fashion. Safety was considered an operational issue, and was dealt with directly by plant managers. Occupational health issues were dealt with by various people working independently, with local responsibilities. By the late 1970s, senior management recognized the need for centralized management of EHS policies, and in 1979 hired Frank Frantisak from outside the company to the position Director, EHS. In 1982, that position was up-graded to Vice-President, EHS (See Table 1 for key developments and dates).

Throughout the 1980s, Frantisak worked on coordinating Noranda’s EHS policies on a company-wide basis. In 1986, the Environment Committee of the Board of Directors approved Noranda’s first comprehensive Environmental Policy Statement. In 1990, Noranda became the first Canadian company to publish an Environmental Report, where it reported on its environmental performance. Throughout this period, Frantisak enjoyed the full support of the CEOs and President.

Placer Dome, by contrast, did not move forward in a substantial way with its CSR policies until the 1990s. In the early 1990s, the company was guided by broad statements of principle with respect to the environment (Placer Dome, 1990). The first VP, Environment position was created in 1991, and, it was only after the appointment of John Willson as CEO in 1992 that a sustained effort from the top to promote CSR was realized.
By this time, new forces were at play that had an impact on the evolution of Placer Dome’s CSR policies.

The first was the tightening of environmental regulations in Canada, as well as the gathering momentum behind global environmental initiatives and treaties. The second was the increasing effectiveness of environmental NGOs in raising environmental awareness at a global level. Taking advantage of new communications technologies, transnational advocacy networks mounted global campaigns that drew attention to the environmental concerns of even the remotest communities. Mining companies discovered that there were few places to hide in this changed global context.

Placer Dome was not immune to these developments. In 1996, there was a serious environmental accident involving the Marcopper Mining Corporation in the Philippines, in which Placer Dome had a 39.9% stake. Following the failure of a sealed drainage tunnel, 1.6 million cubic metres of tailings flowed into the Boac River on Marinduque Island, destroying fish stocks. Placer Dome received a huge amount of negative publicity and was the subject of a major inquiry by the United Nations (UN, 1996). After spending millions in clean-up costs, Placer Dome continued to receive unwelcome attention long after the actual event.

At first glance, it would not be unreasonable to infer that Marcopper influenced Placer Dome’s decision to move forward with its CSR policies. Yet, senior officials deny that Marcopper had a significant impact on the timing of Placer Dome’s first CSR report, which was published in 1998. Upon closer examination, it is clear that the process leading up to the publication of Placer Dome’s first sustainability report in 1998 actually began well before Marcopper.
Commitment to Sustainable Development

As outlined above, the shift in thinking that led Noranda in the 1970s to accept responsibility towards the environment, health and safety began well before global forces had a substantial impact. In the case of Placer Dome, although policies were in place to meet its regulatory obligations in the areas of environment, health and safety, it was not until the 1990s that a profound shift in thinking began to take place. The fact that Placer Dome chose to frame its CSR policies according to the principle of sustainable development suggests that evolving global norms played a more significant role in the shaping of its policies. Yet, as senior managers consistently maintained, the leadership provided by key individuals within the company, and the experience of mining in Canada was paramount in the company’s adoption of its CSR policies (Confidential Interviews, February 2006).

That both Placer Dome and Noranda adopted sustainable development in their 1998 CSR reports clearly points to the evolving external context in which the companies were operating. As has already been well documented, the concept of sustainable development was expounded in the 1987 Brundtland Commission Report, Our Common Future. The concept quickly gained ground, as evidenced by its adoption as a fundamental principle at the 1992 Rio Conference on the Environment and Development. It was embraced by various UN agencies, including the World Bank, the OECD, and national governments. It entailed a compromise between those environmental groups that
felt that no further development was possible without profound changes to modern society, and those that felt development could continue, so long as it was ‘sustainable’.  

The principle of sustainable development, and the global movement behind it, was met with considerable suspicion by some elements of the mining sector and the wider business community, as this comment attests: “…sustainable development has always been about transforming the world through an extensive global system of centralized planning and reduced reliance on markets and freedom…By buying into sustainable development, Canada’s business sector has set itself up for a takeover by an ideology that is completely at odds with its own best interests” (Corcoran, March 21, 1998). Some were deeply threatened by global (centralized) environmental governance initiatives, and by notions of collective sovereignty over an ever-expanding global commons that would thwart both private enterprise and the sovereign independence of countries. The following comments, for example, were made at the (US) National Mining Association conference in 1996: “To protect [the global commons] the ‘collective’ must have sovereignty over them; and over the adjacent eco-systems and bio-systems; and over the activities that affect these systems to some unspecified but far-reaching degree of separation” (National Mining Association, 1996).

Others were dubious about applying the concept in the context of industries involved in the extraction of finite resources, such as oil and metals. Those companies that have adopted sustainable development have got around this apparent contradiction by striving to extract resources in a manner that is less damaging to the environment,

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5 Sustainable Development is a notoriously slippery and contentious concept. For a good critical analysis of the concept, see Marshall and Toffel (2005).
while seeking to provide economic and social goods to the local communities in which they operate. As Placer Dome CEO John Willson put it on the occasion of the formal adoption of its Sustainability Policy:

Our vision is that we can progressively reduce, though never eliminate, our footprint on the Earth. More importantly, we can continuously improve the effectiveness of our contribution to social progress, environmental quality and economic benefit (Placer Dome, 1998).

Noranda was initially not keen on the term, as it was considered to have no substance (confidential interview, February 2006). Indeed, since Noranda was way ahead of most mining companies in terms of publishing its EHS reports, it felt that it was already practicing many elements of sustainable development. From the mid-1990s, successive EHS Reports made clear that the company was grappling with the concept. Noranda felt it necessary to develop a set of sustainability indicators, and ultimately hired outside consultants to assist with the process. In its 1998 report, Noranda formally endorsed sustainable development, defined in the context of its mining operations. A definition came later, in 2003, after Noranda and Falconbridge merged their business units: “Sustainable development is the implementation of practices and policies that contribute to the well-being of the environment, economy and society to address the needs of customers, suppliers, shareholders, employees, government, the general public and the communities in which we operate, without compromising the ability of future generations to meet their own needs” (Noranda/Falconbridge, 2003: 2).

In the case of Placer Dome, by contrast, sustainable development underpinned the way in which that company conceived of its CSR policies. Rather than being an add-on, Willson wanted sustainable development to be an integral part of Placer Dome’s CSR
policies. Although Placer Dome had previously published policy statements on the environment, the publication of the sustainable development report in 1998 coincided with the first full-fledged commitment to reporting on the company’s environmental, safety and social performance. Together with the 1998 report, Placer Dome released its Sustainability Policy, where sustainable development was defined as: “…the exploration, design, construction, operation and closure of mines in a manner that respects and responds to the social, environmental and economic needs of present generations and anticipates those of future generations in the communities and countries where we work” (Placer Dome, 1998: 3).

The release of the 1998 report and policy statement represented the culmination of almost a decade of dialogue and debate around the issue of CSR reporting and sustainable development. This dialogue took place both internally, and in consultation with external stakeholders. It was a consensually driven process, but certain individuals were key in moving it forward. In addition to CEO John Willson, James Cooney, Director, International and Public Affairs, and Henry Brehaut, Senior VP, Environment were active in discussions on sustainable development. Their involvement in the early 1990s in the British Columbia Roundtable on the Environment and the Economy, an initiative of the BC premier, was an important early forum where the idea of sustainable development was debated. In the mid-1990s, Placer Dome held a series of “Public Affairs Round Ups” on sustainable development. Intended to foster discussion and consensus-building around sustainable development, they were directed at Placer Dome employees, but external stakeholders were also invited to participate. NGOs, including the Taskforce on
Churches and Corporate Responsibility, and the North-South Institute (Ottawa) were widely consulted on various drafts of the first sustainability report. In addition to the above-named leaders in head-office, Placer Dome drew from the experience of the people involved in running their global operations. Especially noteworthy was the experience gleaned from working with aboriginal groups in Placer Dome’s Pacific operations. Indeed, Placer Pacific Ltd. actually produced the first sustainability report in 1997, *Taking On the Challenge: Towards Sustainability*, covering its Pacific operations in Australia and Papua New Guinea. The decision-making process was thereby not merely top-down, but sideways and bottom-up as well and was consensually driven (Prakash, 2000).

The global endorsement of the principle of sustainable development influenced how Placer Dome framed its CSR policies. Still, the decision to adopt CSR policies was the result of the shift in thinking of senior management, as was the case with Noranda. Noranda’s CSR policies did evolve in response to sustainable development, as it sought to incorporate the concept into its EHS policies.

*External Efforts to Institutionalize CSR Norms*

The national and global cooperation amongst mining companies to develop standards of acceptable corporate behaviour is another indicator of the impact of global CSR norms. Mining companies around the world began to cooperate to respond to common problems arising from global developments. At the same time, these collaborative efforts have served as a vehicle through which mining companies have sought to frame and influence CSR norms as they relate to the mining sector. Both Placer Dome and Noranda were important participants in this process, as they sought to
promote globally the CSR standards they had implemented in their own policies and practices. They were able to claim a degree of authority in doing so, because of the example set by their own policies and practices.

In 1991, the International Council on Mining and the Environment (ICME) was founded with headquarters in Ottawa, Canada. Noranda and Placer Dome were among the co-founders, and Noranda in particular worked strenuously to attract member companies from Canada, the United States, Europe, Australia and Japan. The nod to the environment was an acknowledgment that the environment was firmly entrenched on the global governance agenda, a message that sank in with the impact of the 1992 Rio Conference. Companies such as Noranda came to recognize that a global organization was necessary to help mining companies confront and address common problems facing them all.

These common problems can be lumped into three broad categories, including fear over reduced access to land, concerns over access to capital and increased regulatory uncertainty (Resource Futures International, 1998). It was recognized that if mining companies are unable to adequately address concerns about the environmental and social aspects of their operations, they could be denied operating permits, or face serious disruption to their operations due to community resistance. Furthermore, lending agencies, both public and private, wishing to reduce exposure to environmental liability costs, were introducing sustainability criteria into their lending policies. Finally, a growing array of international environmental treaties/agreements, had encroached on the mineral industry’s operations, requiring the industry to adapt and adjust and be proactive, rather than reacting after the fact.
The creation of the ICME allowed the mining industry to have direct representation in the various international bodies dealing with an array of issues that were or had the potential to affect mining. For example, the ICME participated in the Basel Convention developments (on the transport of hazardous waste), the International Maritime Organization’s Dangerous Goods Convention, collaborated with UNEP on guidelines for mine site and smelter site rehabilitation, and monitored and provided input on such developments as the update of the World Bank’s environmental guidelines.

It was in the ICME that mining companies first began to debate the appropriateness of adopting sustainable development as a means of promoting better environmental and social practices within the mining sector. While many mining multinationals had made progress on the environmental side of their CSR policies, they were slow to pick up on the social side. Sustainable development provided a framework to bring the various aspects of CSR into a coherent package (Confidential Interview, August 2002). These discussions led in 1998 to the adoption of the ICME’s Sustainable Development Charter.

Sustainable development was also attractive because it provided a common language with which to engage with globally networked NGOs. Working with NGOs was understood to be essential to enable mining companies to exert influence on global governance processes affecting mining. It was also seen as a strategic approach to addressing environmental and social issues in a unified manner.

As leaders in this process, this last point was a message that both Placer Dome and Noranda had already absorbed. In the 1980s, Noranda had learned that having a decent track record afforded it greater sway in negotiations with the Canadian
government over pending regulations (Confidential interview, February 2006). By moving forward on its own on environmental issues, Noranda enjoyed a competitive advantage, as other companies paid dearly to catch up once regulations came into force. In the early 1990s, Noranda greatly expanded its web of external connections globally, recognizing the importance of having a global voice. By this time, Placer Dome had also come to the same realization, and like Noranda, became very active in promoting the mining industry globally.

These companies were leaders in terms of embracing the principle of sustainable development, and promoting that principle to other companies in the ICME. Not all mining companies were persuaded of the value of this process, but by the late 1990s, a few of the major mining companies, such as Rio Tinto, WMC, and Anglo American had come on side. It is possible that the Rio +5 meetings helped to drive home the reality that sustainable development, and the environmental movement, was not about to go away. Mining companies were also realizing that the bad practices of a few companies could destroy the reputation of the mining industry as a whole. The toxic spill at a Spanish mine partly owned by Boliden Ltd. of Toronto in April 1998 no doubt reinforced the message that something had to be done to counter mining’s bad public image.

Although mining companies are often assumed to be adverse to government regulation, for large mining companies with global operations, the development of global standard setting is preferable to the regulatory uncertainty they face in many parts of the world. In light of the global regulatory patchwork that still exists, companies such as Noranda and Placer Dome prefer the tradeoff of stricter standard policies to regulatory uncertainty (Oougard, 2006: 244-5).
In 1998, it was with these realities in mind that the Global Mining Initiative (GMI) was launched (Dashwood, 2005). A major undertaking of the GMI was a multistakeholder process of consultations called the Mining, Metals and Sustainable Development (MMSD) initiative. Its mandate was to study the mining industry, and explore how mining could contribute to sustainable development. Discussions took place in North America, Southern Africa, South America and Australia, which resulted in the publication of a major study on how to achieve sustainability in the mining and metals sector: *Breaking New Ground* (MMSD, 2002). This coincided with a major conference in Toronto in May 2002, which brought together stakeholders from the mining industry, local communities (including indigenous peoples), NGOs, government and academia.

A key outcome of the GMI was the creation in 2001 of the International Council on Mining and Metals (ICMM), which superseded the IMCE and came to be based in London (Dashwood, 2005). Through the ICMM, mining companies have put forward principles of sustainable development against which mining companies can be judged (ICMM, 2003). A number of initiatives have been undertaken, including the adoption of a mining and metals supplement to the Global Reporting Initiative (GRI). This allows companies to report according to economic, environmental and social indicators relevant to the mining sector. Placer Dome had incorporated these indicators into its reporting, and Noranda/Falconbridge was in the process of adopting them prior to its take-over by Xstrata.

The ICMM has been working together with NGOs in state-based international organizations to promote the mining industry. The ICMM represented the mining industry at the 2002 Johannesburg World Summit, where the role of the private sector in
promoting sustainable development was explicitly noted and encouraged. Mining has become especially relevant in this context, in light of the substantial increase in mineral exploration and investment in developing countries.

The ICMM has been involved in two other state-based initiatives. One is the World Mines Ministries Forum, which was launched by the Canadian and South African governments to meet and exchange information on government policies that promote and support mining (www.wmmf.org). The other major initiative is the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development, otherwise known as the Global Dialogue (www.globaldialogue.info), with the Secretariat based in Canada. It represents an attempt by governments to catch up with the disparate and growing array of private initiatives on mining, and to provide a global forum where governments can respond to regional and functionally specific initiatives. An important objective of the Global Dialogue is to help governments in developing countries acquire the capacity to promote sustainable mining projects.

In contrast to the Global Dialogue, where industry is meant to be represented through national delegations, the Extractive Industry Review (EIR), undertaken under the auspices of the World Bank and International Finance Corporation (IFC), is a multistakeholder process. In the late 1990s, the World Bank had begun to introduce sustainability criteria into its lending policies, but was under pressure from NGOs to apply them more comprehensively and rigorously. This initiative has resulted in the IFC’s Policy and Performance Standards on Social and Environmental Sustainability (IFC, 2005). With NGOs and multinationals working together with states, this is a classic example of the transformation of the global public domain (Ruggie: 2004). It
provides the most solid evidence of a norms-based consensus which results from the efforts of corporations, NGOs, and states working together. NGOs and mining companies have been able to influence the sustainable development criteria that the state-based World Bank now applies to its lending practices.

The decision of forward-thinking mining companies to cooperate globally reflects the evolving global normative context. Yet, as has been demonstrated, mining companies were not merely responding to evolving CSR norms in a top-down process, but were themselves seeking to shape evolving norms in a bottom-up process.

Table 1  
Summary of Key Developments: Noranda and Placer Dome

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<th>Noranda</th>
<th>Placer Dome</th>
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<td><strong>Institutionalization of CSR</strong></td>
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<td>Position of Director, Environment</td>
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<td>Position of VP, Environment</td>
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<td>Environmental Policy Statement</td>
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<td>Environmental Report</td>
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<td><strong>Sustainable Development</strong></td>
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<td>Commencement of internal Discussions</td>
<td>mid-1990s</td>
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<td>Adoption of Sustainable Development Policy</td>
<td>1998</td>
<td>1998</td>
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<td><strong>Global Cooperation</strong></td>
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<tr>
<td>Membership in ICME</td>
<td>1991</td>
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<tr>
<td>Participation in GMI (MMSD)</td>
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<td>Membership in ICMM</td>
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Conclusion

This study has examined the various influences that led Placer Dome and Noranda to adopt corporate responsibility policies. In order to analyze the relative importance of evolving CSR norms, their influence was weighed against other possible influences internal to the companies and within Canada. In both companies, the leadership of senior management was critical in determining whether they adopted CSR policies. The role of leadership helps to explain the difference in timing as to when Noranda and Placer Dome adopted CSR policies and reported practices. While Canadian government regulation set the context for these companies, the lessons learned from operating in remote parts of northern Canada and working with communities in other parts of the world was found to be central to explaining their decision to adopt CSR policies.

In the case of Noranda, it was found that the initial decision to adopt CSR policies was not influenced by emerging global norms, due to the timing of the adoption in the 1970s and 1980s of its EHS policies. Global norms proved to be more important for Placer Dome, because they were more clearly defined in the 1990s when Placer Dome decided to adopt CSR policies. This led Placer Dome to integrate the principle of sustainable development into its CSR policies, whereas Noranda simply declared that it adhered to the principle of sustainable development in its EHS policies and practices.

This paper has demonstrated that notwithstanding structural constraints within the industry, mining companies are prepared to publicly promote better standards for the mining industry both as individual companies and through inter-firm cooperation. The declaration of sustainability principles, and the adoption of GRI reporting indicators
according to the mining and metals supplement, on the part of the ICMM represents first steps in promoting better standards. In order to gain real public acceptance, the ICMM will need to move to the next step, which is an externally verified certification process, which is currently under way. Now that the ICMM has been in existence for five years, further research is needed on the effectiveness of these efforts in changing the behaviour of individual firms, and improving the overall reputation of the mining industry.

As the research on Noranda and Placer Dome illustrates, the quality of managerial leadership, and the company’s home country continue to be important determinants of corporate strategies and behaviours. This confirms research findings in the organization and business literature. This study adds to that literature by exploring the role and importance of emerging CSR norms from a social studies perspective. This paper argues that norms can be constructed domestically and do not have to come from the global level to change firm behaviour. By highlighting the role of agency, it contributes to the constructivist insights on who constructs norms and how they are disseminated globally. By arguing that instrumental actors (firms) can create and disseminate progressive norms, this paper provides a corrective to the claim that such a role is the province of NGOs, and serves as a potential bridge to the rationalist-constructivist divide. The paper points to the need for further research on the interplay of instrumental and norms-based determinants of firm behaviour, and how that influences the evolution of policies over time. In light of the continued centrality of domestic and firm-level determinants, research on the policy implications of this is needed to assess what policies at the national and global levels might encourage more responsible corporate behaviour.
References


