

# REPORT OF INTERNATIONAL ROUNDTABLE ON CONFLICT MANAGEMENT AND CORPORATE CULTURE IN THE MINING INDUSTRY



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# **HARVARD Kennedy School**

**JOHN F. KENNEDY SCHOOL OF GOVERNMENT**

## **REPORT OF INTERNATIONAL ROUNDTABLE CONFLICT MANAGEMENT AND CORPORATE CULTURE IN THE MINING INDUSTRY**

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# REPORT OF INTERNATIONAL ROUNDTABLE CONFLICT MANAGEMENT AND CORPORATE CULTURE IN THE MINING INDUSTRY

CORPORATE SOCIAL RESPONSIBILITY INITIATIVE, 12 JUNE 2009

## Introduction

The mining sector is increasingly attuned to the need for more effective management of conflict with communities around project sites. Leading companies are working to develop the necessary tools to deliver on this goal, but there are no easy or one-size-fits-all approaches. Effective grievance mechanisms are an important part of the equation. But, where they exist, they do so within a much broader 'ecosystem' of factors internal to the company that can also have an impact on how well the company manages conflict. Experience has suggested these factors are likely to include, among others:

- senior management leadership
- internal communications
- staff training and incentive structures
- the relative strength of the community relations function
- the role and influence of the legal division

All are closely linked with corporate culture, whether as its source, symptom or both. Yet little has been done to examine these internal drivers and understand the impacts they can have on a company's conflict management with its external stakeholders.

In June 2009 the Corporate Social Responsibility Initiative (CSRI) at Harvard Kennedy School hosted an expert meeting with the objective of exploring this relationship between corporate culture and conflict management, with a focus on the mining industry. The purpose of the meeting was threefold, namely:

- (a) to explore the most significant findings from recent research about how different aspects of corporate culture impact the effectiveness of conflict management with communities;
- (b) to explore what these findings might mean for mining companies looking to better integrate a positive culture of conflict management within their individual operations and across the whole company;
- (c) to reveal specific areas of inquiry that will profit from further research and add significant value in helping the industry move forward.

The meeting was attended by 20 experts, including individuals from the mining industry, community relations experts, academicians, and dispute resolution experts.

Three papers provided the starting point for discussions:<sup>1</sup>

- **Mining Industry Perspectives on Handling Community Grievances** by Deanna Kemp and Carol Bond, Centre for Social Responsibility in Mining, University of Queensland
- **The Inside Track – How Blue Chips are Using ADR** by Alex Oddy et al, Herbert Smith
- **Rights-Compatible Grievance Processes for Companies' External Stakeholders: Business Culture, Context and Precedent** by John Sherman, CSR Initiative, Harvard Kennedy School

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<sup>1</sup> The reports are available at: [http://www.hks.harvard.edu/m-rcbg/CSRI/pub\\_reports.html](http://www.hks.harvard.edu/m-rcbg/CSRI/pub_reports.html) and <http://tinyurl.com/my9pqc>.

## **Definitions**

Certain definitions of key concepts were set out for the purposes of the debate:

### **Conflict:**

“Tension or disagreement among people or institutions” (CommDev, IFC) or “a general state of disharmony that can arise in any relationship” (CPR Institute)

**Corporate Culture:** “a company’s authentic values plus the practices, systems, and processes that drive those values into the organisation” (Sherman)

**External Stakeholder:** a non-commercial, non-governmental individual or group that can affect or be affected by an organisation’s activities.

## **Starting assumptions**

### **Conflict is inevitable**

It was proposed as a starting assumption that conflict, as defined, is inevitable. Linked to this was the proposition that conflict is not inherently negative, but rather a product of human interactions in any sphere, reflecting different knowledge, interests and belief systems, and with the potential to be constructive and creative as well as destructive and debilitating.

The group returned to this assumption in discussions. Some noted that conflict is frequently predictable and that conflict prevention was an essential starting point for companies. Both points were broadly agreed. Yet they implied an already escalated interpretation of conflict – meaning something akin to active and aggressive opposition, protest or violence. Both the inevitability of low-level conflict and the preventability of escalated conflict reinforced the need for systems that supported the identification, management and resolution of problems at an early stage.

This debate underlined the importance of understanding conflict on a continuum from its most minimal, natural form through to its most violent manifestations, with numerous entry points for conflict management or dispute resolution along the path. Companies needed to be attuned both to the activities that might push conflict up the line of escalation and to the opportunities for de-escalation.

### **Grievance mechanisms are only part of the answer**

The meeting assumed that effective grievance mechanisms – the subject of prior research and publications by the CSR Initiative – were part of the solution to effective conflict management, but *only* part. The rationale for the meeting was to look beyond these mechanisms in order to understand the wider drivers of conflict management within a company. It was also important to clarify what was meant by ‘grievance mechanism’: not a single formula imposed from outside on any or every context, but a locally developed and tailored mechanism that met certain fundamental process principles, was culturally appropriate, and ideally included pathways for escalation if needed<sup>2</sup>. Such mechanisms should be a natural extension of broader stakeholder engagement.

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<sup>2</sup> See John Ruggie, “Protect, Respect, Remedy: a Framework for Business and Human Rights: Report of the Special Representative of the UN Secretary-General on the issue of human rights and transnational corporations and other business enterprises” (United Nations: New York, 2008), document reference A/HRC/8/5, para 92, available at <http://www.business-humanrights.org/Documents/RuggieHRC2008>; and “Rights-Compatible Grievance Mechanisms: A Guidance Tool for Companies and their Stakeholders” (Corporate Social Responsibility Initiative, Harvard Kennedy School, Harvard University: Cambridge, MA, 2008), CSRI Working Paper No. 41, available at [http://www.hks.harvard.edu/m-rcbg/CSRI/pub\\_workpapers.html](http://www.hks.harvard.edu/m-rcbg/CSRI/pub_workpapers.html)

## **External drivers of conflict and conflict management**

The purpose of the meeting was to focus on drivers *within* companies that predispose them to more or less effective conflict management with communities. However it was acknowledged that there were typically various external drivers in play as well. There was some discussion of the role of NGOs as third parties involved in either a conflict or its management, and the distinction between community-based organisations and wider NGOs. This and other points were not pursued to any particular conclusion, but recognised as part of the essential wider context, distinct from those drivers wholly within the company's own control.

## **Key emerging issues**

The discussions highlighted a variety of issues that appeared both to reflect a company's internal culture and to be drivers of its effectiveness in managing conflict with communities. The following section addresses each of these issues in turn. There were inevitably repeated linkages between them.

### **1. Overarching corporate culture and structure**

There were a number of important observations about corporate culture in general terms. It was noted that culture varies not only between companies, but between company sites, and to some extent across corporate functions or business units. Furthermore, culture was often highly dependent on the structure of the company: whether it was a hierarchical company led by a powerful personality or a company with much flatter structures. These factors had to be taken into account when looking at changing culture for a particular purpose, including more effective conflict management. A pathway to cultural change was seen as lying in the sequence of 'awareness => language => policies => systems => metrics'.

### **2. Language**

The idea that "**language is culture**" generated considerable support and debate, reflecting on how language both shapes and reflects corporate culture.

There was discussion of the **use of the term 'grievance'** itself: an issue which had arisen in the context of the CSRM report. Some suggested it carried a negativity that could be a disincentive for business units and senior management to engage in the issues of conflict management. It was clear that it was often easier internally to focus on concepts of conflict prevention or to talk of 'disputes' more generally, being a two-sided concept rather than the one-sided concept of a 'grievance' or 'complaint'.

Yet some participants saw disadvantages to avoiding the word 'grievance': it was important for companies to acknowledge when individuals or groups expressed a negative view of what they were doing. Shying away from the direct terminology too often engendered a parallel avoidance of the direct engagement needed to address the issues. Euphemistic words could lead to a denial of problems and a postponement and deprioritisation of necessary actions. Equally, euphemisms could exacerbate conflict: when complainants heard their grievance was considered a 'challenge', 'issue', 'incident' or even 'learning opportunity' in company parlance, they would typically read that as a signal of a lack of seriousness, of disrespect or denial.

Further issues of terminology emerged when discussing reasons why the community relations function in mining companies can often find itself marginalised in terms of senior management

focus, prioritisation of tasks and allocation of financial or other resources (see section 5 below). One of the challenges was to convey in **traditional business language** the core relevance of good community relations and conflict management to the company's bottom line. This required putting it in terms of risk management, internal controls and similarly well-understood concepts. It also pointed towards connecting it up with the language of more well-known corporate systems, such as 'early case assessment' if used by legal division; or 'integrated conflict management systems' if used by human resources (see section 8 below).

The discussion also pointed to the benefits of being able to convey the impacts of good conflict management through **metrics** that could be projected into pie charts and graphs for boardroom consumption. Although metrics most typically follow once policies and systems are in place, it was noted that they could also be the motivator for policies and systems by drawing the attention of senior management to the importance of conflict management for the business. Monetising the costs of disruptions to operations and other effects of conflict could therefore be an important starting point.

The general view was that better quantification in the area of community relations and conflict management was both possible and necessary. It was noted that companies always put more store by metrics they generated themselves than those from outside. At the same time, many noted that a tick-box approach should be avoided at all costs, and it would be hard to put a figure on some things, such as a conflict avoided. The qualitative aspects of community relations would remain important, but could also be better communicated internally.

One example raised in this context was Rio Tinto Alcan's pilot tool, developed with Deloitte Touche and CommDev at the IFC. The tool is designed to enable a quantification of the value of social investment, and interestingly conveys activities that support conflict prevention and management in terms of the 'value protection' they represent. It was noted that the very process of working across functions to calculate value protection helped other staff to appreciate what it was about.

### 3. Communications

Discussions of language naturally linked to a debate on the role of communications – internal and external. There was extended discussion of the need to create '**safe spaces**' to talk once conflict had started to escalate, so that both company and community could have '**authentic**' discussions about the issues and interests in play. Creating that 'safe space' was seen as a challenge in a context where most actors were to some extent 'gaming' the process for self-protection or even for manipulation. It was important to understand better what made a company's staff feel safe about being honest when discussing contentious and even potentially compromising issues. What was needed for communities to feel similarly reassured about talking honestly about their real concerns, which may sometimes be distinct from the surface complaints? It was noted that both conservative corporate legal divisions and some traditional communities believed that divulging information was a sign of weakness – the question was how to help them move beyond that assumption.

Inevitably, one of the easiest ways identified to ensure authentic exchanges was to build the foundations for it before conflict escalated. This brought out the fundamental importance of broader stakeholder engagement and on-going dialogue with communities through culturally-appropriate fora. There was also mention of the need for company staff "to celebrate and mourn with the community": that is, to interact with them in their wider lives as communities and not just go to them when the company needs something.

A powerful point was made about forms of communication that go beyond language as terminology: namely, **messages, signals and stories**. The example was raised of the car industry executives travelling by corporate jet to DC to request publicly-funded bailouts. Whatever the technical arguments around the relative costs or carbon footprints of how they travelled, the *message* was unmitigatedly negative. Another story was told of trying to understand what was meant by an indigenous community representative who talked of a visit by someone who came from the sky with something round his neck. It emerged that the CEO had helicoptered in wearing suit and tie – by that very fact reducing any chance of effective communication.

It was noted that there were multiple ways in which a company sent messages to communities about its accountability, including whether it had an established channel for dialogue and to hear complaints and whether company representatives spoke with one voice. Another crucial factor was **putting words into action**. Where corporate words were seen not to be matched by corporate actions, the risks for escalated conflict were high. That did not mean companies should say little for fear of saying more than could be delivered – a lack of communication could be equally damaging, leaving the field open for false assumptions and rumour. Instead, it meant empowering community relations staff to talk as openly as possible, to make judicious commitments and deliver on what they said.

Examples were cited of where community relations staff were able to ensure certain activities did not proceed unless or until there was an agreed basis with communities for so doing. Connecting serious words with serious actions was a powerful signal and builder of trust. In one example the community relations representative had – with legal backing – the capacity to shut down operations in response to incidents seriously impacting the communities. While this power was used a number of times at the start of operations, its use decreased as operational staff learned of the consequences and adjusted their own processes to avoid problematic impacts. Empowering the community relations function therefore built **incentives** for other business units to prevent conflict.

Another participant underlined the importance also of putting **actions into words**. Corporate activities that were not fully explained to, and discussed with, communities could lead to increased conflict however well-justified they were internally. This was not just about PR, but about real communication in straightforward terms rather than the language and jargon of business.

The importance of improved **internal communications across functions** came through strongly. One example described an operational unit ploughing ahead with its work, driven by a set budget and schedule, with insufficient regard to the need for community relations first to pave the way with communities. The result was often unprevented and poorly managed conflict down the line, with real impacts on business continuity, and possibly worse. While misaligned incentive structures were one driver of this paradigm, another was the lack of systematised and routinised internal communications involving all relevant departments – particularly community relations, operational, PR, HR and legal.

The value of **cross-functional collaborative processes** for designing relevant systems recurred in discussions. This could help create some shared understanding and buy-in to the logic of, and processes for, conflict management. Yet this also required a recognition that collaborative solutions take time and might not fit easily with the 'just fix it' approach that often prevailed in business units. An example was cited of a successful project that brought together legal, community relations, compliance and policy people at the contract-negotiation stage of a project, harnessing the collective insights into potential problems with and for communities and ways to provide for their prevention.

One participant noted that engineers – who made up much of a mining company’s staff – were problem-solvers by predisposition and perfectly able to grasp the challenges faced by community relations if conveyed in **problem-solving terms**. It was important to communicate with these colleagues not just in terms of a particular desired outcome, but in terms of process. No engineer would say ‘I have rock and I need to get gold’ and expect a lay person to understand what that meant in practice. Explaining the logic of the processes required to build sound community relations was equally essential if operational colleagues were to grasp why this mattered to *them* and to the company more widely, and exactly what it meant in practical terms.

One organisation working with industry had started to understand community relations staff as ‘**problem-posers**’ in addition to being ‘**problem-solvers**’. As ‘problem-posers’, they also had the role of getting to the bottom of problems and articulating them accurately. They could not *solve* problems on their own when these originated with the actions or inactions of other parts of the company. And problem-solving presupposed that everyone had an accurate and shared understanding of what the real problem was. Community relations could take a legitimate lead in identifying the real issues in play and then working with others in the company to resolve them. It was noted that this came very close to the traditional understanding of the mediator’s role in dispute resolution: moving beyond positions to underlying interests.

By contrast, it was suggested that too often a legal division or a PR department got involved with problem-solving late in the day and in reactive and even defensive mode. This tended, if anything, to undermine rather than support the finding of solutions to community conflicts. Building a culture of early, proactive and cross-functional communications internally, in support of early and proactive communications externally, was seen as an essential formula for success.

#### 4. Building trust

These reflections led into a discussion of the nature of ‘trust’ needed in the context of corporate-community relations. A powerful observation was made that the key was not trust in the company, nor trust in a particular grievance mechanism, but **trust in the process of relationship building**. The company does not and cannot own that process. It is necessarily two-sided, whether it is relationship building to prevent future disputes, or the harder task of relationship building in the shadow or aftermath of a major dispute. Building that relationship and trust also requires a shared understanding of what information will be conveyed to third parties in what form at what times. The company cannot treat such communications as part of their PR without risking damage to the process.

Many participants underlined the importance for companies of accepting there will be **multiple truths** when it comes to the depiction of a particular dispute. One ‘truth’ does not necessarily negate another – they can simply reflect differing perspectives on the same situation or experience, or a different world view. A scientifically-based insistence that certain health problems could not possibly be linked to a particular pollutant was not necessarily the end of the story if others were convinced that such connections existed and/or distrusted the company’s source of scientific expertise.

#### 5. Staff skills, training, education

One line of questioning was whether the **people skills** needed for good dispute resolution were at odds with the more scientific, linear and fact-based skills typical of engineering professionals. It was suggested that this may be a myth that needs busting: engineers can have advanced ‘people skills’, just as some sociologists may not. As noted, mining engineers tended to be pragmatic problem-solvers by training, which might lend them to conflict management roles if combined with

such people skills. And their natural inclination to use systems that enabled tracking of and learning from problems could be useful in a context where too little of this follow-through occurred.

At the same time, it was noted that one wouldn't thrust a sociologist without engineering skills into running a mine, but companies had often thrust engineers without the requisite training into the community relations function. At root, the answer seemed to be in focusing on getting the right skill-sets and giving the right training. It was suggested that companies should think about much more careful selection of those it employs in community relations, be they from an engineering or any other background.

It was also suggested that **training on community relations for senior management** was necessary to get past the current disconnects between corporate culture and systems on the one hand and effective conflict management on the other. The Herbert Smith report also brought out the **important training role played by a legal division versed in dispute resolution**: reinforcing the message of the importance of early dispute resolution for the company and ensuring staff have the requisite skills. This in turn helped insure against conflicts escalating to the level of litigation. A parallel was drawn with some US airport authorities that trained their front desk staff in dispute resolution as the first point of entry for avoiding escalated conflict.

## 6. Empowerment of community relations function

It was clear from discussions that community relations functions were still typically somewhat disempowered within mining companies, with relatively limited staff and financial resources, often headed by a more junior person than other functions, and frequently without effective representation or voice at senior management and/or board level. It was often seen as a function that cost the company money rather than contributing positively to the bottom line.

It was noted that this relative disempowerment and junior representation could be directly counterproductive to conflict prevention and management. Communities typically and understandably wanted to deal with someone who was empowered to make decisions and bring about resolution to problems. If they were confronted with staff who were limited to acting as 'messengers' there was a real risk their sense of grievance would increase.

One upshot of the continuing disempowerment of community relations staff was the tendency to see them as **'firefighters'**. It was proposed that there needed to be a shift to understand them as **'service-providers'** there to support and assist *other* functions in ensuring they were protecting good community relations or resolving problems and grievances as they arose. This resonated with earlier discussions of the function of 'problem-posing' rather than 'problem-solving'.

Various observations pointed to the importance of **internal incentive structures** in achieving these shifts. If the dominant drivers at site were a budget and schedule based on immediate operating needs alone, then the time and resources needed by community relations to establish sustainable relationships would always take second place. The Herbert Smith study on ADR had shown that in the companies studied, the costs of disputes with business partners were attributed to the departments from which the dispute originated. This created a direct incentive on those departments to ensure they were avoiding unnecessary conflict whenever possible, as it hit their own annual figures. Yet no equivalent **attribution of the costs of conflict** appeared to be in place when it came to the divisions in a company whose actions were at the root of disputes with communities. Quite the contrary, the CSR study showed that these conflicts were often just treated as 'incidents' without the root causes ever being established.

The **essential role of companies' top leadership** in enabling a cultural shift in support of effective conflict management was repeatedly underlined. It was noted that there were now some very enlightened CEOs in the industry who fully recognised the strong links with their companies' risk management, reputation and bottom line, and were aware that they might well win lawsuits and still lose their social license to operate absent effective conflict management. However some participants also suggested that too often the good intentions of senior management got stuck at the **'filter' of middle management**; and the efforts and insights of community relations staff at site got similarly blocked on the way up the chain, thereby confounding real change. Discussions touched on the need for senior management to structure staff incentives so as to reduce or remove this kind of middle-management blockage. Finding appropriate ways to link senior management and site management was seen as another way to ensure top-level initiatives on standards and tools reached the site and site-level insights could help shape and assess the efficacy of such tools.

The ideal role for corporate was seen as one of facilitating effective conflict management on the ground through guidance, empowerment, support systems and adequate resources for community relations staff. However, the current situation was too often one of devolved responsibility for the delivery of centrally-defined standards *without* the resources or support required. Participants thought there was an **over-reliance on individuals at site** being able to deliver, instead of providing corporate-wide, adequately-resourced systems, matched with accountability. Discussion of what leadership is needed from corporate again brought up the need for community relations staff to have the right language and metrics to make the case persuasively.

## 7. Legal Division

There was recurrent discussion of the role of the legal division in the equation between corporate culture and effective conflict management with communities. The Herbert Smith study on the use of alternative dispute resolution for business-to-business disputes showed that companies where the legal staff were 'embedded' users of ADR saw the **process of mediation as inherently useful**, whatever its results. Involvement in the process itself could be educational for all involved and help those participating on the company side avoid future recurrences of underlying problems. 'Embedded users' of ADR were not altruists, but saw ADR's role in conflict management as a business imperative.

However, the impression was that even where in-house counsel was alert to and versed in the use of alternative dispute resolution in disputes with other businesses, the same vision did not necessarily extend to disputes with communities. An example was cited of an NGO making inflammatory statements about a company and the legal division immediately instructing external counsel to draft a defamation suit. External counsel had to coax them into the idea of trying to talk to the NGO in parallel given the likely future ramifications of proceeding on the lawsuit track.

It was suggested that doing **root cause analysis** of conflict often cuts against the grain for in-house counsel, who may have a reflexive instinct to protect information rather than open it to scrutiny and review. At the same time, such root cause analysis was frequently part of the company's response systems when it came to environmental incidents, with experts flown in, thorough analyses conducted and lessons disseminated, with the support of senior management. So the reluctance to do likewise for major disputes with communities did not seem to represent a consistent principle. And without some similar systematisation of response in such cases, companies would repeat familiar and unnecessary mistakes, to their own cost as well as that of communities. At the same time, the CSR report had highlighted risks of adopting wholesale the highly technical approach to root cause analysis used in some other fields.

It was suggested that in-house counsel was most effective when it was both strategic and sensitive to the need to build trusting relationships at the local level, rather than reactive or defensive when faced with community conflict. If defensive, the instinct was typically to control information, view it as a strategic advantage and potential weapon in a lawsuit. Yet this was often counterproductive to avoiding the conflict escalating towards litigation: only by reducing asymmetries in information and expertise could communities engage as an informed partner, with shared responsibilities, in the search for solutions.

One proposition of an 'ideal scenario' was that legal division could play an important role **supporting and advising on the design of grievance-handling pathways and systems**; that they should then, from a distance, **support and enable community relations staff** at the site level to engage in conflict management, with due training and report-back systems as or when problems escalated. This approach recognised the need to build trusting relationships at the local level, and the corollary that it was not helpful to have lawyers at the site level sitting in on dialogues or mediations with the community. Their mere presence communicated that the complainants were viewed as a 'legal risk' and could inflame the situation.

## 8. Corporate systems

The importance of having the right community relations people in place with the right skills was repeatedly recognised. Yet the view was that this must go hand in hand with effective company systems for conflict management. Systems could play an important role in helping staff **overcome 'points of resistance'** within the company, providing a clear reference point to justify action. They could also help people to **understand conflict on a continuum** from latent tensions to full-blown protest or violence, with multiple 'points of opportunity' to manage, defuse or resolve the conflict, before it equated with 'failure'. And systems were also seen as the essential underpinning to **ensure good practices remain** at site when good people move on.

Dispute resolution theory often talks of having **multiple parallel options for seeking remedy** – the 'multi-door courthouse'. It is clear that there are strong reasons for communities to have such alternative avenues of recourse. But it was suggested that some degree of sequencing was needed from the point of view of company systems. Most issues could be prevented with early engagement and a sound company-level grievance mechanism. There was a perceived big difference for companies between a grievance mechanism and direct dispute resolution on the one hand, and using a third-party mechanism on the other. Pushing problems too quickly to a third party mechanism or mediator could undermine the process of having the company take responsibility, including the operational people involved in the actions that contributed to the conflict. This would suggest that corporate systems for conflict management might be better structured as a **stepped sequence** reflecting the conflict continuum.

It was also underlined that while training people – not just community relations staff – in conflict management, negotiation or dispute resolution was important, it was inadequate just to leave it at that without then providing the **systemic support** they needed to follow through. That meant empowering them to find solutions externally and to bring back in-house both the problems and the solutions they were finding.

Company systems were also seen as important in **positioning grievance handling or conflict management in the wider space of community relations**. Grievance handling was inherently related to, yet distinct from, traditional stakeholder engagement. Systems for both needed to be backed up by policies and followed through with monitoring, evaluation and accountability. That also included the need for metrics (see earlier discussion).

One important point was to **avoid confusing the need for a company system for conflict management with the need to control the process of individual disputes**. When conflict is limited and trusting relationships strong, it might matter little if a company controls a grievance-handling process. However as conflict increases and relationships degenerate, processes increasingly need to be under joint stewardship or even external stewardship in order to achieve solutions. Yet escalation of conflict often engenders the opposite reaction in companies – an instinct to take *more* control. It was suggested that corporate systems should factor in the ability to relinquish some process control in order better to ‘control’ – or ensure – the success of the outcomes.

## 9. Existing systems

A recurring discussion point was the **relevance and usefulness of existing company systems** as a reference point for developing new systems for external conflict management. John Sherman’s paper highlighted the parallels between systems for managing conflict with communities and the **Integrated Conflict Management Systems (ICMS)** that Human Resources often use for internal employee grievances. While some adaptations were needed for the differing circumstances of community conflict, it was felt that ICMS could provide an important starting point to help staff relate to and accept the kind of systemic responses needed. Among other things, companies understood that having an excellent HR function was compatible with – rather than at odds with – having an in-house ombudsman/ICM system: that is, recognising that the best policies and practices did not preclude the need to cater systematically for potential problems and their early and effective management.

Another parallel was drawn between the early warning and early conflict management role of grievance mechanisms on the one hand and the **Early Case Assessment** approach to business-to-business disputes often familiar to in-house counsel. Some companies had reported benefits from the *process* of setting up early case assessment procedures, since the exercise brought together different functions and built a common understanding of the purpose and benefits of the system. This echoed earlier discussions of the value of collaborative processes. **Social Impact Assessments** were seen as another process that helped to bring relevant functions together and could provide a platform for debate on conflict management systems.

Particularly powerful parallels were drawn with the **role of the site safety manager** at mine sites. His/her role was not to assume full responsibility for making the site safe, but rather to educate, train and support others, across all relevant functions and with appropriate procedures, in how they could ensure site safety. This paradigm seemed particularly relevant to the community relations function and the need for them to shift from being seen as firefighters to being used as service-providers, helping other departments ensure good conflict prevention and management with communities. It was further suggested that the kind of cultural shift now increasingly seen in companies with regard to health and safety, where reporting problems is welcomed rather than shunned, also needs to be mirrored when it came to community grievances. Although there were some limitations in the analogy – for instance a risk of viewing community grievances as technical ‘incidents’ – there appeared to be much to gain from leveraging the understanding of the site safety manager’s role into the space of community relations.

## **10. Relevance to other companies**

While the focus of discussions was on the mining industry, reflections were encouraged on the extent to which the issues identified had broader relevance across other sectors. The most immediate relevance was seen as being to other extractives companies (eg oil and gas) or industries with heavy physical footprints (construction, logging etc). It was suggested that a number of factors would also resonate in industries facing disputes over alleged human rights abuse in supply chains. Retail industries, for example, also often face conflicting internal incentive structures for different functions, for instance between staff in charge of code compliance and those making purchasing decisions.

There were questions raised, by contrast, as to how far the issues raised could be effectively addressed by some of the smaller actors within the mining industry – notably junior companies. It was noted that community conflict issues often found their roots back at the project evaluation and exploration stages, which suggested some need for systems already at that point. Yet how realistic was that if the junior operation consisted of three men and a drill? At the same time, it was suggested that there was growing awareness among junior companies that the majors were increasingly focused on conflict issues and expected them to take some measures with regard to community relations.

### **Conclusion and next steps**

The forward-looking purpose of the roundtable was to pinpoint particular interconnections between corporate culture and conflict management in the mining industry that merit further examination and research. From the perspective of the CSR Initiative, the extremely rich debate served to:

- a) confirm certain previously-identified issues as particularly relevant in this context, such as the existence and nature of corporate systems, staff incentive structures, training and cross-functional interaction;
- b) suggest where certain ideas may be red herrings – notably any inherent or likely incompatibility between engineering skills and conflict management skills;
- c) highlight new aspects of well-recognised issues such as the particular relevance of signals, messages and stories in external communications as well as problem-solving frameworks in internal communications; or the relevance (and limitations) of the site safety manager paradigm for community relations;
- d) indicate that certain issues appear to be particularly significant factors but require much greater understanding in order to assess them with clarity, for instance the role and impact of the legal division.

The debate and conclusions of this roundtable will inform the CSR Initiative in taking the project forward to the planned next stage of field interviews in one or two specific country contexts – Peru and/or Ghana. In particular, the results of the roundtable discussions will guide the focal areas for interviews with company staff and others. Subsequent to that field research, a further expert roundtable will be convened in 2010 to discuss the findings and how they can be drawn together in a manner most useful for the industry and others.

The CSRI is grateful to all the experts who took part in the roundtable, and is particularly indebted to the Centre for Social Responsibility in Mining at the University of Queensland for its excellent collaboration, which it looks forward to continuing in the next phase.