



CENTRE FOR INTERNATIONAL AND DEFENCE POLICY

BRIEFING NOTE

FOR INFORMATION

SUBJECT: Corporate Social Responsibility (CSR) and Communities

There are a variety of different strategies available to companies that wish to improve their community relations as part of their Corporate Social Responsibility (CSR) program.¹ Community oriented CSR initiatives can have positive effects if implemented correctly, including increased profit and operational capabilities, sustainable growth of company assets in the area, and conflict prevention and reduction to name a few. Community oriented CSR initiatives are usually defined as actions taken voluntarily by a company beyond legal obligations and binding contracts. The list of specific CSR initiatives available is exhaustive, and for the purposes of this brief three general categories will be examined, infrastructure investment, building social capital, and building human capital.

1. **Infrastructure Investment:** This strategy focuses on direct investments into community infrastructure projects, such as the building of schools, roads, hospitals, housing, filtration systems, waste management systems, and access to electricity. Infrastructure investment can also provide communities with supplies to enhance existing capabilities, for example by providing medical or educational equipment. Companies can also choose to invest in environmental development outside of the parameters of their operations, including reforestation, decontamination, and species protection. No matter what type of strategy a company chooses to adopt the benefits from an infrastructure approach provide tangible and quick social benefits to both parties.
2. **Social Capital:** This strategy seeks to provide communities with information programs that seek to alleviate various social harms. These programs can include disease prevention education, family planning programs, and sanitary habit information. When using initiatives which fall under this category it is important for companies to be aware of social and cultural norms to avoid alienating those that they intend to aid. Social capital initiatives can have long-term benefits for the community, and can improve the social climate for businesses operating in the area.
3. **Human Capital:** This strategy focuses on providing education for communities for future professional development by providing education programs, training, and skill initiatives. Companies can also implement intern and bursary programs to help individuals pursue further education or research in the field. Human capital initiatives can

¹ Luis Garcia Westphalen. "Corporate Social Responsibility in the Mining Sector: A win-win situation." *Fraser Institute* (Spring 2012): 50-61. <http://www.fraserinstitute.org/uploadedFiles/fraser-ca/Content/research-news/research/articles/corporate-social-responsibility-in-mining-sector-CSR.pdf>

improve the sustainability of a company's operations in a community, as well as increase access to qualified individuals that can complement company interests in the future.

While CSR initiatives are completely voluntary and hold no legal obligations, this does not mean that companies do not make serious investments into these efforts. CSR programs are proven methods for delivering sustainable benefits for mining companies, even though some the efforts may not result in direct profit.

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