# CSR Implementation Challenges: Analysing the Role and Behaviour of Stakeholders

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## 1 Introduction

In recent times, corporate social responsibility (CSR) has become a leading principle of the private sector. CSR enables organizations to review their conduct, the benchmarks of their business model and begin to work towards a sustainable way that can be embedded into their business strategy. Over the last decade, a large number of companies globally have started promoting their businesses through corporate social responsibility strategies because their customers, the public and the investors expect them to behave in a sustainable as well as a sensible way. Thus, it is concluded that corporate social responsibility encompasses business, government and civil society collaboration with the aim to achieve the bottom line that reflects a win–win situation among the three entities (Mourougan, 2015). The current challenges of social governance in globalized societies require new strategies to assess how mining companies contribute to society and how governments adopt new liberal rules that are cognisant of the new models of collaboration between governments, business, and civil society stakeholders. This entails that companies and governments must be conscious of the need to prepare their own perspective to corporate social responsibility. Corporate social responsibility does not only affect working relationships between business and society. Thus, It is part of rethinking the role of companies in society, which promotes governance and sustainability as its main values and shifts the focus of CSR public policies (Albareda, Lozano, & Ysa, 2007). In this regard, it can be argued that CSR is a company's commitment to carry-on its business affairs economically, socially, environmentally and in a sustainable way whilst balancing the interests of various stakeholders. CSR is an important factor for sustainable business. The effectiveness

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of CSR depends on regulation, competition and pressure from stakeholders such as civil society and environmentalists (Khatun, Islam, Noor, & Saaban, 2015).

There have been a plethora of studies on corporate social responsibility, however, there is no consensus on the definition of CSR in the literature after many decades of research and debate. Some scholars in the field of corporate social responsibility have averred that the phrase "corporate social responsibility" is synonymous with several distinct ideas and concepts such as social performance, governance, accountability, sustainable triple bottom line, and social entrepreneurship (Gorenak, 2015). Another school of thought suggests that corporate social responsibility encompasses strategies that companies or firms use to ensure that they conduct their business operations in a way that demonstrates that they are ethical and society friendly. Thus, corporate social responsibility can include a range of activities such as working in partnership with local communities, socially sensitive investment, developing relationships with employees, customers, and their families, and being involved in activities for environmental conservation and sustainability (Ismail, 2009). Ultimately, corporate social responsibility is a concept that corporations must integrate into the business in order to consider the impact of their operations and business actions on not just the shareholders, but also its stakeholders viz. Customers, suppliers, employees, members of the community it operates in, and even the environment. It is a way of saying thank you and expressing appreciation to all stakeholders in the business. It is a conscious effort to give back to the society in which the corporation has benefitted immensely (Adeyanju, 2012).

There are different perspectives with regard to CSR. The underpinning philosophy of CSR is that it is premised on the idea of creating a "shared value". Thus, it can be argued that the main objective of a business is to create maximum return or value for shareholders. However, this has to be achieved in a manner that creates value for society and has to reflect as a win–win approach (Rangan, Chase, & Karim, 2012). Conversely, Buldybayeva (2014) suggest that there is a perception that CSR is only a social marketing idea aimed at enhancing the public image of corporations but shuns making an important change. In some cases, it is viewed as being spearheaded by executives who have no moral responsibility. Despite these assertions, Ismail (2009) argues that the only important thing in the operationalisation of CSR is that the interests of the society must be a priority of mining companies by taking full responsibility of the impact of their operations on customers, suppliers, employees, shareholders, communities and other interested groups as well as their environment.

Thus, CSR initiatives can assist company operations to have a social licence to operate within the company's local jurisdiction. However, it is important to emphasize that these initiatives may not have a direct positive impact on the bottom line, but may in the long run, enhance the organisation's image and social standing in the community (Rangan et al., 2012). Barkemeyer (2007: 14) argues that there is a plethora of excellent initiatives as well as CSR activities that are failing miserably hence it is imperative to gain a better understanding of CSR in the context of the developing world in order to produce a better fit with other instruments. Acknowledgement of the cultural context in which an organisation operates may minimise the risk of CSR activities being a failure. Thus, CSR initiatives that do not achieve the intended results are deemed to be a misapplication of resources and subsequently lead or cause reputation damage. Slack (2012) has observed that the extractive sector, especially mining companies working in the developing world have increased their visibility in communities through corporate social responsibility activities. To some extent, their CSR actions have been lauded as real corporate citizenship while on the other hand, the actions of mining companies have been questionable and viewed as window dressing activities aimed at deceiving communities that they have the community welfare while plundering resources to achieve their profit maximisation objective. In the field of public relations, corporate social responsibility has been adopted as a strategy, however, it does not serve as a key driver of a corporation's business operations. This case is especially evident in the developing economies where government control of the extractive industry operations is weak or non-existent. In these contexts, extractive industry firms effectively have carte blanch to voice publicly their adherence to CSR while shamelessly contravening CSR principles in practice.

## 2 The Zimbabwe Mining Sector

The government of Zimbabwe has been facing numerous challenges, not least of which is an unstable transitional government that is grappling with internal power struggles, experiencing cash problems and failing to meet even the most important budget items. The Zimbabwean economy has been under recession, the capacity of the public health and education sectors is deeply eroded, and growth within the private sector is stagnant (Robb, 2012). In recent years, mining has emerged as a strategic sector of the Zimbabwean economy largely due to the crumbling of the manufacturing and agricultural sector which previously contributed significantly to Zimbabwe GDP. These sectors have been riddled with reduced production, redundancies and company closures (Zimbabwe Environmental Law Association, 2016). The mining of diamond is promising to be a money spinner for the Zimbabwean government and has attracted several mining companies to the country. The Marange diamond fields which have an area of 566.5 $km^2$ in the southern part of Mutare district have been the centre of diamond mining activities in Zimbabwe. The discovery of the mining field coincided with an economic crisis that had hit Zimbabwe such that there was huge anticipation within the government that the country will realise approximately 2 billion dollars per annum, hence no need to borrow from the international community to finance its domestic activities. However, the government was unprepared to deal with a project of a huge magnitude and at the same time ensuring proper governance. As a result, diverse stakeholders such as the police, army generals, company executives and state officials have benefited from illicit activities that followed (Mupfumi, 2017).

The Zimbabwean government has also formulated the indigenisation act, a legal regulation of the mining sector, which is a critical component that leads to corporate social responsibility in terms of the Community Share Ownership Trust. Secondly, Corporate social responsibility has attracted the interest of business since corporations are now practicing the societal marketing concept which gives emphasis to the fact that companies must not only be concerned about their business operations, but also about the society's well-being and lastly, companies in the 21st century are becoming more involved in the social community welfare (Mandina, Maravire, & Masere, 2014). Despite the hype associated with economic benefits arising from mining activities, Zimbabwe diamonds are seen as a curse. The theory of resource curse assumes that export-driven natural resource sectors viz. oil, gas, minerals, precious metals and gemstones produce a large amount of revenue both for the local and foreign-owned multinational corporations, yet these do not translate into broad based economic development assisting all sectors of the population and especially the poor communities living in areas where mining activities are done (Hawkins, 2009). One of the challenges with the mining sector in Zimbabwe is that it has been a conduit of bad governance because it is infuriated by stakeholders that have personal interests. Those mining are either politicians, senior military officials or linked to the country's ruling elites. This has abated corruption and eroded whatever existing regulatory frameworks that governed the mining sector. The militarization and politicisation of the mining sector have further silenced community voices through violence and intimidation. This has also facilitated the coming in of corrupt mining syndicates that are not accountable to the people and state institutions, but to their patrons who receive bribes in exchange for protection (Centre for Natural Resource Governance, 2013).

## 3 Ethical Issues in the Mining Sector

Companies and the government conduct their operations in an environment that is unpredictable because of the changes in technological, legal, economic, social and political environments which have diverse stakeholders with competing interests and power. Thus, the advent of technology has accelerated the pace of change and uncertainty in which different stakeholders and society must manage business and make ethical decisions (Weiss, 2003). The debate around ethics and behaviour of stakeholders is central to the discussion of the mining sector in Zimbabwe because it is on this basis that corporate social responsibility activities have been compromised. As a precursor to this debate, it is critical to mention that the pyramid of corporate social responsibility as highlighted in Fig. 1 consists of four kinds of social responsibilities; economic, legal, ethical and philanthropic. Thus, this framework provides guidance to managers to understand their responsibilities in business transactions which the community expects from the business. The economic responsibility is about the maximisation of earnings, being profitable, and at the same time ensuring sustainability of a sound competitive position. The legal responsibility involves complying with law and regulations. The ethical obligation means that societal mores and ethical norms should be respected and that the ethical behaviour should go beyond mere compliance with laws and regulations. The last category of the pyramid is the philanthropic responsibility which focuses on the quality of life; these include voluntary and charitable activities and the enhancement of a community (Carol, 1991).


**Fig. 1** The pyramid of corporate social responsibility. *Source* Carol (1991)

Ethical responsibility and good governance are the most important aspects of CSR which should be given the highest priority (Dartey-Baah & Amponsah-Tawiah, 2011). The corporate world is governed by rules, standards and norms that guide business operations and the Zimbabwean mining sector is not exceptional. However, they generally differ based on social and cultural background issues of different countries, even though the expectation is that universal rules should be adopted. Ethics are an inevitable part of the business liability. Corporate actions should be ethical and responsible. In this regard, corporate promises for their shareholders and stakeholders must be ethical, fair and equitable. Business ethics are distinguished by a conflict of interest. Corporations are driven by profit maximisation goal on one hand while they confront social responsibility and social service issue on the other. Business ethics means honesty, confidence, respect and decent acting in all business dealings (Crowther & Aras, 2008). This is salient in the management of relationship with various stakeholders because when decisions are made, there are always winners and losers. Although it is expected of groups to reach a win–win collaborative outcome. It must be noted that ethical issues are not individual or should not be treated as personal matters, as such, it is important to understand the different levels at which issues originate. The reality is that companies must manage different stakeholders both from within and outside the organisation. Thus, understanding the issues affecting various stakeholders helps companies to deal with the complexities of the issues and relationships among the people involved in solving ethical problems (Weiss, 2003).

According to Carol (1991), the following ethical responsibilities are placed on business stakeholders:

- Stakeholders must perform or conduct business in a manner that is consistent with the expectation of the society mores and ethical norms.
- Stakeholders must adhere to new changing ethical/moral norms adopted by society.
- Stakeholders must work hard to prevent erosion or compromise of ethical norms for the purpose of achieving corporate goals.

- It is important to emphasise that good corporate citizenship can be achieved by doing what is expected morally or ethically.
- It is essential to appreciate that corporate integrity and ethical behaviour goes beyond compliance with laws and regulations.

## 4 Stakeholder Analysis in the Mining Sector

Corporate social responsibility, identifies company stakeholders and their issues through stakeholder analysis, but acknowledges the fact that companies have responsibilities or obligations, duties and social contracts to achieve in relation to stakeholders. Thus, companies have a responsibility to decide whether they are willing to meet the expectations of stakeholders. In this regard, it is important to highlight that the responsibility to meet the needs of stakeholders is discretionary on the part of the company, but the expectations of various interest groups remain (McDonald, 2015).

Van Marrewijk's "Three Approaches" theory and model are critical to explaining corporate social responsibility in the context of this chapter. In this theory, Corporate social responsibility is categorised into three levels viz. Shareholder approach, stakeholder approach and societal approach. The shareholder approach suggests that achieving profit maximization is the main priority of the organisations and that socially responsible activities should be driven by government because they have been given the mandate by the people to implement activities and programmes that will uplift their social well-being and that this responsibility is not in any way the responsibility of corporations or organisations. The societal approach suggests that organisations are responsible to the society as a whole, of which they are an integral part. They operate by public consent in order to address constructively the needs to the satisfaction of society. The philanthropic approaches might be the genesis of CSR, but the various approaches to corporate responsibility clearly entail that corporate social responsibility is a new and distinct phenomenon. The societal approach, especially, appears to be a critical intervention to evolving circumstances and emerging corporate challenges. In order to realise this, there is a need for corporations to fundamentally reconsider their strategies and act in terms of the complex societal context of which the corporations are part of (Van Marrewijk, 2003).

The stakeholder approach is one of the strategies that has been crafted to enhance the administration of the business. It is regarded as a way to grasp the reality in order to ensure that corporations are able to behave socially responsibly. The stakeholder approach further contemplates a company as an interconnected network of diverse interests where self-creation and community creation happens interdependently; and individuals behave altruistically (Ismail, 2009). Freeman believed that it was important to have a framework that includes several stakeholders such as governments, competitors, customers, civil society, employees, shareholders, suppliers and the community. Thus, a stakeholder is any group or individual who is affected or is influenced by the attainment of the company's objectives. The reality is that all companies have stakeholders and it is the responsibility of companies to ensure that the interest of different stakeholder groups are taken into account in order to analyse and manage the current and future environment. In a nutshell, "Stakeholder Management" is a notion that refers to the need for companies to relate with all groups of interest or stakeholders in a way that is action-oriented. Firstly, there is a need to understand the names or group of stakeholders and their stakes in the company. Secondly, the processes used by the company to engage with key stakeholders must be understood in order to manage the relationship. Finally, there is a need to understand how the company manages its transaction and bargaining process with its stakeholders and ascertain whether the discussions "fit" with the stakeholder framework and the organizational processes for stakeholders (Freeman, 1984).

Stakeholder theory states that companies will take into account the views of various social players who are affected or can be affected by the operations and policies of the companies, thus, enabling the company to facilitate designing of effective and appropriate policies. This notion is also applicable to the design of corporate social responsibility policies in the mining sector, whereby mining companies need to be cognisant of the needs of their stakeholders in order to respond appropriately to their diverse interests and concerns (Mutti, Yakovleva, Vazquez-Brust, & Di Marco, 2012). Thus, corporate social responsibility offers the possibility of minimising the risk of conflicts and assist the organisations to restore and gain confidence from a wider audience as well as fostering a positive public image of the organisation's operations (Warnaars, 2012). However, there is a difference in perception regarding what initiatives are appropriate. In this regard, cultural traits play an important role because there are always differences in understanding of what is right or wrong based on different cultural background. In countries like Indonesia and Nigeria, some business approaches will be construed as corruption. Other differences which may arise with stakeholders include trade-offs between environmental and economic objectives (Barkemeyer, 2007:13).

## 5 Analysing the Role of Stakeholders in the Zimbabwean Mining Sector

Stakeholders play an indispensable role in corporate social responsibility activities as they may claim a right or interest in the operations and decisions of a firm. The test for management is to select which stakeholders' views receive attention or consideration in making decisions. Stakeholder power cannot be ignored in CSR activities (Carol, 1991). At the same time, stakeholders can surrender their power for their personal benefits at the expense of the marginalised communities. This is quite true, especially where enforcement of CSR agreements is concerned. Thus, strategic stakeholders in view of this chapter and the Marange diamond mining operations in particular are government, the community and the civil society.

### *5.1 The Civil Society*

Globally, organisations and their stakeholders are conscious of the benefits accruing from socially responsible behaviour as it promotes sustainable development. In this regard, it is imperative for local authorities to create lobby groups such as non-governmental organisations to identify problematic areas, compile different types of CSR reports which will tabulate the resources, developments and donations that have been made for the benefit of the community (Buldybayeva, 2014). Lobby groups in the mining sector include non-profit civil society organisations, (holding legal and those without legal status), non governmental organisations, community leaders, workers' associations, trade unions and grassroots movements. There is a perception that the Industry and corporate stakeholders have the tendency to recognise non governmental organisations as legitimate stakeholders in the discussion about sustainability, CSR and the environmental and social impacts of the mining operation; but, at the same time, they tend to exclude other stakeholders such as informal groups, grassroots movements and their members (Mutti et al., 2012).

Civil Society plays an important advocacy and watchdog role. It promotes and supports, holds economic players to account and champions for improved governance. The civil society in Zimbabwe such as the centre for social research and development, Global witness and human rights watch have played a significant oversight role in the Marange diamond fields despite facing several challenges (Mupfumi, 2017). According to Moyo (2014), civil society organisations working in the mining sector have on so many occasions asked government to suspend mining operations in Marange so that an independent auditing firm can do an assessment that will eventually prevent leakage of million of dollars annually. They further noted that there is a need for government to create policies that promotes accountability and transparency while at the same time protecting the rights of communities. In addition, government must establish community based organisation in Marange and give communities an opportunity to select a representative in community ownership schemes or CSR activities.

Good corporate citizenship or CSR has been viewed as the most contentious issue in Marange district because of mining companies failure to launch sustainable development projects. The community participation and development policy contends that mining companies shall meet the relocation and compensation expenses of communities displaced as a result of mining activities and this must be done within the government accepted standards. However, the civil society has noted that the policy is vague as there is no criteria on how relocation or compensation should be carried out. As a result, Marange families homes were destroyed by bulldozers before any assessment was done thereby making a fair compensation impossible. Sadly three years after relocation, compensation is yet to be provided (Centre for Natural Resource Governance, 2013). Similarly, Viveros (2017) has noted that in Chile, the civil society believe that CSR activities by mining companies do not bring about the changes they expect in communities hence are involved in what is known as "colourful mirrors". Thus, mining companies are often abdicating their responsibilities. The conduct of companies is often assessed in terms of their responsibility towards the environment and in most cases the corporate investment programmes to address the impact of mining operations on the environment are deemed to be inadequate in view of environmental degradation. In Argentina, the civil society has four major areas of concern with respect to the activities of mining companies. The areas of concern are job creation, pollution, water shortages, responsiveness, royalties and payments. Sadly, the aforementioned issues are not addressed or taken seriously by mining companies. There is a general perception that CSR does not deliver. Thus, civil society groups are skeptical of any CSR activities by mining companies because they are cosmetic and aimed at image building and selling the benefits of the mining project to the community. In addition, the CSR activities by mining companies are considered to be reactive rather proactive. Simply put, they are aimed at pacifying social resistance to the mining projects by local communities.

### *5.2 The Government*

In Zimbabwe, it is alleged that 1.7 billion dollars was generated from diamond exports from 2010 to 2014 but less than 200 million dollars in taxes, royalties and dividends was remitted to the government. This abnormal gap between the revenue generated and revenue remitted to the ministry of finance is an indication that the government misused its 50% shareholding in diamond mining companies for personal gains. Some stakeholders have alleged that the government officials have been pointed and accused of smuggling Marange diamonds where over 2 billion dollars' worth of diamonds cannot be accounted for. The failure by the state to institute comprehensive audits in Marange diamond mining firms prior to the mergers signifies government's complicity in masking what other stakeholders believe is the most shocking economic crime against the citizens of Zimbabwe since the dawn of independence (Mupfumi, 2015). Similarly, the suspicion surrounding Marange's output—including the volume of stones, gem quality and earnings, both legal and illegal—show the extent to which government regulation and monitoring has not been transparent and wholly ineffective in terms of security measures required under the Kimberly Process Certification Scheme (KPCS) (Saunders, 2009).

The failure by the state to enforce compliance of CSR has emerged as one of the major CSR implementation challenges. Campbell (2011) observes that in Africa mining thrives in an environment in which the capacity of government is weak such that there is no respect for regulations even when they exist, there is an absence of policies to ensure transparent and fair negotiations of contracts and lack of significant or tangible contribution of the extractive industry to local and national development (Haque & Azmat, 2015). The mining of diamonds in the Marange fields have been heavily infested with the involvement of politicians in the awarding of diamond mining contracts. Currently, there are no checks and balances and it is difficult to hold individuals accountable with respect to the process in which mining concessions in Zimbabwe are awarded. The evidence obtained on the ground suggests that all the companies that have been given rights to mine diamonds in Zimbabwe have close links to senior politicians in the government and the military. For instance, the Chinese company Anjin is one of the beneficiaries because they have close links to senior politicians in government and the military as the main means through which the company got access and authorisation to the Marange diamonds. There are also enough grounds to believe that the senior politicians and the senior officials in the military are being bribed for granting diamond mining licenses to companies that have questionable reputations through a dubious process that is not subjected to public audit and review (Mtondoro, Chitereka, Ncube, & Chikowore, 2013).

The failure by the government of Zimbabwe to provide amenities to people relocated as a result of mining operations is seen as one of the major corporate social responsibility failure in the country. The government of Zimbabwe is known to have partnered private investors in the mining operations at Marange diamond fields and agreed to relocate 4321 Marange families to a farm owned by the Agricultural and Rural Development Authority (Arda). However, the Centre for Natural Resource Governance (CNRG) has noted that the people that were relocated have no source of livelihood and were depending on handouts from diamond mining companies which were not consistent and sustainable for the affected families (Chimhangwa, 2014). In view of the challenges the people in the mining areas were facing, the Zimbabwe Consolidated Diamond Company (ZCDC), a government wholly owned company in charge of mining operations took a stand not to renew mining licences of some companies which had reneged from their CSR responsibility under the Community Share Ownership Trust. In the same vein, the Parliamentary portfolio committee on mines and energy which had toured the mining sites noted that mining companies created a lot of expectation for the people by making a lot of promises. The Minister of Information and Broadcasting Services, Dr. Christopher Mushohwe who was part of the tour by the parliamentary portfolio committee at Chiadzwa remarked "We expected that they would construct roads, build clinics and schools. But since the mining started, there is not even one classroom block that they have constructed. In fact, there was a primary school that was closed, and pupils who were in Grade Zero and Grade One walk for about six kilometres to the nearest school. My plea to ZCDC is, please start with clinics in this area as a matter of urgency. At the moment, people who are still in Marange are just inhaling dust from the mining operations, yet they have no clinic to go to for medical attention when they get sick from the dust. What is important now is for ZCDC to help families in Marange area regardless of production because these people have no source of livelihood. They have suffered enough. We are no longer interested in promises that are never fulfilled" (Gumbo, 2017).

Extractive industries are expected to be a subject of scrutiny. The relationships between companies and repressive regimes like the Zimbabwean government have led to the rise of legal cases on charges of complicity in human rights abuses in Zimbabwe. Furthermore, evaluation of these regimes has also shown serious shortcomings in the areas of accountability due to the absence of progress in areas of political, legal, institutional reforms and capacity development (Jerbi, 2012). The heavy involvement of government in the extractive sector limits competition resulting in fewer checks and balances in the industry compared to other more competitive sectors. The diamond sector is indeed an oligopoly where the nominal competitors have collaborated in trade mis-invoicing and transfer mispricing (Mukwakwami, 2013). In Kyrgyzstan and Tajikistan, stakeholders are in the forefront of shaping the CSR activities. For instance, the government plays a crucial role in determining the environmental, health and safety dimensions of mining companies operations by developing standards and norms that have to be followed. Thus, for mining companies to obtain a licence, they must conduct a feasibility study and an environmental impact assessment. In addition, environmental monitoring and reporting is done regularly as part of government controls to ascertain mining companies level of compliance (Kotilainen, Prokhorova, Sairinen, & Tiainen, 2015).

## *5.3 The Community/Society*

Zimbabwe boasts of mineral resources that are dispersed across the country. These mineral resources can help the country to reach efficient recovery and at the same time improve the collective economic well-being of Zimbabweans. Despite the opulence of mineral resources, there are no tangible benefits accruing to the ordinary people in terms of socioeconomic development. The majority who are the right beneficiary of these resources are trapped in abject poverty and only the political power elite is benefitting (Mtondoro et al., 2013). In recent times, private businesses are increasingly being challenged by the public to ensure that the principles of accountability, transparency and integrity are part of their business transactions while at the same time remaining profitable and innovative. A company can make positive contribution to its community stakeholder through a direct CSR approach that is tailored to the local context. In this regard, companies tend to meet challenges related to proper planning and a consideration of internal resources, competencies and local peculiarities to facilitate exploitation of its strategic potential (Jamali, 2007).

The main underlying factor behind CSR is paying back ones debt to the society. It is believed to be unfair for companies to perpetually operate a mining business and make profits without investing back some of the resources or profits obtained in the community through corporate social responsibility. As the golden rule states ‘Do unto others what you would love them to do unto you’, is the same way that companies which are operating business with the aim of generating profit, should strive to contribute positively to the people or communities around them, deserving and non-deserving together, by freely and voluntarily helping where they can (Mwangi & Otieno-Mwembe, 2015). Shaw and Barry (1998) adds that the community has entrusted companies with huge amounts of the community’s resources such that they expect the companies to act as responsible trustees of the community with respect to its resources.

The problems encountered by communities living within the areas where mining operations are conducted are multifaceted. The communities are not used to large-scale mining operations within the community’s vicinity and as a result, they have problems to deal with the aftermath of mining operations. In particular, communities are concerned with post-closure environmental impacts and the companies disregard of the concerns of local people, while industry and institutional stakeholders often claim that local communities are ignorant about environmental, social and economic impacts of mining operations (Mutti et al., 2012). Generally, communities in most cases are not involved in corporate social responsibility activities championed by companies. This can be attributed to the fact that there is little information or knowledge about corporate social responsibility within the indigenous communities as there have been no serious initiatives to apprise communities or share knowledge about CSR and instil confidence in the indigenous communities of such initiatives. The situation is further compounded by poor and sometimes lack of communication between the firms and the community at the grassroots level. In remote areas, there is a lack of well-organized non-governmental organizations that can help to evaluate and identify actual needs of the communities and work in unison with companies to ensure successful implementation of corporate social responsibility activities. This also builds the case for investing in local communities by way of building their capacity to undertake development projects at local levels (Noor & Maige, 2017).

There is a surge in the numbers of informal miners and buyers currently operating around Marange. The sudden increase of foreign currency into local villages after 2006 shows that large volumes of stones of diamonds were being mined illegally. However, the magnitude and value of illegal mining activities and trade in Marange has not been disclosed. There are no reliable, coherent and comprehensive data on the production levels at Chiadzwa that have been published by the government or mining companies since 2005. What is available are only estimates of production which have been presented by government officials and seen by industry experts who have concluded that the figures are wildly off the expected volumes or mark (Saunders, 2009). Community members in Zimbabwe believe that transparency and disclosure is important to help the government make informed decisions; prevent corruption and ensure that community members have full knowledge of mining operations in their vicinity. Overall, community members believe that there is little or no transparency and accountability in terms of how the mining companies operate in their areas. For instance, there is not enough information regarding employment figures such that it is difficult to evaluate if the local people are being recruited by mining companies. Furthermore, It was also established that at some mines, corporate social responsibility projects are often forced on communities in collusion with community leaders (Zimbabwe Environmental Law Association, 2016).

Similarly, other scholars have noted that the major drawback in the implementation of CSR in the extractive industries throughout the developing world is the inability of mining companies to involve stakeholders such as the local populations in coming up with projects or activities that are tailored to their local needs. Mining, oil and gas companies are often the enemies of their own progress because they communicate heavily of their commitments to spearhead local economic development and in the process, raising the expectations of the poor communities. Thus, it is suggested that incoming mining and oil and gas companies must do a better job of managing community expectations, particularly in countries with repressive regimes.

The reality is that both large-scale mining operations, and oil and gas projects are capital-intensive and therefore, capable of providing only a handful of jobs in the best of cases (Hilson, 2012).

In some areas, communities have been quick to confront officials who are perceived to have been involved or complicit with mining companies not to spend resources in their areas. For instance, villagers at the Gomorefu Business Centre in Bocha had no kind words for the government and the diamond mining companies. They think that the government would know better how the money, more than $15 billion generated from the diamond sector went missing. Others were quick to note that they expect to benefit as a community where mining operations are being conducted. Communities believe that they deserve to benefit now and need development in the area because they have the mineral resources. “Go and tell whoever sent you that Bocha people are suffering.” Mrs. Juliet Ziduche said they felt let down by the authorities because the community did not benefit. “All of you people (members of parliament) who came here are con-men, including Chief Marange because if he cared for us, he would have made sure the community benefited. We are struggling to earn a living since diamond mining started. We would see an aircraft every Wednesday morning coming to get diamonds from Chiadzwa and in the process polluting the environment,” (Gumbo, 2016). According to Cook, Sarver, and Krometis (2015), regardless of the magnitude of the mining project or particular community needs to be addressed, the trait of all success stories in mining projects requires that there must be a strong commitment to community engagement. Thus, genuine engagement with stakeholders entails that communication must be open, honest and regular so as to facilitate an easy understanding of local needs and problems confronting them, involvement of the people, development and implementation of solutions that are community driven.

In the Chilean mining sector, communities believe that the only way to contribute to CSR is for companies to be held accountable for their actions. They believe that they are directly affected by the activities of mining companies. Thus, it is only prudent for them to demand solutions to the social and environmental impact of mining operations. In this regard, piling up pressure on mining companies and submitting petitions has been their approach aimed at compelling mining companies to be socially responsible (Viveros, 2017). On the other hand, in Kyrgyzstan companies pay more attention to environmental and social issues through engagements with local communities. Thus, companies work hand in hand with local communities to address issues arising from mining operations. This approach helps mining companies to mitigate against communities resistance towards mining operations. Despite appeals for social infrastructure assistance from local authorities to mining companies, several companies prefer to deal directly with local communities through dialogues (Kotilainen et al., 2015).

The sustainable growth of the extractive industry is very important to the developing world. If properly managed, the money derived from diamond mining at Marange can provide the important financial nourishment, raising the standards of living for populations that are in abject poverty and facilitate the beginning of a number of manufacturing and service sector industries in country like Zimbabwe that is struggling to register economic growth and development. But in most corners of sub-Saharan Africa, Latin America and Asia, this outcome has proved elusive. Although most of the countries in these parts of the world are rich with mineral and oil wealth, in most cases, host governments have invited foreign companies to extract mineral resources in exchange for tax holidays, rather than focusing on projects that will contribute to the enhancement of impoverished indigenous skill-bases, which would put their countries in a good position to generate sufficient economic returns from operations over a long period. Whilst there are different perspectives regarding the 'resource curse' which seems to have engulfed the developing economies, most of which are in sub-Saharan Africa, Latin America and Asia. The attempts to grow and develop the mining industries have encountered stumbling blocks from the outset and these have significantly impacted the growth trajectory (Hilson, 2012).

## 6 The Organisation Stakeholders' Dilemma

The narrative that CSR is an "after profit" obligation is flawed because it assumes that an organisation does not have to behave responsibly if it does not generate profit. If CSR is to have any teeth or significant impact, legislation should be put in place to force an organisation to adhere to its precepts. The challenge for CSR in Africa is that companies use philanthropy as a means of buying off stakeholders to legitimise their operations and practices. Thus, CSR is in some quarters viewed as "a colonialist concept" (Hopkins, 2007). In the same vein, the issue of legitimacy is a matter of concern to local subsidiaries. It must be noted that both institutional theory and stakeholder theory recognise the significance of legitimacy consideration to reflect the societal expectation or as an implicit social contract or sense of obligation visavis different stakeholders. Stakeholder theory suggests that organisations, craft their CSR priorities to reflect stakeholder needs, hence the issue of global versus local stakeholders is very crucial in the case of multinational corporations (MNCs) (Jamali, 2010). Barkemeyer (2007) argues that organisations conducting CSR initiatives are confronted with a conflict in the judgement over the legitimacy of their actions in their countries of origin and the native host environment it operates. Using CSR, multinational companies may seek to gain legitimacy from their primary stakeholders such as consumers and media. However, there is a risk of detachment of the organisation CSR activities on the principal objective the activities aim to achieve in the host country. Where CSR is used for legitimacy, there is also a danger of bias towards short term projects with higher visibility rather than longer term initiatives.

CSR is in many cases implemented in the host country based on the strategy previously defined by the organisation. CSR can be global or local depending on the issues that are to be addressed and stakeholders intend to satisfy. Global strategies lack legitimacy at the local level because the issues addressed may not appeal to local stakeholders (Roman & Mendes, 2013). As such, there is need for a better description on how organisations can manage their relationships with stakeholders. The management of relationships between different companies and their stakeholders require a combination of their divergent interests and ambitions. For instance, accountability, which is one of the key components of corporate social responsibility includes environmental responsibility, sustainability reporting, societal demands need more attention, and political and legal issues need stringent regulation (Gorenak, 2015).

With these perspectives in mind, it is important to consider stakeholder management as a process by which managers reconcile their company objectives with the claims and expectations being made on them by various stakeholder groups. The challenge of stakeholder management is to make sure that the company's primary stakeholders attain their objectives while other stakeholders are also satisfied. Even though this "win–win" outcome cannot always be achieved, it stands as a legitimate and desirable goal for management to pursue in order to protect its long term interests. The important functions of stakeholder management are to describe, understand, analyse, and finally, manage the various issues affecting the business (Carol, 1991). Thus, knowing stakeholders, their power and interests and maintaining a good relationship with them is paramount for a better management, strategic planning and long term sustainability of the industry (Haque & Azmat, 2015). The dilemma for many companies is that there are no clear guidelines for company's community engagement and how corporate executives should manoeuvre in identifying priorities of the community. There is a perception that everyone waits or looks up to the company to champion the discussion. As a result, there are disparities in the depth and breadth of CSR programmes. The implication is that conflicts are likely to arise between the community and the company (Ray, 2013).

It is important for mining companies to understand the dynamics in the areas they are operating because the community is a very strategic stakeholder. As such, their concerns and views of what CSR entails and what they expect should be given consideration in making decisions (Brew, Junwu, & Addae-Boateng, 2015). Thus, companies in the extractive industry should set up clear guidelines on CSR and ensure that the essential needs of communities are taken care of. CSR investment can, in the long run, help the company to establish a good working relationship with the community (Brew et al., 2015). In this regard, there is a need to implement a social contract. The social contract uncovers whether the operations of the business are congruent with the needs of the community (Gherghina & Vintila, 2016). McDonald (2015) argues that the businesses or firms that know the expectations of communities are likely to be in a better position to deliver on the social contract and thereby taking into consideration the needs of its stakeholder. Carol (1991) believes that the challenge for management is identifying which stakeholders merit to receive consideration when making decisions. In any given instance, organisations may have numerous stakeholder groups such as shareholders, government, consumers, employees, suppliers, community, social activist groups clamouring for the attention of management. For instance, any of the issues that have to be dealt with must include how management can address the unique and pressing needs of various stakeholders. Two important criteria for addressing this issue include the stakeholders' legitimacy and their power. From a CSR perspective, the legitimacy of stakeholders is the most important criteria.

From a management perspective, the power of stakeholders is paramount in terms of the decision making process regarding their involvement. Thus, legitimacy relates to the extent to which a stakeholder has a justifiable right to be making its claim.

Many business organisations face the biggest challenge in the implementation of CSR. Thus, achieving or striking a sustainable balance of benefits for the business, its employees and the community within which the business operates. It is crucial for the government to play a critical role in setting enabling conditions to achieve this balance. All stakeholders share the responsibility of ensuring the creation and sustainable distribution of benefits. Setting up these conditions turns out to be a challenge for the developing world. Thus, the absence of these conditions gives business reasons to attain success at the expense of the communities in which they operate or trade (Department of Foreign Affairs and International Trade, 2005). Shaw and Barry (1998) have noted that society has interests and concerns other than ensuring fast economic growth. These interest and concerns range from a better life, and the protection of the environment. Thus, it is immoral for companies to manage their business operations while putting the burden on the public.

Companies who observe and take care of the communities they operate from register good growth and manage risk by capturing sustainability opportunities. Thus, CSR initiatives should be inclusive starting with buy in from employees, their families and communities through partnering and supporting social causes. Organisations should realise that CSR initiatives are not promotional activities that you can change as and when you feel like. In the Zimbabwe mining sector, it is believed that CSR should be about sustainability. One way to achieve continuity is to set up sustainability teams within the organisation, then secure adequate resources or budgetary support which involves consistent top management support. Once this is in place, companies need to reach out to the entire staff, maintain the employees' interest in the initiatives and the employees will reach out by involving their families and the communities they live in or where such initiatives are being realised (Mandizha, 2017).

As part of managing the relationship with stakeholders, it is advisable for companies to be aware of the diverse interest and priorities of its stakeholders and at the same time facilitate an environment for open dialogue. Furthermore, ISO 26000 contemplates that an effective engagement of stakeholders should be based on trust and go beyond public relations (a mutual belief that they are entering into a dialogue for the right reasons). This entails that dialogue with stakeholders should be driven by concerns or aspects that are linked to sustainable development and sufficiently important for the groups involved, and that the diverse interests of all stakeholders should be spelt out clearly from the start. The need for frequent Interaction cannot be overemphasised because this is the foundation for stakeholder engagement in the view of ISO 26000, which recommends a number of instruments and techniques for individual stakeholder and collective negotiations, such as stakeholder panels, seminars, conferences and workshops, roundtables, advisory committees, or internal forums. A company that frequently engages with its stakeholders is better placed to manage its relationships and societal responsibilities very well. Moreover, advocating for stakeholder engagement is important and provide companies with several opportunities and numerous advantages, however, it is a not once-off undertaking, an ongoing process and periodic evaluation of policies related to stakeholder engagement are needed (Gorenak, 2015).

## 7 Conclusion

CSR is a very important concept that seeks to bring harmony among stakeholders with diverse interests and power. The role that various stakeholders play in the implementation of CSR has been overstated. Thus, it is important for organisations to champion the creation of an enabling environment where dialogue, consensus and a win–win approach can be achieved when making decision that affects groups that have different interests. The stakeholder approach underpins this narrative by stating that organizations are not only accountable to its shareholders, but should also balance a multiplicity of stakeholders' interests that can affect or are affected by the achievement of an organization's objectives (Freeman, 1984). Similarly, the issue about ethics becomes critical where stakeholders with different interests converge because there is a temptation for companies to gain or seek legitimacy of their actions and projects at all cost while ignoring the valid claims, concerns and interest of various stakeholders. This chapter has noted that the mining sector in Zimbabwe has the potential to generate financial resources for the development of communities if the government and other players such as civil society, and community leaders are transparent in their dealings and perfom their oversight role effectively. Thus, it is imperative for all key stakeholders to rise above personal interest and engage mining companies to foster CSR activities that will facilitate the realisation of benefits that will eventually trickle down to the people in areas where mining operations are being conducted.

The lack of accountability in terms of reporting financial benefits and sticking to agreements in the implementation of CRS activities is one of the biggest challenges in the developing world, specifically, the Zimbabwean diamond sector. In this regard, it is important for the government to have a strong legislative framework that includes the operationalisation of CSR and penalties associated with default. The government should act as a principal trustee of the communities where mining operations are being conducted rather than being complicit with mining companies in undermining good governance and accountability because of politicians who have an appetite to feed their egos and personal interests. Similarly, communities must have the authority to enforce CSR agreements through other avenues if they are to reap the benefits of mining. Community leaders should not be left alone to negotiate community needs because they may find it difficult to balance personal and community interests. Whilst the community share ownership trust is a good initiative, it is important that credible people are appointed to champion the welfare of the Marange community and such initiatives elsewhere. When certain things are not done properly, there is a likelihood of mining companies to reneged from agreements, hence, it is critical to have a community that is knowledgable of different aspects relating to mining in general and CSR in particular. Thus, communities should not surrender their power to mining companies by taking a passive role on issues that are affecting them. In this regard, civil society organisations have a role to play in ensuring that communities are sensitised of their rights and power with respect to the implementation of CSR agreements. The need for a vibrant civil society cannot be overemphasised especially in Sub Saharan Africa where governments are weak and in some cases complicit of defrauding the people. It is important for the civil society to work in collaboration with the community, help them identify their needs and also represent them in forums where their voices cannot be heard. A civil society network that is aware of the dynamics of the business and world best-practices is able to effectively perform its oversight role by ensuring that mining companies are transparent and accountable in their operations.

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