

# Managing Community Relationships, Reputation and Sustaining Competitive Advantage

## The Case of Mining Towns



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# Research Project

- Develop an understanding of the relationships between stakeholders and mining companies
- Develop a specific measure for mining company reputation
- Evaluate the impact company reputation(s) have on corporate sustainability



# The Australian Mining Industry

- Major export earner
- Impact on the development of Australian communities
- Poor reputation



“For MORE THAN a century the miner had been seen as a benefactor of Australia. He brought it Wealth, he helped to give it a high standard of living, he provided jobs and especially so during the depressions, he was the spur to the fastest period of migration the country had ever seen, and he opened up regions which other wise would be ‘backward’.”

By 1980

“The discoverers of mines – and mines themselves – were in danger of being toppled from the national pedestal by an earthquake in public opinion. Mining was under attack partly because of the chaos it was said – wrongly or rightly – to create in the environment. It was under attack because it made a profit from natural resources. It was under attack because it often sought permission to mine lands which the Aborigines claimed or owned.”

(Blainey, 2003)



# Changing Role of Business in Society

## CORPORATE CITIZENSHIP



# Sustainable Development

Important focus for the mining industry (MMSD, 2002)

“Development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (Brundtland, 1987)

“aligning of an organisation’s products and services with stakeholder expectations, thereby adding economic, environmental and social value.” (Cottrell & Rankin, 2000)



# REPUTATION

## Rare, Inimitable and Valuable Resource

Reputation as it facilitates

- day-to-day operations
- regulatory zeal
- access to new mine sites



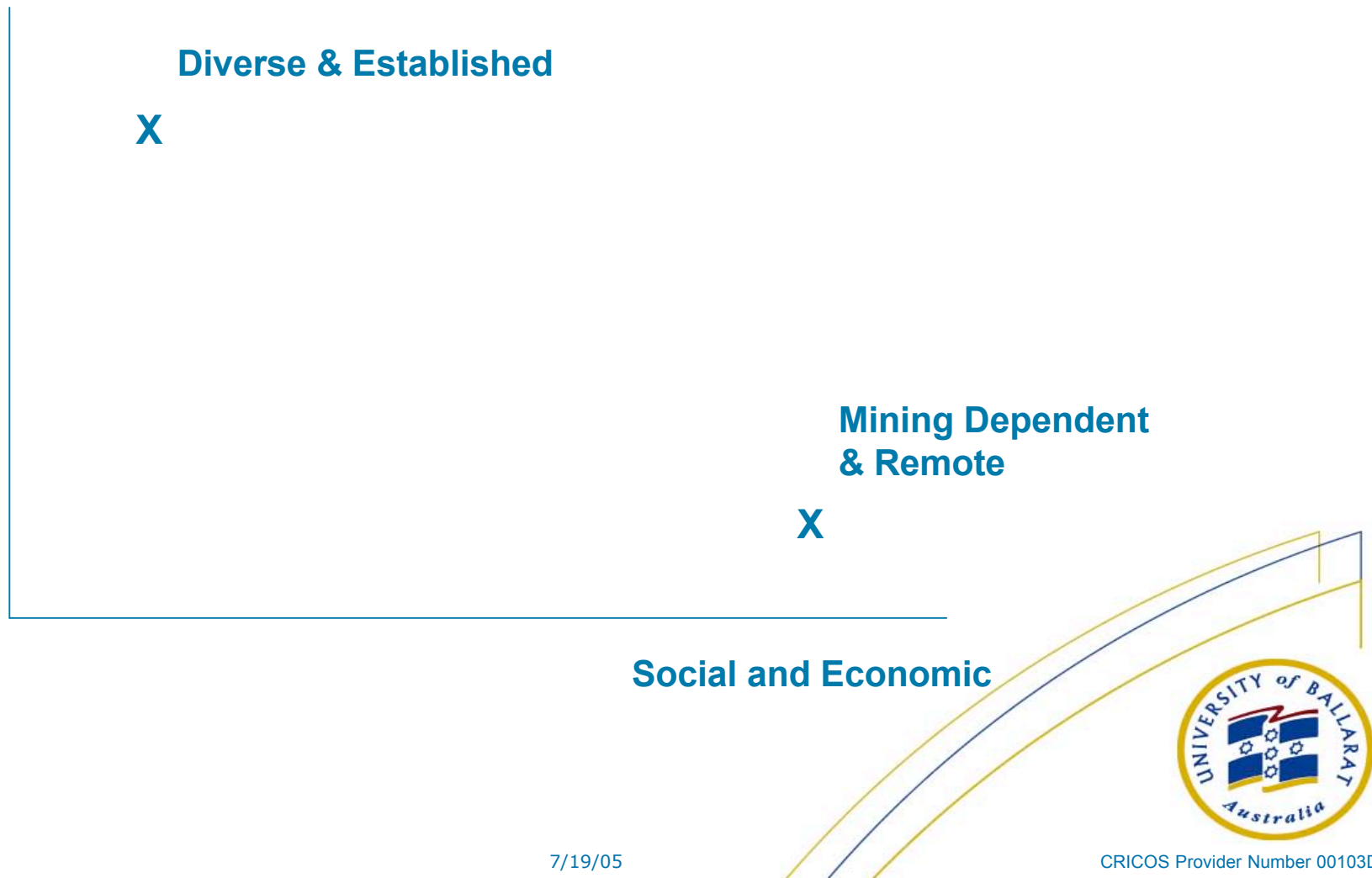
# Reputation matters differently in different contexts

- Reputation may vary between stakeholders
- Company history and previous reputation will have a major impact
- Location, demography and history of host town



# Mining Towns and Sustainability

Environment



# Classification – host communities

- Company mining town
- Multi-company mining town
- Existing town - diverse
- Existing town – transition
- Existing town – mining dependent
- FIFO site
- FIFO base



# Examples of CCI activities

<b>Community Engagement</b>	<b>Community Contributions/Development</b>	<b>Partnerships</b>
Open days / Site visits	Donations	Research partnerships
Community newsletters	Sponsorships	Partnerships with NGO's
Community meetings	In-kind donations	
Near neighbour initiatives	Employee participation	
Community relations officers / committees		



# Reported CCI Activities

	Yes	No
<b>Individual Sustainability/HSEC Report</b>	13	4
<b>Designated Web Page(s)</b> Sustainability/Community/Social	14	3
	<b>Available/ Reported</b>	<b>Not Available/ reported</b>
<b>Strategic Vision and Approach</b>		
Publicly available statements on CCI policy and practices	16	1
Measurement and evaluation of CCI	10	7
Communication and consultation with stakeholders	17	0
Integration with business strategy/corporate business plan	10	7
<b>Staff/Employee Involvement</b>		
Employee volunteer programs	6	11
Matching employee charitable donations	3	14
Providing payroll deduction facility for charitable gifts	2	15
<b>Corporate Financial Support</b>		
Financial investment	17	0
Partnerships	15	2

(Source – 2003/4 Company reports and 2004 web sites)



# Reported CCI activities

- Varied
- Focus on corporate and community sustainability
- NOT only traditional philanthropic activities



# Reputation Measurement Current Status

## Company evaluation

- Limited
- Expensive
- Time consuming

## Public measures/indices

- Multi Sectoral



Enhanced understanding of reputation  
is of vital importance for  
mining companies and their communities to  
achieve their goals of sustainability

- Link sustainability and performance
- Impetus to improve practices within communities

