

# ENHANCING MINING COMMUNITY SERVICES THROUGH CORPORATE SOCIAL RESPONSIBILITY AND SOCIAL DEVELOPMENT MANAGEMENT STRATEGIES

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## **ABSTRACT:**

The Philippine Mining Act of 1995 mandated mining companies to contribute to the development of host and neighboring communities through Social Development Management Programs (SDMP). The subsequent CSR Act of 2011 and 2013 further institutionalized Corporate Social Responsibility (CSR) nationwide. This research examines the implementation of CSR and SDMP by two mining companies in Benguet, Lepanto Consolidated Mining Company and Philex Mining Corporation. It explores the strategies employed, their effectiveness, challenges encountered, and their association with project implementation. Data was collected through questionnaires and interviews, supported by primary and secondary sources. Findings show that programs related to education, livelihood, and infrastructure development were more extensively and effectively implemented, with integrated planning and a mix of top-down and bottom-up strategies contributing to success. The impact on host communities was particularly positive in social and economic aspects, with minimal effects on technological, political, and environmental aspects. Challenges ranged from resource limitations to community ambivalence, natural events, and legal complications. The study concludes that a dual standard exists due to the prioritization of mandatory SDMP programs over non-mandatory CSR initiatives, despite communities perceiving them as nearly identical. Recommendations include making CSR mandatory and complementary to SDMP, enhancing monitoring, and securing support from local governments and NGOs. Strategic implementation and effective strategies are crucial for realizing responsible mining in Benguet.

**Keywords:** Corporate Social Responsibility (CSR), Social Development Management Program (SDMP), Mining Companies, Indigenous Communities, Responsible Mining, Lepanto Consolidated Mining Company (LCMC), Philex Mining Corporation (PMC), Sustainable Mining.

## **INTRODUCTION**

Mining is one of the oldest industrial activities in human history. Next to agriculture, it's the second basic primal endeavor as history suggested. Its role in the rise and demise of civilizations can never be underestimated. The evolution of mining thus mirrors much of mankind's golden story. Today, modern society owes much of its lavish riches down to its barest necessities from mining. The Encyclopedia of Geography (2010) defines mining as the extraction and concentration of metallic and nonmetallic minerals for use in a variety of human activities.

The dawn of mining was recorded during the Paleolithic age, albeit in its crudest and simplest form. The oldest known underground mine was a hematite mine at Bomvu Ridge, Swaziland, Africa. It was dated back from the Old Stone Age and believed to be about 40,000 years old (Husseini, 2018). As

the value of mining products evolved and expanded from culturally symbolic to political and economic, so is the technology that propelled its historical development. For example, “Fire setting” was used by Egyptians to break rock and separate the gold/metals out of the ore whereas the first smelting of copper with coal was done by the Chinese. Mining technology was said to have deteriorated during the Dark Ages and boomed during the Industrial Revolution. In 1185 Bishop of Trent (Bernard II) granted a charter to miners in his domain. It gave miners legal as well as social rights, including the right to stake mineral claims. Del Rosario (2001), believes that Mining is an industry that people cannot put an end to due to innumerable reasons. According to Beal (2014), the historical economic data showed that over the last twenty years the efforts and potentials of the mining industry have made possible the achievement of impressive and unprecedented growth throughout the global economy.

### **Mining and Development in the Third World**

Mining is an important industry. Since antiquity, mankind’s socio-economic evolution is anchored on exploring and capitalizing on the vast resources of mother nature.

In a world bank report by Weber-Fahr (2002) entitled “Treasure or Trouble? Mining in Developing Countries”, the question of whether countries can consider their mineral wealth an asset, to be used to stimulate their economic growth potential or rather stay away from this curse. A review of 51 mining cases reveals one major conclusion – that is in most cases, mining countries appear to fare better than other countries in their respective regions. Nisperos and Aquino (1999) purport that the mining industry had contributed much to the economic development of the affected communities by generating revenues and taxes to the local communities which in turn have improved the social and economic conditions of the people. And yet, mining is a double - edged sword. It remained to be the “Trojan Horse” for most developing nations given its highly extractive nature and the irreversible damage it does to the world’s finite resources.

Previous literatures have frequently emphasized that the mining industry promises vast resources for economic growth, but on the other hand, mining operations can have devastating effects on the environment and the community. Within the context of Global Sustainable Development Goals (SDG) however, mining has yet to find some credibility. As Walser (2002) reiterated that the contribution of mining to sustainable development needs to be considered in terms of economic and technical viability, ecological sustainability and social equity. Davy (2001) likewise stated that the magnitude of mining in lower income countries gives the industry and its stakeholders a clear responsibility to be ever more conscious of the role mining can and should play in broader economic and social development.

Today, mining is an unstoppable trillion-dollar industry. Meili (2016) justified in his article “5 reasons why the world needs mining and always will”, why mining is here to stay. First, the modern world cannot function without mining. Second, mining is driven by fundamental forces and needs. Third, mineral substitutes are few and far between. Fourth, many countries need mining to not only thrive, but also to survive. Fifth, mining is already a high-tech and sustainable industry. The top 10 countries for mining project development are Canada, China, Australia, India, USA, Brazil, Russia, Chile, Peru, South Africa, Botswana, Congo, Guinea, Namibia, Mozambique and Tanzania. It was added that around 200 mining projects were being developed in these six African countries (Holmes, 2018). In another report, the revenues generated by the big mining companies are as follows: Glencore Xstata (USD152.96 billion); BHP Billiton (USD34.04 billion); Rio Tinto (USD 33.7 Billion) (Statistica, 2017).

The Philippines is favored with rich and diverse mineral resources. Limestone, marble, rock aggregates, dolomite guano, sand and gravel, Sillica sand, feldspar and industrial gemstones are among the non-metallic and industrial minerals, which abound in the country. Gold and copper are the key metallic products followed by nickel and chromite. With extensive and highly developed tradition

of mining, the country had been among the world's prime producers of these four metallic minerals (Cabalda et al., 2002).

According to the Department of Environment and Natural Resources (DENR, 2013), Philippine mineral resources is the fifth largest in the world. As of September 2016, there were around 40 metallic mines and 62 non-metallic mines operating in the country (Chavez, 2012). The Cordillera region has been the location of the country's pioneer gold and copper mines. It hosts three large scale mining companies: Lepanto Mining Corporation, Philex Mining Corporation and the Benguet Corporation. Ironically, the Regional Development Council noted that despite Benguet hosting three of the largest mines in the country, it is consistently included in the top 20 poorest provinces for decades (Philstar, 2012). To think that Benguet Corporation has been operating for 109 years, Lepanto Consolidated Mining Corporation (LCMC), has been operating for over 70 years and Philex Mining Corporation (PMC) has been operating for over 50 years.

Input wise, National Economic and Development Authority data indicated that the total taxes, fees and royalties collected from the mining industry from 1997 to 2010 was 7.6 percent (P642 billion) of the total production value of mining companies. As of the same year, the mining industry in the Cordillera employed over 17,000 workers, with over 7,000 in large-scale mines while the majority of 10,000 are working in small scale mines. In a bigger number, the average contribution of the mining industry to the country's GDP from year 2000 to 2010 was pegged at 1.30 percent and its average share to the country's total investment in the same years was 2.5 percent. In the end, the report concluded that "Mining is not doing much to the economy of the Cordillera" (Philippine Star Global, 2012).

A positive outcome from mining activities is that it generates output and income for the community. It also creates and expands economic opportunity for the society since it provides jobs for citizens directly and indirectly (Bugnosen, 2001). Hamman (2003) likewise pointed to an increasingly popular view that the mining industry should be responsible for maximizing the positive and minimizing the negative impacts of mining on development. The growing acceptance by mining companies that they have a responsibility for sustainable development is manifested by companies' more recent adoption of corporate social responsibility programs aimed at community development and responsible environmental management (Whellams and Macdonald, 2007).

### **CSR and Sustainable Development**

One key practice that does promote and enhance sustainable development is (CSR). It supports the principle that business can achieve economic objectives in a manner that also addresses social and environmental concerns. The concept of (CSR) is not new. Steiner and Steiner (2006) traced the origins of CSR back to the philanthropic work of wealthy business owners like John Rockefeller and Andrew Carnegie, who gave away millions of dollars to social causes. Blowfield and Frynas (2005) argued that "the modern precursors of CSR can be traced back to nineteenth-century boycotts of foodstuffs produced with slave labor". However, both sets of authors agreed that the more contemporary understanding of CSR was formed in the last half of the twentieth century.

Steiner and Steiner (2006) contended that the concept of CSR was first introduced in 1954 when Howard R. Bowen published his book *Social Responsibilities of the Businessman*. Bowen proposed that managers have an ethical duty to consider the broader social impacts of their decisions, and that those corporations failing to uphold the broad social contract should stop being seen as legitimate. He also argued that it is in the enlightened self-interest of business to improve society as voluntary action could potentially avert the formation of negative public opinions and unwanted regulations. This latter argument is supported by the fact that early forms of CSR (such as corporate philanthropy and the establishment of employee welfare programs) is one of the things that kept Americans from becoming hostile towards large corporations in the early 20th century (Whellams and Macdonald, 2007). Years onwards, the profile of corporate CSR slowly began to take shape.

Corporate Social Responsibility (CSR) according to Stanford University's Graduate School of Business is an organization's obligation to consider the interests of their customers, employees, shareholders, communities, and the ecology and to consider the social and environmental consequences of their business activities while Kotler and Lee (2005) defined CSR as voluntary commitment by corporations to improve community well-being through discretionary business practices and contributions of corporate resources. McDonald's CEO, Jim Cantalupo, (as cited by Kotler, 2005) stated that, "social responsibility is not a program that begins and ends."

Blowfield and Frynas (2005), suggested that it is perhaps more useful to think of it as an umbrella term used to describe a variety of beliefs and practices which hold that: 1) Companies have a responsibility for their impact on society and the natural environment, sometimes beyond legal compliance and the liability of individuals; 2) Companies have a responsibility for the behavior of others with whom they do business (e.g. within supply chains); 3) Companies need to manage their relationship with the wider society, whether for reasons of commercial viability or to add value to society, or both.

Based on the results of the case study of Whellams and Macdonald (2007), it was revealed that there is a potential for companies' CSR programs to contribute to local development, most specifically in terms of improvements to health, education, income levels, and quality of life of targeted communities. For example, companies' CSR programs have resulted in greater environmental protection and conservation, increased access to health care, better sanitation, and improved labor practices for many people in developing countries. However, the case study raised some concern regarding the sustainability of some of these improvements beyond the life of the mining corporation. One concern was on the level of participation or involvement of local community members, NGOs, and government in the design, development, and execution of CSR programs greatly influences whether or not such programs will have a long-term development impact. It further underscored the potential role of CSR in rural development thus recommended companies' CSR initiatives need not be carried out in vain, to be designed and implemented carefully will lead to a positive impact on local sustainable development of the community to which it operates. Hitch (2014) also mentioned that companies increasingly use CSR as a strategy to create economic value in a manner that produces societal value by protecting ecological systems, alleviating poverty, decreasing inequality, and protecting human rights. The research addresses several fundamental questions related to Corporate Social Responsibility (CSR) program and Social Development Management Program (SDMP) implementation by Lepanto and Philex Mining Companies. It investigates the extent of CSR program/SDMP implementation, the strategies employed by these mining companies, and the degree of effectiveness of these strategies. The research also delves into the challenges encountered during the implementation of CSR programs/SDMP and the seriousness of these challenges. Furthermore, the study examines the level of effectiveness of CSR program/SDMP implementation across various dimensions, encompassing social, technological, environmental, economic, and political aspects. By exploring these facets, the research aims to provide a comprehensive assessment of the CSR and SDMP initiatives within the context of the mining industry. This new approach can potentially lead to a fundamental shift in corporate social behavior and actions.

### CONCEPTUAL FRAMEWORK

The World Bank defines CSR as "the corporations' commitment to negotiate ethically and contribute to sustainable economic development working with all relevant stakeholders to improve their lives in ways that are good for the corporation, the sustainable development agenda and society in general."

The need for CSR can be mapped along the United Nations Agenda 21- a program of action establishing 27 principles intended to guide sustainable development around the world. The overall intention is grounded on the recognition of growing ecological crisis and the need to propose globally



responsive solutions. In its Rio Declaration, Sustainable Development was defined as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” Likewise, mining can be mapped along the 17 Global Sustainable Development Goals. The 193 United Nations members of which the Philippines is included are signatories of the 17 SDGs. Even though it does not make it legally binding to the country members, the SDGs establishment incites national and managerial frameworks to achieve the SDGs. The mining industry inserts itself in this context.

### National Legal Frameworks for CSR and SDMP

Firstly, the Philippine Constitution of 1997 provided the basic legal mandate under Article 2. As stated in Section 21 that the “State shall promote comprehensive rural development and agrarian reform” in the country.

### The Philippine Mining Act of 1995

On March 3, 1995, Republic Act 7942 otherwise known as the Philippine Mining Act was passed into law. As a law liberalizing the mining industry, this Mining Act was intended to boost the country’s economic growth. Likewise, it was meant to bring rural progress and development especially in communities hosting large scale mining corporations.

In December 2000, DENR issued Administrative Order no. 2000-99 which stipulated several amendments of the IRR- Implementing Rules and Regulations of Republic Act No. 7942, otherwise known as the “Philippine Mining Act of 1995”. In this AO, the SDMP was coined as a new mandate with the following description:

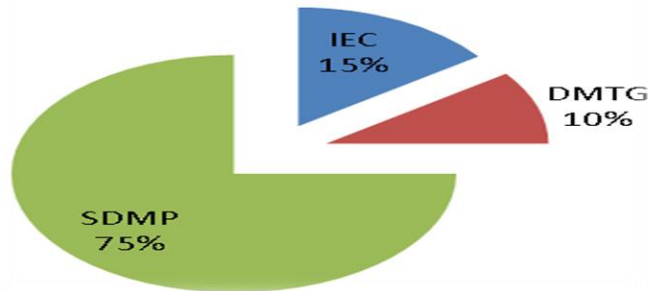
*Social Development and Management Program (SDMP) refers to the comprehensive five-year plan of the Contractor/ Permit Holder/ Lessee authorize to conduct actual mining and milling operations towards the sustained improvement in the living standards of the host and neighboring communities by creating responsible, self-reliant and resource-based communities capable of developing, implementing and managing community development programs, projects, and activities in a manner consistent with the principle of people empowerment.*

The SDMP is one of the several requirements (along with Free Prior Informed Consent, Environmental Impact Assessment, etc.) imposed by the government in order to ensure a more stringent implementation of the law. It was also meant to render support to the CSR law. Sec 136-A further requires that this 5-year program is an outcome of consultation and in partnership with the host and neighboring communities. The concerned Regional Office shall endorse, evaluate the SDMP and may even invite credible experts to assist in the review. It may impose additional requirements and documentation, which are deemed necessary to supplement the SDMP. As to budget allocation, DAO 2010-21 prescribed the following provisions for strict compliance: Contractor/Permit Holder/Lessee shall allot a minimum funding equivalent to about one and a half percent (1.50%) of the estimated annual operating costs to implement Subsections (a), (b) and (c) of Section 134 (Figure 1):

*1.125% (75% of 1.50%) shall be apportioned to implement the SDMP in Subsection (a) hereof, 0.150% (10% of 1.50%) for the implementation of Program for the Development of Mining Technology and Geosciences (DMTG).0.225% (15% of 1.50%) for the implementation of IEC Program.*

Any unspent amount and/or savings, for any given year, allotted for the implementation of the various programs shall be added to the succeeding year’s allotment and may be re-programmed after consultations with host and neighboring communities.

## Budget Allocation



*Legend:*

\*IEC - Information Education Campaign and Geosciences

\*DMTG -Development of Mining Technology

\*SDMP: Social Development Management Program

Figure 1. DAO 2010-21 budget prescription

As to the processing and approval of the SDMP, Section 136-B stipulates that technical conference shall be held among the Contractor/Permit Holder/Lessee, Regional Office concerned and appropriate experts for the final evaluation of the programs. During the technical conference, the Contractor/Permit Holder/Lessee shall present the highlights of its programs, while the Regional Office concerned and the concerned experts shall present their comments on the submitted programs. If the proposed programs conform to the standards, these shall be duly approved by the Regional Office concerned. Thereafter, a copy of each of the approved programs shall be provided to the LGUs concerned and the host and neighboring communities within five (5) days from its approval. Based on the approved Programs and for effective implementation of the same, Annual Programs shall be submitted, at least thirty (30) days prior to the beginning of every calendar year, to the Regional Office concerned, for approval and implementation the following year. This allocation is on top of other fees required such as damages or penalties incurred during operation. Not to mention the allocation of royalty fees of 1% for the IP communities. This royalty was eventually converted as trust fund intended for the IP community’s future development.

### The CSR Acts of 2011 and 2013

The Philippine Congress passed the Corporate Social Responsibility Act of 2011 which served to institutionalize CSR. This law was authored by Senator Villar. Under Section 2 in its Declaration of Policy, it recognized the vital role of the private sector in nation building and encouraged its active, participation in fostering sustainable economic development and environment protection in the Philippines.

The CSR related activities specified by this law included, but not limited to the following program areas: a) Charitable; b) Scientific; c) Youth and sports development; d) Cultural or educational purpose; e) Services to veterans and senior citizens; f) Social welfare; g) Environmental sustainability; h) Health; and i) Disaster relief and assistance. Lepanto adopted eight (8) programs out of these, whereas, Philex focused on Five (5) programs. In 2013, Gloria Arroyo re-filled House bill Number 306 also known as the CSR Act of 2013. This time, it sought to mandate and regulate CSR in the country. The rationale for this law stated that “many corporations and other business organizations have shown very little care for the welfare of society, the community where they operate, and the

natural environment around them.” The Departments of Finance, Trade and Industry and the Securities and Exchange Commission were directed to promulgate the rules and regulations Act and shall monitor compliance. But the bill has been met with opposition from Philippine business community. The argument against it was well articulated by Makati Business Club Chairman, Del Rosario who said there is simply no need for it since CSR in the Philippines accordingly has evolved since the 1960s at a pace often more advanced than in most other countries without any legislative intervention. He likewise pointed out that in terms of regulation, corporations and their CSR work are already subject to existing parameters. Other business groups supported this claim and some even pointed to the dangers of imposing it as it may hamper business growth and competition by regulating and standardizing private companies’ unique strategies and branding. The overall contention is that CSR law is unnecessary considering that most local companies go beyond mere compliance with existing laws to ensure a healthy business environment for their stakeholders (Oxford Bussiness Group, 2019).

Table 1. Summary of legal bases for Social Development and Management Program (SDMP) and Corporate Social Responsibility (CSR)

POLICY	TITLE	REMARK
Phil 1997 Constitution	Article 2	Stipulates government promotion for comprehensive rural development
RA 7942	Philippine Mining Act of 1995	Provides for the primary legal basis in requiring operators to assist in the development of mining community, promotion of general welfare of inhabitants, and development of science and mining technology (Chapter X, Sections 57-58)
DAO 2000-99	Rules and Regulations on the Implementation of SDMP	Revised Sections 134-136 of DAO 96-40, added Sections 136-A to 136-E which specifically provides for the regulation and guideline for the implementation, approval, and monitoring of SDMP
DAO 2010-13	Revisions for Sections 134 to 136-D of DAO 96-40	increased in allotment from 1% to 1.5%; provision of specific guidelines on the list of accredited programs/projects requiring of review and evaluation of the SDMP
SB 2747	CSR act of 2011	Moved for the institutionalization of CSR among large taxpayers operating in the country foreign or domestic and mandating to allocate a “reasonable amount of net income” to CSR. Incentives be in the form of tax deduction
Arroyo Bill HB 306	CSR act of 2013	Sought to encourage all business orgs foreign or local to observe CSR on a voluntary basis (sec3)
RA 8371	IPRA LAW	Mandated clearance from IP communities thru free prior and informed consent - FPIC as one major requirement for mining explorations.

The History of CSR in the Philippines can be traced back in 1960s, CSR came in the form of cash donations to foundations and charitable institutions. It was more of a one-time philanthropic endeavor and was therefore sporadic in nature. For this, it was dubbed as the decade of donations. The 1970’s was the decade of organization then the Martial Law and its aftermath and business environment was set on a survival mode. CSR had an almost aborted take - off until Philippine

Business for Social Progress (PBSP) was created and was instrumental to the revival of CSR thru social development. The core group was composed of 50 of the country's leading businessmen. Today, PBSP's membership has grown to 274 (composed of local, multinational and small and medium companies). It is the biggest corporate-led, not-for-profit organization and the leading advocate on the practice of CSR in the country (Flores, 2018). The 1980's was said to be a decade of involvement whereby the CSR strategy was geared towards community relations (ComRel) as companies needed to secure a license to operate in the community. The era of building self-reliant communities was then conceived. In the 1990s, companies were driven more by the need to enhance competitive advantage and reputation capital. Towards the end of the decade, businesses began to engage in more strategic social investment and mainstream CSR in their business practices. This was the decade of institutionalization.

The 2000's was seen as a decade of continuous evolution for Philippines CSR as companies strive to answer the call for business sustainability (Magusib, 2016). Helen Orande, Executive Director of the League of Corporate Foundations claimed in an interview with ASEAN CSR Network that the Philippines has moved beyond philanthropy and charity. While some award-winning companies such as Ayala and Aboitiz may prove this to be a credible statement, the rest of the private business sector has yet to prove themselves. In the case of CSR mining, a few companies tried to raise the bar of excellence and Philex was one of them. Philex was cited as a Top CSR Advocates in Asia in 2015 and also won the 2018 Safest Mine Award.

To sum, Social Development and Management Program (SDMP) and Corporate Social Responsibility (CSR) are distinct yet complimentary statutes (Table 1). Both share similar programs and objectives but vary in terms of implementation and output parameters. SDMP as mandated under the mining law required that resources be allotted by mining operators with strict compliance. Whereas CSR is a voluntary endeavor and its operation is primarily a corporate discretion. Mining companies seeking to implement CSR activities—to either contribute to social development communities or increase social acceptability of their operations, or both—can do so by spending on top of the required spending for SDMP.

#### IPRA Law

The Indigenous Peoples' Rights Act (IPRA) of 1997 was cascaded from the provisions of the UN Draft Declaration on Indigenous Peoples' Rights. In principle, IPRA recognizes the Free Prior and Informed Consent (FPIC) of Indigenous Peoples. As such, a project cannot proceed without it. This law has been most controversial as its interpretation and practice fails to satisfy expectations from IP groups and mining groups alike. Its alleged contradiction to the Mining Law of 1995 has been one major theme for debate.

#### Paradigm of the Study

The paradigm of the study in Figure 4 was anchored on the premise that with the existing international prescriptions and national mandates guiding the need for sustainable development, the mining industry of Benguet should be able to do its fair share of contributing towards sustainable rural development thru responsible mining. With the CSR Acts and the Mining Act, the two Mining Companies Lepanto and Philex Corporation was challenged to go beyond compliance and create a longer lasting impacts towards it host and affected indigenous communities in Benguet. Hence, the paradigm input variables included the CSR programs of Lepanto and Philex, their and best practices as well as the extent of implementation of their CSR /SDMP programs. In the process of implementation, several challenges emerged with various degrees of seriousness affecting the delivery of services. The outcome variables included the Effectiveness of the said CSR/SDMP and impacts along the STEEP parameters. The output of the study shall be a proposal for policy recommendations and a developmental framework.



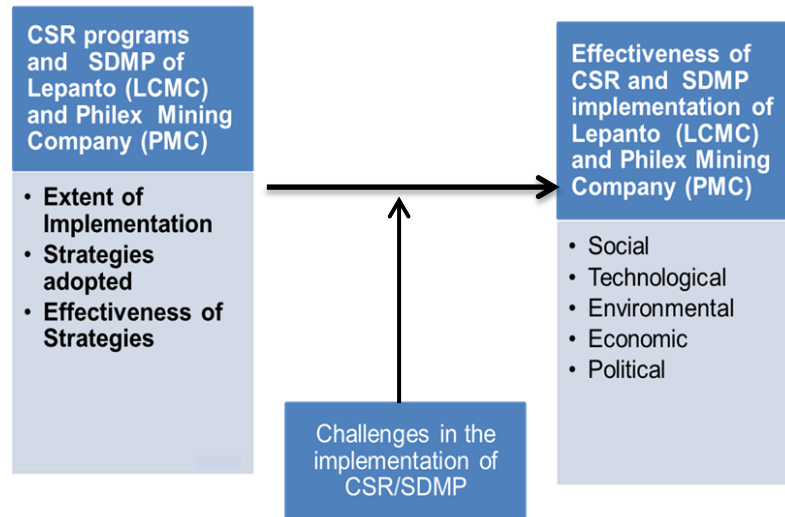


Figure 2. Paradigm of the study

Models and theories on CSR shall be presented as anchors for the variables under study. One of the most popular constructs of CSR was by Carroll (Yakovleva, 2005). CSR was presented as a pyramid that consists of four parts. To describe, economic responsibilities are at the foundation of the pyramid, followed by legal, ethical and philanthropic responsibilities on the top of the pyramid (Figure 5).



Figure 3. Carroll's CSR pyramid

These four parts Carroll calls categories/ components of CSR. The CSR firms should strive to make profit, obey the law, be ethical, and be a good corporate citizen. Carroll clarifies "that business should not fulfill these in sequential fashion but that each is to be fulfilled at all times".

Another model by Visser (2008) draws differentiation in the order of priorities between the categories of responsibilities in the context of developing countries. This model by Visser (Figure 6) was no doubt a reaction to the limitation of Carroll's model as business models aggressively evolve to adapt to the demands of the globalizing market as shown below.



Figure 4. Visser's CSR pyramid for developing countries

Visser's model argued that the definition of responsibilities in different cultural context maybe wider. Such that, the scope of Carroll's defined economic responsibilities focuses on corporate economic performance (such as profitability and efficiency) and is much narrower than Visser's economic responsibilities that encompass investment, payment of taxes and provision of employment. Also, Visser's interpretation of legal responsibilities has an emphasis on ensuring "good relations with government officials, rather than Carroll's approach to obeying the law. Visser's approach to ethical responsibilities mainly centers on adopting voluntary codes of governments and ethics, whilst Carroll's construct of ethical responsibilities is wider – obligation to do what is right, just and fair (Yakovleva, 2005).

CSR as a Driver for Sustainable Development: Beyond Philanthropy

Another model was that of Porter and Kramer. This model assumes that sustainability projects with the community entails developing community manpower resources as inputs to achieve the mission, vision, and values of the company. This is corporate-centered endeavor and the beneficiaries in return support the values of the company, as shown in Figure 7 by the two circles overlapping in the Venn diagram. Both parties appear to have a win-win advantage. Porter and Kramer (2011) presents their shared value model which encompasses the creation of a social and business value which includes social purpose, a defined need, the right innovation structure, and a co-creation.

According to Milliman *et al.* (2008), implementation is a long-term process that requires careful and creative planning. Difficulties naturally arise and creative ways must be discovered. Raps (2005) claims that the key to a successful implementation is an integrated view. He proposed a checklist of ten critical points such as commitment of top management to communication.



Figure 5. Corporate shared values model

Implementing CSR programs in the mining sector can be a tricky business. More so, evaluating the effectiveness of such programs can be dauntingly delicate. One of the challenges commonly experienced in the implementation of development projects lies in the strategy of overall approach to programs implementation. Chambers (1998) proposed an alternate approach to rural development called Participatory and Negotiated Territorial Development (PNTD). This approach asserts that the community members at hand are the “actors” by which the whole process is centered and that human participatory rights are essential in achieving desired goals leading to social change.

### Strategies and Approaches in CSR Implementation

Various philosophical approaches have brought about different strategies defining its implementation and delivery of services to the intended benefactors. Jenkins (2015) listed five philosophical paradigms that influenced Western approaches to CSR.

The “classical” view. This view believes that CSR practice can use its resources and engage in activities designed to increase its profit so long as it stays within the rule of the game, meaning, engages in open and free competition without deception and fraud.

The “social contract” paradigm. This paradigm argues that CSR policies are a necessary part of the process whereby a business relates to society. This paradigm would say that CSR policies are necessary because society expects businesses to do it.

The “instrumental” approach. This approach believes that CSR is a tool in the process whereby the interests of its prime stakeholders are preserved.

The “legitimacy” approach. This approach regards CSR as part of the process whereby a firm gains legitimacy in the eyes of the public, and thereby a Social License to operate.

The “stakeholder” theory. This theory regards CSR as no more than the process whereby a business fulfills its responsibilities to its stakeholders. In the Philippines, it is hard to say which of these approaches has been adopted. Moreover, implementing CSR presents another set of operational models. Project

Management wise, CSR often presents two major strategies that were commonly adopted- the top - down and bottom - up strategies. Codella (2018) states that paradigm shifts in rural development during the 80s -90’s has ushered the birth of new approaches. From the classic “top-down” or ‘blueprint’ approach to the bottom-up, grassroots, or ‘process’ approach.

The top - down strategy. The project objectives, guidelines, information, plans, and fund processes were already established by management, and expectations were merely communicated down to each project participant.

The bottom – up strategy. This involves proactive team input in every step of the management and project executing process. Furthermore, this style allows managers to communicate goals and value through milestone planning, and team members were encouraged to develop personal to-do lists with the steps necessary to reach the milestones on their own.

Tran (2016) has mentioned the advantages and disadvantages of each strategy. The Top - down strategy strengths are strong management, good organization, minimal operation cost, low risk management. Its weaknesses included limited creativity, slow response to challenge and being dictatorial in nature while the bottom - up strategy strengths include increased company - wide communication, increased collaboration, creativity and morale as well as facilitating shared solutions. Whereas its weaknesses are on conflicts and efficiency issues.

Mix strategy. Given the strengths and limitations of each strategy, there was no puristic approach to smart management such that a mix strategy was not also uncommon. For example, Banking and Investment sector uses both macro and micro economics to make business decisions. Data from the market were used for crucial business moves. This was called the “big data bottom-up approach.” Codella (2018) mentioned the concept of Project Management 2.0 as used by

contemporary big companies like IBM. This new trend thrived by merging the advantages of the two approaches.

The CSR/SDMP of Lepanto and Philex Mines. Lepanto has eight (8) programs: Education, Health and Wellness, livelihood, culture, infrastructure, emergency preparedness and response, community building and skills development. Philex mines has five (5) programs: Education, health and sanitation, livelihood and skills development, environmental management and public infrastructure.

### The SDMP Cluster Programs

The CSR programs are drafted by the companies while the mandated SDMP cluster programs are designed to be implemented into the following clusters. Both companies are thus guided by these:

Cluster 1. Development of Host and Neighboring Communities (DHNC). This cluster covers development for education, livelihood, Infrastructure as well as sanitation, peace and order projects. This cluster was allocated the biggest budget and spending.

Cluster 2. Development of Mining Technology and Geosciences (DMTG). This covers the following projects; scholarship program (Mining related course), manpower training, Continuing Professional Education (CPE), and capital outlay/ provision of equipment. This department basically provided additional support for mining operations. The participating beneficiaries are selected groups and mostly anchored within the corporate operations. Implementation Guidelines are therefore subject to the allotted SDMP budget.

Cluster 3. Information Education Campaign (IEC). This cluster covers publication materials and services on social, environment and other issues. With the establishment of an IEC Center, the set up and process as well as implementation was basically a corporate prerogative. Publication on the company's CSR services falls under this program. The goal included enhancing community awareness and education on corporate –community relation matters. Outputs included community newsletter, and promotional events featuring the company's efforts and achievements.

## **METHODOLOGY**

In the methodology section, this research adopts an exploratory-descriptive approach that incorporates a mixed-method design to comprehensively examine Corporate Social Responsibility (CSR) program implementation in the mining communities of Benguet. The data collection process involves the utilization of structured questionnaires, interviews with key informants with a total of 145, and document retrieval, embracing both primary and secondary methods. This approach enables the research to employ a four-point Likert scale to gauge CSR program implementation extent, effectiveness of strategies, seriousness of challenges, and overall effectiveness in various aspects. The research is conducted in the academic year 2018-2019 within the territories of Lepanto Consolidated Mining Company (LCMC) and Philex Mining Corporation (PMC), involving upper and middle management officers, local government units (LGUs), beneficiaries, and host communities as respondents. To ensure data quality, reliability and content validity tests are applied to data collection instruments. The treatment of data includes summarizing and analyzing questionnaire responses, triangulating this with qualitative information obtained from interviews and observations. Statistical tools, such as weighted means, frequency counts, and Chi square, are deployed to address specific research objectives. Ultimately, this mixed-method approach aims to provide a comprehensive understanding of CSR program implementation in the unique context of mining communities in Benguet.

## RESULTS AND DISCUSSIONS

This chapter presents the findings of the study on CSR/SDMP strategies adopted by Lepanto Consolidated Mining Company (LCMC) and Philex Mining Companies. The specific problem objectives shall henceforth be discussed based on the concluding evidences extracted from the data gathered. Likewise, secondary data and field notes were included for corroborative purposes.

### Extent of Implementation of the CSR Programs/SDMP Adopted by Lepanto and Philex Mining Company

Table 2 shows that education is the CSR Program /SDMP that is very much implemented by the two mining firms. This preference for education evidently reveals that the communities of Lepanto and Philex are aware on the value of quality education as a stepping stone for a better life. Education is positively received and regarded with much gratitude by the affected mining communities. The finding implies that the lesser scope of program areas can lead to higher chances of being more implemented. Philex has five (5) CSR Programs/SDMP whereas Lepanto has eight (8).

Table 2. Extent of CSR/SDMP implementation

CSR/SDMP (LEPANTO)	MEAN	QD	CSR/SDMP (PHILEX)	MEAN	QD
1. Education			1. Education		
• LEAP Scholarship	3.59	VMI	• Scholarship	3.81	VMI
2. Health and Wellness			2. Health and Sanitation		
• Medical goods & services to the host community	2.92	MI	• Medical goods & services to the host community	3.68	VMI
• Medical Goods & Services to neighbouring communities	2.77	MI	• Medical Goods & Services to neighbouring communities	3.54	VMI
3. Livelihood Projects			3. Livelihood and Skills Development		
• Food Project	2.98	MI	• Padcal Coffee Project	3.44	VMI
• Weaving & Crafts Project	2.95	MI	• Lemon Project	3.36	VMI
4. Preservation of Culture			4. Environmental Management		
• Youth Support Project –Gambang	3.16	MI	• Reforestation projects	3.39	VMI
• Elderly Support Project	2.90	MI	• Rehabilitation Projects	3.52	VMI
5. Infrastructure			5. Public Infrastructure		
• Infra Projects Within Lepanto	3.25	VMI	• Infra Projects Within Philex	3.78	VMI
• Infra Projects Outside Lepanto or neighbouring Communities	3.17	MI	• Infra Projects Outside Philex or neighbouring Communities	3.68	VMI
6. Emergency Preparedness and Response	3.10	MI			
• crisis responsiveness to community residents			Average Mean	3.29	VMI
• Crisis responsiveness outside Lepanto & neighbouring Communities	3.00	MI			
7. Community Building					
• CB Projects within Lepanto	2.79	MI			
• CB Outreach Projects to neighbouring Communities	2.77	MI			
8. Skills Development					
• Skills enhancement projects to community residents	2.98	MI			
• Skills Enhancement Projects to Neighbouring communities	2.89	MI			
<b>Average Mean</b>	<b>2.85</b>	<b>MI</b>			

Legend:

- 3.25 - 4 Very Much Implemented (VMI)
- 2.5 – 3.24 Moderately Implemented (MI)
- 1.75 – 2.49 Slightly Implemented (SI)
- 1.0 – 1.74 Least Implemented (LI)



From among the different programs presented in Table 2, indeed Education particularly on the area of scholarship is very much implemented for Lepanto and Philex. It can be inferred that education is regarded as an important life goal for the low-income mining communities. Hence, the achievement of education is perceived as a vehicle for opportunities leading to economic progress for the different families. Such is reflected in their responses found below:

**Lepanto Beneficiary:** *There were three of us in college, and I have seen how my parents are burdened by our education. I asked my mother if I could get another course, but my mother advised me to apply for a scholarship grant at Lepanto Consolidated Mining Company (LCMC) and take up Mining Engineering. I said I will just try and maybe in the long run, will learn to like it. Then I read about mining engineering and eventually liked it and also helps my mother who works in one exploration firm.*

**Philex Beneficiary:** *Without Philex, we would be unable to send our kids to school. We thank the company so much for the help through the scholarship.*

The preceding discussion is fortified in Cuartero (2014) on the extent of implementation of the SDMP by the mining companies and their impacts to the multi-sector group in the locality. Similar findings are revealed indicating that among the five multi-sectoral groups, the Education Sector receives the highest mean which shows that the main positive impact of mining companies is the generation of employment opportunities for local folks which consequently benefit the education sector because parents can already afford to send their children to school.

Another prevailing reason why education is mostly favored by the respondents is due to sustainability in terms of budget allocations. Most of the respondents explained that education is among the priority programs mandated by the Mines and Geo-sciences Bureau. Based on Lepanto's five-year SDMP Plan Report (2017-2021), a total of P41,130,509.345 was earmarked for Education Development. This sum is meant to support the scholarship grants, full and partial ranging from Agriculture Courses to Mining Engineering in universities within Baguio City, Benguet province and other areas of the Cordillera Administrative Region (CAR). The number of beneficiaries has been maximized and increased gradually in each year of implementation.

Meanwhile, Philex Mining Company allotted for SY 2017-2018 is P11.8 M for its 114 college and 24 technical vocational scholars; 374 students in elementary and high school who received educational subsidies; and 130 secondary students who were given education assistance (monthly monetary allowance). For SY 2018 – 2019, Philex set aside P14.4 million scholarship fund for college, high school, and elementary students, as well as for those in the technical/vocational courses. Beneficiaries included around 200 high school students and 300 elementary pupils. This only proves that education is seen as fundamental to development and growth. According to the report of World Bank, investments in quality education will lead to more rapid and sustainable economic growth and development. Interviews from residents and scholars in the area said that education program is positively received and regarded with much gratitude.

Moreover, education has been regarded by critics as a CSR hype especially in developing nations. But its role as potent leveler for social mobility is undeniable. Among individuals, education represents the stepping stone to improve the quality of life, especially for the poor and the vulnerable. Among nations, access to quality education is fundamental to economic growth (Malhotra, 2017). The finding also supports the trend that education is one of the most famous forms of CSR/SDMP practiced both locally and internationally. In India, mandatory CSR policy has served as an innovative solution to finance education for millions of illiterate populations. India wants to achieve the most skilled workforce in the world through its CSR education programs (YKA Media, 2018). CSR studies by Chatuvedi (2015) confirms that Education (81%) was top among the three core areas for CSR themes adopted by private companies whilst in B2Gold, a Mining Company in Masbate and cited by

DENR as a “Model Mine site” advocates education with the philosophy that an investment in education is an investment in future generations.

Overall, it can be inferred that education’s universal appeal especially in developing countries, is due to its high impact potential and intrinsic value. Other than helping to alleviate individual and household poverty among its host and affected communities, it also creates a supply of human resource ready to sustain current and future operations.

### Infrastructure Projects

The infrastructure projects within Lepanto’s host community are rated as very much implemented whereas for the neighboring communities is moderately implemented. This can be attributed to proximity factor and the relative smaller scale projects compared to these bigger projects outside the host community. These projects are in the form of pathways, sheds, housing repairs within the community. Elsewhere, the choice of projects implemented outside ranged from simple water tanks, barangay roads and pathways to bigger community schools and multi-purpose buildings.

Another possible reason can be associated to budget allocation. The infrastructure projects got the biggest cut because in 2013 alone, it topped the list with a P3,940,681.37. Lepanto’s Five-Year Plan report stated that the infrastructure development tops the list with a total allocation of P52,052,494.99. Undeniably, Lepanto’s host and neighboring communities benefitted from these projects. One interviewee highlighted that due to the upgrades in roads and bridges in their area, it is easier for the school children to attend their classes thus giving them more chances for better class performance. The preceding concepts are emphasized in Wise and Shtylla (2007) the infrastructure development have direct positive impact on the educational performance of the learners.

Similarly, infrastructure projects delivered by Philex for its host and outlying communities got a mean of (3.78) and (3.68), interpreted as very much implemented. These projects ranged from agriculture support facilities such as farm-to-market road improvements to construction and improvement of water systems and schools upgrading. Budget support stated in its 2017 Accomplishment Report showed an annual total of P2,723,798.00. The findings imply that the higher success rate of the implementation of the infrastructure projects in Philex are due to several factors such as good implementation mechanisms and positive reception from community leaders and residents. One of the barangay captains, admitted that Philex really helped in transforming their community by constructing their barangay hall and its sports gymnasium while in the other barangay, PMC pioneered the establishment of Philex Mines Elementary School.

In a similar study by Agoot, et al. (2014) they explained that CSR services are highly beneficial for the community since the local government and even the municipal government have limited financial resources. Philex and Lepanto have shown to follow this trend and this also affirms the company’s commitment to support its host and neighboring communities through the provisions of infrastructure facilities.

Moreover, Philex’s family-based contracts strategy which support through loans the co - operators proved to be very encouraging. Hence high participation in projects can also be seen as a form of individual reward seeking behavior. The infrastructure programs for both Lepanto and Philex communities imply extensive implementation because of their tangible and direct benefits to the communities concerned. The findings likewise support several literatures expounding on the benefits of infrastructure programs. As featured by the Mining facts.org (2012) the common CSR programs usually invest in infrastructure, building social and human capital. In like manner, Mayondi (2014) reported that CSR in mining firms is mostly focused on community development activities such as building of schools, roads, providing jobs and offering micro-credit loan to people in the local community. Likewise, in the study conducted by Nguyen et al. (2018), infrastructure such as road networks has resulted in improved accessibility, facilitating increased trade and labor mobility. While

the construction of such infrastructures is primarily for the benefit of the mining community, it had broader benefits for other sectors such as agriculture and the education sector.

### Livelihood Projects and Skills Development

The Livelihood projects for both companies are commonly conducted in partnership with the Technical Education and Skills Development Authority (TESDA), Department of Labor and Employment (DOLE), Department of Trade and Industry (DTI), Benguet State University (BSU) and other organizations. Lepanto's food, weaving and crafts livelihood projects are moderately implemented. It may be inferred that these projects require more time and budget in procuring the needed equipment and technologies such as commercial ovens, coffee processing and packaging. Another factor noted in hampering the full implementation for both new and old projects is the marketing component. Recent failures seem to have a discouraging rather than a challenging effect. It can be observed that the modality of implementing livelihood projects have been conservative to almost cautious.

Philex livelihood projects performance ranged from moderately implemented to very much implemented. There are also other successful projects implemented such as fisheries and hollow blocks making. The agribusiness projects like mushroom, beekeeping, poultry and piggery were also launched in various barangays depending on viability. Such condition implies that Philex went on aggressively providing livelihood trainings to encourage entrepreneurship among the barangays. Cooperatives and small-scale trading are proof of the extent of capacity building achieved. The company's goal is to impress the message that the company is more than just an "obligated provider" but is a partner for development where no one is being left behind (Ebreo, 2017). Also, the finding is supported by the results of the study of FCF Minerals Corporation in Nueva Vizcaya where the role of livelihood projects in fostering economic empowerment among mining communities transformed the villager's life through the conduct of values formation, human resource development, and technical trainings on organizational development, business planning and preparation and cooperativism among others.

In addition, the model developed by UK – DFID (Department for International Development) underscores the five core types of capital upon which livelihoods are built like human capital, natural capital, financial capital, physical capital and social capital. These different forms of capital are different forms of livelihood assets that households can use to make a living. Studies suggest that sustainability can be hampered when one of these assets are low (Kumar et al., 2015).

It can then be deduced that Lepanto and Philex's success algorithms are as unique as the challenges and opportunities available. Mining communities are mostly comprised of migrants from low income, low educational levels to various cultural backgrounds and aspirations in life. It is clearly presented that implementing livelihood programs has been met with a myriad of challenges. Both companies have resorted to trial-and-error methodology to be able to achieve their respective success rate, which can also be very costly.

### Health and Wellness

This program shows a moderately implemented status in Lepanto communities whereas it is very much implemented in Philex. The medical goods and services provided by Lepanto to the host and neighboring communities are moderately implemented whereas for Philex the medical goods and services provided to the host and neighboring communities are very much implemented. The finding in the difference in performance of these two companies concerning health and wellness can be attributed to the location of the communities they cater. Lepanto's services can reach as far as the remote communities of Quirino and Cervantes. The hospital is very much accessible within camp and border community like Mankayan but far from Quirino and Cervantes. However, medical services

elsewhere like Lutheran in Abatan, Bugias is also conveniently available. Furthermore, Lepanto conducts medical missions on a biannual frequency mode to far flung areas.

Whereas, Philex designated service communities are within Tuba and Itogon, Benguet. The result established for Philex on the accessibility factor is relatively high. The findings indicate that residents from host and neighboring communities are satisfied from the health programs and services provided to them. Indeed, health impact is perceived by the people as a significant concern in their respective communities (Nguyen et al., 2018). To sum, the extent of CSR Program/SDMP implementation for Lepanto and Philex varied in performance outcome due to various factors at play. In an interview with one of the ComRel (Communication Relation) officers, this difference can be partly attributed to the fact that both mining companies vary in terms of capital outlay and the population size/coverage of the CSR Program/SDMP. Lastly, the result delivers a significant view about the two mining companies that have been operating at different time frames/timelines. Henceforth, the guidelines for CSR implementation maybe similar yet the results are incomparable. Hitch (2014) concludes in his findings that stages of the mine life cycle cause different applications of CSR policy development and implementation. To quote, “there is not a single silver bullet approach to CSR but rather one that ebbs and flows with not only the technical stage of development of a mine but also those extra- economic modifiers that influence a mine's performance and survivability in a competitive global market.”

#### Preservation of Culture programs

Generally, this program is moderately implemented however among the three components listed, the youth support (Gambang) gained the highest mean rating. Gambang is a school based cultural performing group that has gained local accolades for their performances. Company support comes in financial aid especially during trips and seminar workshops outside the locality. Much of the moral and linkage support however comes from the local school teachers acting as mentors while support for the community elders and the cultural group are observed to be less implemented. One notable reason is that the elders unlike the young students' group only perform during occasions and are more bound by their domestic duties. Nonetheless, this area is still a potential CSR needing a boost. As mentioned by one of the elders, “We should also be given equal support as one of the important sectors of the community. We may be old but we can still serve our community”. In a survey conducted by Lepanto's Social Development Department (SDD) team for the 2017 Annual Planning for its host and neighboring barangays, 77% of the respondents confirmed that most of the SDMP projects were implemented for the duration of 2015-2016. A minimal 9% stated that the implementation was not enough. For Philex, a self - evaluation rating by its ComRel manager provides an overall success rating. Education is 84.06%, Health and sanitation is 92.80%; Livelihood and Skills Development is 55.49% and the Public Infrastructure is 77.28%. To sum, the extent of CSR program implementation for Lepanto and Philex varied in performance outcome due to various factors at play. In an interview with one of the ComRel staffs, this difference can be partly attributed to the fact that both mining companies vary in terms of capital outlay and the population size/coverage of the CSR-SDMP program. Lastly, it was pointed out that both companies have been operating at different time frames/timelines. Henceforth, the guidelines for CSR implementation maybe similar, yet the results are incomparable.

#### **Strategies Adopted by Lepanto and Philex Mining Companies in the CSR/SDMP Implementation**

Table 3 presents the strategies ranked according to observed frequency of use by the two mining firms in the implementation of the CSR/SDMP. These strategies are top-down; bottom-up and mix (top-down and bottom-up). For Lepanto, the top-down strategy ranked first in its Education, Community building and Skills development programs. Whereas in Philex, it is ranked first for its

education program. The mix strategy is ranked first in Lepanto’s Health and wellness, Livelihood and Infrastructure programs. The Bottom - up strategy is ranked first in Lepanto’s Culture preservation program and Philex’s Health and Environmental management programs. First, it is important to note that the formulation of the corporate SDMP 5-year Development plan underwent a prescribed System Procedure for which all programs were anchored.

Table 3. Strategies for CSR/SDMP implementation

CSR PROGRAMS (LEPANTO)	STRATEGIES	F (N=63)	RANK	CSR PROGRAMS (PHILEX)	STRATEGIES	F (N=63)	RANK
1. Education	Top-down	29	1 <sup>st</sup>	1. Education	Top-down	35	1 <sup>st</sup>
	Top-down and bottom-up (Mix)	20	2 <sup>nd</sup>		Top-down and bottom-up (Mix)	23	2 <sup>nd</sup>
	Bottom-up	14	3 <sup>rd</sup>		Bottom-up	5	3 <sup>rd</sup>
2. Health and Wellness	Top-down	11	3 <sup>rd</sup>	2. Health and Sanitation	Top-down	11	3 <sup>rd</sup>
	Top-down and bottom-up (Mix)	33	1 <sup>st</sup>		Top-down and bottom-up (Mix)	20	2 <sup>nd</sup>
3. Livelihood Projects	Bottom-up	19	2 <sup>nd</sup>	3. Livelihood and Skills Development	Bottom-up	32	1 <sup>st</sup>
	Top-down	12	3 <sup>rd</sup>		Top-down	8	3 <sup>rd</sup>
4. Preservation of Culture	Top-down and bottom-up (Mix)	27	1 <sup>st</sup>	4. Environmental Management	Top-down and bottom-up (Mix)	20	2 <sup>nd</sup>
	Bottom-up	24	2 <sup>nd</sup>		Bottom-up	35	1 <sup>st</sup>
	Top-down	9	3 <sup>rd</sup>		Top-down	3	3 <sup>rd</sup>
	Top-down and bottom-up (Mix)	21	2 <sup>nd</sup>		Top-down and bottom-up (Mix)	21	2 <sup>nd</sup>
5. Infrastructure	Bottom-up	33	1 <sup>st</sup>	5. Public Infrastructure	Bottom-up	38	1 <sup>st</sup>
	Top-down	15	3 <sup>rd</sup>		Top-down	8	3 <sup>rd</sup>
	Top-down and bottom-up (Mix)	27	1 <sup>st</sup>		Top-down and bottom-up (Mix)	18	2 <sup>nd</sup>
6. Emergency Preparedness and Response	Bottom-up	21	2 <sup>nd</sup>	6. Emergency Preparedness and Response	Bottom-up	37	1 <sup>st</sup>
	Top-down	30	1 <sup>st</sup>		Top-down	30	1 <sup>st</sup>
7. Community Building	Top-down and bottom-up (Mix)	23	2 <sup>nd</sup>	7. Community Building	Top-down and bottom-up (Mix)	23	2 <sup>nd</sup>
	Bottom-up	10	3 <sup>rd</sup>		Bottom-up	10	3 <sup>rd</sup>
	Top-down	27	1 <sup>st</sup>		Top-down	27	1 <sup>st</sup>
8. Skills Development	Top-down and bottom-up (Mix)	24	2 <sup>nd</sup>	8. Skills Development	Top-down and bottom-up (Mix)	24	2 <sup>nd</sup>
	Bottom-up	12	3 <sup>rd</sup>		Bottom-up	12	3 <sup>rd</sup>
	Top-down	8	3 <sup>rd</sup>		Top-down	8	3 <sup>rd</sup>
	Top-down and bottom-up (Mix)	34	1 <sup>st</sup>		Top-down and bottom-up (Mix)	34	1 <sup>st</sup>
	Bottom-up	21	2 <sup>nd</sup>		Bottom-up	21	2 <sup>nd</sup>

### Education

As per implementation process, the top – down strategy ranks first for the education program of both companies. The

Implementing parties included the company scholarship division, the LGU concerned, mostly through the barangay captain and education committee when applicable. The finding indicates that the top-down feature of the scholarship grant is due to the requirements set and as limited by the budget allotted by the company. The grantees involvement is a matter of compliance as per conditions of their grant. Given the nature of this program, it is understood that the grantees are in no position to negotiate or complain. More so when these grants are seen as gifts rather than entitlement. As one respondent explains, “*We just receive. Sino kami ngay nga agreklamo ti tulong ti kompanya (We just receive, who are we to even complain for the help given by the company).*” It can be said that Lepanto



and Philex through its scholarship programs, especially its full scholarship package is practicing a strategic as well as responsive education CSR.

This finally emphasized that education programs, no matter how it is implemented, still remains to be a popular and functional program for community development and long-term poverty alleviation strategy. In a study published by International Emporos (2012), it prescribes implementing education as a strategic CSR rather than a responsive CSR. The difference between the two is crucial and tantamount to the difference between top-down and bottom-up or mix strategy. Strategic CSR is a win-win formula that does not only render community service but also corporate benefits.

### Livelihood Projects

Results from the two companies show that the mix – strategy ranks first in the implementation of the livelihood projects. It can be inferred that given the more challenging nature of this program required the mix strategy for the implementation to be a success. Initial efforts to introduce sustainable livelihood programs failed. It took trial and error for some gains to be achieved. As mentioned by one of the key informants, prior to the Mining Act of 1995, the strategy they used was the typical top - down which yielded poor results. Today, it is one of the more successful programs although the degree varies for the two communities. Looking at the Standard Job Procedure of Philex, the implementation process is outlined to be a mix strategy. The top - down part includes corporate initiatives for community engagement from needs assessment to assist in project identification and prioritizing down to project implementation and technical assistance thru linkages with TEDSA and institutions like Benguet State University. Whereas, the bottom - up strategy includes community counterparts in projects identification and adoption to group mentoring within in associations then to projects feedback for evaluation purposes. During the graduation ceremony of the community - based livelihood trainings held last January, 2019 with BSU professors as trainers', the manifestation of the mix strategy being used in livelihood program implementation was made evident through the messages recorded during the program. The statements below support this claim:

**LGU representative:** *Those accreditations for our associations, have them be accredited as there are funds available but you need to abide by the regulations. This comes from Tuba. There is funding, we are willing to help but it's all up to you.*

**ComRel Manager:** *I, we, Philex would really look forward to see you succeed on what you plan to do to apply your trainings for if you succeed in your area, it also translates in other areas. Whatever you need that is what will be included as topics and shall be presented to whoever will conduct the training so they can also feedback. There should be feedbacking and there is input not only from us but also from you. As I told sir Jamesly, it would be nice to have a progressive training. Your participation during planning is to have some input. The role of Philex is to give you opportunities, to give you chances to gain knowledge and skills. That is what we can do. We give you the opportunity, we give you the resource persons, what you do with what you have learned, how you apply it, if you apply it, it's up to you.*

**Livelihood Adoptor- Participant:** *I am jealous that Camp 3 is very receptive to these kinds of trainings. Jealous at the same time happy. I wish in the future even when Philex is no longer here, our fellow folks at Ampucao can think to have production such as lemon and coffee. Please don't be selfish to us. If Philex won't be around, we can't afford to pay BSU for the trainings (Laughs ... after sharing their experience as a group for the mushroom project, she shared how they learned from their mistakes upon visiting the mushroom production in BSU and verifying the proper procedure. I wish that Camp 3 and Ampucao will always support each other even if you're from Camp 3 and we are from Ampucao... So, thank you Philex, Thank you too all.*

Another strategy that is unique to Philex is the unlimited skills trainings and seminars offered to the beneficiaries. The logic as explained by the ComRel staffs is to maximize the adoption of skills

that would turn into profitable livelihood outcomes. This message is well received by the community folks and is commonly reciprocated with words of thanks. In its mission statement, Philex wanted to achieve a livelihood program that is focused on building partnerships, empowering individuals, and promoting stakeholder accountability to help build self-reliant and sustainable communities.

Lepanto's livelihood is also successful in the areas involving women such as weaving and food processing. Guided mentorship is seen as a successful form of the mix strategy that nurtured and transformed this group. Backyard livestock raising is also a great success specifically the hog raising dispersal project. According to the ComRel manager of Lepanto, the six-hog model was used as a strategy for the adaptors from different sitios in Mankayan. Basically, this formula works by loaning six (6) starter piglets and feeds to a beneficiary member of the women's association. The said beneficiary will then raise the hogs and sell it when its due at around four months. The capital amount shall be "returned" through the association with minimal interest and be given to the next member in line. As of 2017, there were six women's association that was formed out of this project and around 276 members benefitted from this project. The results indicate the perfect illustration of the mix strategy (top-down and bottom up). In addition, Livelihood is prescribed by MGB to be a priority program as revealed by the Lepanto and Philex ComRel managers during interviews with them. It can be claimed that the top-down strategy begins at this mandate. However, the participating members also to contribute by way of shelling in their human resource in the duration of the said project.

In fact, some beneficiaries can recommend the next beneficiary who are their neighbors and may provide moral assistance and this is the bottom-up part. It can be inferred from Lepanto and Philex experience that the mix strategy (top-down and bottom-up) favors more complicated programs like livelihood as it entails more players needing to share the same goals. The findings add to the growing literature showing the benefits of mix approach compared to the one-sided approaches. Michael (2007) shared in his article, "the danger of sole top-down strategy as experienced in Kenya. A project on pumpkin and watermelon livelihood was proposed and funded by European Union for farmers in Kenya. Much as the local people were amused by the vision of the humanitarian organization, it failed to incorporate the local people's inputs. In the end, the project failed. The top-down strategy completely overlooked the local knowledge and their wisdom. Narula et al. (2017) proposed a sustainable livelihood framework to implement CSR project in the coal mining sector of India and recommended its adoption to other mining communities. The study highlighted the importance of capacity building through livelihood projects among mining communities. These data implied that delivering livelihood programs needed a proper balance of strategies such that problems arising from puristic strategies can be avoided. A top-down strategy is likened to "giving a man fish" whereas the Sustainable livelihood initiatives can thrive among mining communities if the proper strategy leads to capacity building rather than dependency.

### Infrastructure

The mix strategy ranks first in the implementation of the infrastructure projects in Lepanto while the bottom-up strategy ranks first in Philex infrastructure projects implementation. The finding implies that the two companies have a different approach in implementing their respective infrastructure projects. While Philex tends to be more permissive when it comes to project proposals, Lepanto tends to be more directive. As explained by one of the ComRel officers who also happens to be a local official that they typically would generously consider the community folks opinion during project planning sessions. Yet, there are times when bottom-up strategy may need to be compromised.

For Philex, the ComRel department initially identifies the projects then offered as a partnership to the affected residents. They are referred to as "incorporators" rather than "contractors". Unlike the typical contractor however, these are lay people, farmer, residents who happened to own

the land where the proposed project is located. The counterpart of the resident incorporator covers the operation expenses subject to reimbursement until the project is done. The company however can provide loan at a certain interest. The project monitoring and evaluation function is assigned to the ComReL office along with the concerned LGU representative, usually a Barangay Kagawad.

Additionally, among organized groups, the mix strategy is greatly appreciated for its effectiveness. The interview with the president of the women's association in Philex reveals a positive response towards the need of the communities. When asked about the implementation of the water tank project for the association, she narrated that planning was conducted in response to the requested water tank for their sitio.

### Environment Management

Based on the survey results, the bottom - up strategy rank first for this program. The result basically reflects the community's participation for the greening programs such as tree planting, cleaning and waste segregation. As to the environmental management and rehabilitation concerns for the whole community, it is basically a corporate primary responsibility more so with the toxic waste facilities maintenance and spillage management.

### Health and Wellness/Sanitation

For Lepanto, this program utilized the mix strategy. The bottom - up aspect covers the medical facilities and health services availed through the community hospital. Since it is open for the residents on a need basis, it is a matter of maximizing these benefits provided for the community. Meanwhile, the medical missions conducted in remote villages of Quirino and Cervantes Ilocos Sur are bi - annual company initiative in partnership with volunteer groups or individuals in and outside the camp (e.g Baguio, Manila). The mix strategy is also illustrated by the in- camp cleanliness contest held on a regular basis which covers all housing units in the different residence areas.

As for Philex, the bottom - up strategy ranked first for its health and wellness program as attested by one of the staffs from the ComRel department. Requests for medical missions as well as services were initiated from the barangay and community hospital staff. Such request and related projects were said to be accommodated generously by the top management., Manila).

### Community Building and Preservation of Culture

As shown in the table, the top - down strategy ranks first for the community building program whereas the bottom-up strategy ranks first for the preservation of culture by the respondents in Lepanto. The result indicates that the strategy is somehow determined by the nature of the people's involvement. Community building projects included the provision of community facilities within the host community. The CPJ theatre, sports complex and community library all serve to provide a venue for community gatherings and socialization. Meanwhile the preservation of culture services included support for the youth cultural group, Gambang which is a school based performing group. Likewise, support for community events encouraging the elder's participation towards cultural showcasing and participation. Given the occasional nature of such activities, it is basically a bottom-up endeavor where by the company's role is promotional in nature. Pio (2005) agrees that CSR practice can only be effective when it accommodates the cultural perspectives of the locations in which it is being implemented.

Meanwhile, Philex's 4th quarter annual accomplishment report stated the methodologies used for the various stages of the project cycle. These are the Participatory- Approach/ Community Involvement Annual planning and community fora that serve as venues for community leaders and stakeholders to express their opinions on issues affecting their communities. Through these, communities are empowered when they participate in planning and decision-making related programs

that will impact on them. Their active participation also creates a sense of local ownership and accountability of the identified and Prioritized Programs, Projects, Activities (PPAs).

On the level of the barangay officials, extreme comments were noted. One barangay official claimed that due process, especially consultation, was not observed whereas others were claim their experience was close to the ideal process. The findings support the analysis of Naccache et al., (2017) that top-down strategy may fail to realize Corporate Social Responsibility because it disregards the security and fairness needs of employees who play a decisive role in accomplishing the implementation of the CSR programs. It can be inferred further that that the right strategy in the implementation is as important as the intent of the programs themselves. The success of the intended outcomes lies on the strategies and their effectiveness along with other factors. Similarly, Del Baldo and Demartini (2012) stated that Corporate Social Responsibility and Sustainability are not concretely effective when they are not fostered by regional authorities together with local private actors. Furthermore, public initiatives, to be effective, should be taken into consideration the influence of local culture, the social milieu, and economic factors shaping the environment in which public-private networks arise. The findings support Naccache et al. (2017), in their analysis of twenty-two (22) managerial books, written by CSR theorists and gurus which suggested that this top-down strategy may fail to realize Corporate Social Responsibility because it disregards the security and fairness needs of employees who play a decisive role in accomplishing the CSR programs implementation.

### Effectiveness of the Strategies Adopted by Lepanto and Philex Mines in the CSR/SDMP Implementation

Table 4 presents the degree of effectiveness of the strategies adopted by Lepanto and Philex Mines in the implementation of the CSR/SDMP. Highly Effective strategies for Lepanto are top - down for Education and Infrastructure Programs. For Philex, all of the top ranked strategies are rated as highly effective .

STEEP VARIABLES	LEPANTO		PHILEX	
	MEAN	QD	MEAN	QD
Social				
• Enhanced Neighbourhood camaraderie and community spirit /cultural identity	3.13	ME	3.59	VME
• Increased socio-economic status of households over time	2.90	ME	3.35	VME
• Developed a more favourable attitude towards the management and mining in general	3.00	ME	3.41	VME
Technological				
• Enhanced technical competence of residents on personal and professional level	2.84	ME	3.24	ME
• Improved performance and standards at work	2.83	ME	3.24	ME
• Encourage adoption of new technologies aiding better and safer community life	2.86	ME	3.21	ME
Environmental				
• Instilled awareness on nature preservation, conservation, rehabilitation & green technologies	2.95	ME	3.43	VME
• Enhanced awareness and skills on disaster crisis management	2.97	ME	3.43	VME
• Enhanced waste management & safe practices towards nature and community	2.94	ME	3.40	VME
Economic				
• Renewed self- confidence thru financial literacy	2.75	ME	3.29	VME
• Enhanced capability building rather than dependency on dole outs and aid from company	2.84	ME	3.41	VME
• Increased household income and financial status over time	2.71	ME	3.37	VME
Political				
• Improved management image (local as well as national level)	2.70	ME	3.51	VME
• Lessened anti-mining sentiments /conflicts	2.71	ME	3.41	VME
• Increased manpower and work productivity	2.63	ME	3.41	VME
Average Mean	2.85	ME	3.38	VME

Legend:  
 3.25 - 4                      Very Much Effective (VME)  
 2.5 - 3.24                  Moderately Effective (ME)  
 1.75 - 2.49                Slightly Effective (SE)  
 1.0 - 1.74                  Not Effective (NE)

### Highly Effective Strategies

For LCMC and PMC, the top-down strategy turned out to be highly effective in implementing its education programs. Likewise, for infrastructure development projects, one factor affecting the high effectiveness of the top-down strategy for the education program is its accessibility. The set of requirements are simple and easy to comply by the beneficiaries from the host and neighboring communities hence it is received with utmost gratitude by the grantees. Other prevailing reasons leading to high compliance and implementation rate are efficiency for the facilitation of this project by the management, the positive attitude by the recipients and monitoring wise, the company does not need to exert much time and resources unlike in other programs.

The Infrastructure projects of Lepanto use the top-down strategy and is also rated by the respondents as highly effective due to the nature of the bidding process, the cooperators acting as contractors are under contract per project. The Terms of the contract must be satisfied and delivered prior to full reimbursement of expenses incurred. The finding implies that in some way the top-down strategy is effective in the process of delivering the intended results. Davis (2018), founder and CEO of her own company justifies that top-down still works because it gives an organization direction and discipline. On the part of Philex, the use of the mix strategy in the public infrastructure projects implementation is perceived by the respondents as highly effective in terms of the bidding process. The traditional bidding process is slightly modified such that potential cooperators acting as contractors are consulted first prior to any MOA on the projects. As most land areas are clan owned, family consent has become a part of the essential process adopted. Otherwise, the pure top-down bidding style won't work very well for these tight-knit communities.

As to the Health Programs, the mix strategy is moderately effective in Lepanto but highly effective in Philex. It may be inferred that the difference in the finding indicates that health programs are need-based programs wherein the services are delivered based on the identified concerns and requests coming from the medical director, community leaders or concerned residents. Furthermore, the result implies that the management gives value to the good health of the community. Bester (2011) posits that people are the building blocks of society and well-being is the most important thing. Not only physical well-being, but also psychological well-being.

For the livelihood projects of both companies, the mix strategy also rendered highly effective standing due to the involvement of the community during consultations and community meetings with the livelihood adopter-participants and this has become a protocol for Philex which is being practiced at present. The result points to the effective communication strategy that seems to pay-off for Philex communities. As stated in their 4th quarter annual accomplishment report, one of the several methods used for the various stages of the company's project implementation that is effective in raising community engagement is the Participatory Approach/Community Involvement. Annual planning and community fora serve as venues for community leaders and stakeholders to express their opinions on issues affecting their communities. Through these, communities are empowered when they participate in planning and decision-making related programs that will impact on them. Their active participation also creates a sense of local ownership and accountability of the identified and Prioritized Programs, Projects, Activities (PPAs).

Regarding the Environmental Program of Philex, the bottom-up strategy is highly effective in the conduct of the various environmental protection activities such as tree planting, community nurseries installation, waste segregation etc. Nonetheless, the environmental rehabilitation project required from the company is initiated by the management thus the top-down strategy is applied.



This implies that the more technical the nature of the project is the more the top – down strategy is put to use because it requires the management initiatives to safeguard the environment. As stated in the Philippine Mining Act of 1995 (RA 7492) Chapter X1 , Section 9 that every contractor shall undertake an environmental protection and enhancement program covering the period of the mineral agreement or permit. Such environmental program shall be incorporated in the work program which the contractor or permittee shall submit as an accompanying document to the application for a mineral agreement or permit. The work program shall include not only plans relative to mining operations but also to rehabilitation, regeneration, revegetation and reforestation of mineralized areas, slope stabilization of mined-out and tailings covered areas, aquaculture, watershed development and water conservation; and socioeconomic development.

Another contributory factor for the success of Philex is the community leaders level of knowledge regarding policies and practice of the programs.

*As one barangay official commented “SDMP is no longer a company fund because it involved local government units, like the barangay, municipality, province and the MGB as mandated by the 1995 Mining Act. So Philex cannot claim sole authority because if we don’t sign the agreement, then they cannot implement”*

Warner and Sullivan (2004) suggest that community involvement helps to maintain relations with local and global communities, to prevent and resolve disputes, and to manage the impacts of investment and disinvestment in particular locations. It is also to engage stakeholders, solve operational challenges, and respond to public pressure and for greater accountability (Svendsen and Laberge, 2005).

In a focus group discussion with Philex’s top management officers, several success tips were shared. First, Philex management wanted to champion transparency to the people. This is one corporate value they try to live by in order to sustain productive partnerships. Using transparency to build trust has been embraced and practiced by some of the mining companies in the world where regular disclosure of key decisions, performance metrics and contributions to local and national economies has garnered company trust with stakeholders (International Finance Corporation (IFC), The International Council on Mining and Metals (ICMM)

Second, the officers capitalize on good rapport building and hands on approach to project implementation and intensive follow up activities. In addition working closely with LGUs and line agencies was mentioned as another effective method. Overall, the findings for Philex indicate sound programs management and effective communication strategy. The good level of corporate credibility can be sensed among the residents. Benze and Clemens (2014) study of CSR mining in Australia concluded that strategic implementation of CSR required a proactive and well developed communication policy. This helps significantly stabilize trust building which is essential for the longevity of a successful company-stakeholder relationship as key stakeholders expect relevant and transparent CSR/SDMP disclosure.

#### Moderately Effective Strategies

A greater number of respondents in Lepanto favor the mix strategy in the implementation of the CSR/SDMP.

This can be attributed to several factors such as the challenges towards its highly effective implementation and the different personality and experiences of the host and neighboring communities. For livelihood projects, sometimes the bottom- up strategy has been found to cause conflict as far as accommodating everyone’s opinion is concerned, thus the mix strategy is preferred. Therefore, the choice of the mix strategy can be understood from the vantage point of the

project implementers and beneficiaries. The participants expressed their thoughts and experiences in the following statements:

**ComRel staff:** *When we did the planning, it wasn't very easy. People were disappointed by past failures, especially on livelihood. I cannot blame the people, as indeed, there were many groups who availed of livelihood programs from various agencies, and yet none has prospered. So the barangay officials would tend to suggest road projects instead. Sometimes they would even argue. We tried however to convince them to explore other programs since there are existing roads already.*

**Livelihood Beneficiary:** *One of the reasons why our livelihood projects fail is the attitude of members. The members tend to insist what they like thus leading to senseless arguments. For me, I just remain quiet and let them be.*

This implies that too much democracy breeds conflict and can affect the effectiveness of strategies. Nevertheless, Lepanto's ComRel department aims to observe a democratic process involving the community. The foregoing reasons reflect the findings of Sylva (2017) why the top down is still preferred strategy by government and donor organizations. While the bottom-up does allow community representation, it has low degree of control and thus compromises the efficient conduct of performance targets. In addition, outputs of bottom up are also unpredictable, haphazard and less uniform due to individual preferences thus somehow mix strategy yield positive results. The findings for this section implied that varied opportunities and situations demand the need to explore varied strategies that render the best outcome for each program. After all, the strategies maybe as effective as the situation allows. Cox and Larthrop (2007) also concluded that one approach does not fit all. In their study of delivery health services to developing nations, the pitfalls of bottom up was also noted. Thus a comprehensive approach was suggested. This approach involved a root cause analysis to address common challenges and must be tailored to local contexts.

### Seriousness of Challenges in the Implementation of CSR/SDMP

Table 5 indicates the degree of seriousness of the challenges in the implementation of the CSR/SDMP programs of Lepanto and Philex Mines. The serious challenges under Administration, Community, Internal and external threats categories are lack of financial support /budget allocation, management/leadership issues, political issues affecting administrative sustainability and competence and ambivalent community attitude towards administration and community leaders then conditional support from LGU officials and Line agencies. Whilst the slightly serious issues are conditional support from LGUs & Line Agencies and International sentiment against mining. Whereas, the not serious issues included multi-cultural background, lawsuits, pressure from media and competition from other mining companies.

### Administration Challenges

The serious challenges common for Lepanto and Philex included lack of financial support /budget allocation, ambivalent community attitude towards administration and community leaders, local attitudes towards CSR in general and extraneous events such as calamities and typhoons. Whereas the least serious challenges included Ambivalent Government policies on mining and international sentiment against mining. The rest of the challenge variables varied per company.

Table 5: Seriousness of Challenges in the Implementation of CSR/SDMP

CHALLENGES	LEPANTO		PHILEX	
	MEAN	QD	MEAN	QD
1. Administration				
• Lack of financial support /budget allocation	2.89	S	2.57	S
• Management/leadership issues	2.69	S	2.43	SS
• Political issues affecting administrative Sustainability and competence	2.66	S	2.37	SS
2. Community				
• Ambivalent community attitude towards administration and community leaders	2.92	S	2.56	S
• Fragmented group sentiments towards mining	1.98	SS	2.22	SS
• Multi – Cultural diversity of community background	1.70	NS	2.22	SS
3. External Threats				
• Competition from other mining companies and small scale mining groups /supporters	1.40	NS	1.92	SS
• Pressure from cause oriented groups media/NGO	1.41	NS	1.95	SS
• Political bottlenecks /issues /lawsuits	1.51	NS	1.94	SS
4. Others (internal & external)				
• Conditional support from LGUs & Line agencies	1.92	SS	2.70	S
• Local attitude towards CSR in general	2.81	S	2.73	S
• Extraneous events such as calamities, typhoons	2.81	S	2.98	S
• Ambivalent Government policies on mining	1.33	NS	1.60	NS
• International sentiment against mining	1.30	NS	1.56	NS
<b>Average</b>	<b>2.11</b>	<b>SS</b>	<b>2.26</b>	<b>SS</b>
Legend:				
3.25 - 4	Very Serious (VS)	1.75 – 2.49	Slightly Serious (SS)	
2.5 – 3.24	Serious (S)	1.0 – 1.74	Not Serious (NS)	

### Lack of Financial Support/Budget Allocation

The finding delivers a different view For Lepanto, the 1.5% operational cost supporting the SDMP projects is worth millions (P108,356M 2012-2016 cycle Budget), yet the concern on scarcity of budget always came out during interviews and surveys. This should not be surprising considering the number of major and minor projects funded. Take for example the funding for infrastructure projects, a contactor shared that funding an infrastructure project on a build- now -pay -later scheme is very discouraging. Not to mention the delayed reimbursement coming all the way from Makati main office. This was one cause for backlogs. This problem is also noted in the company's 5- year plan.

One proposed solution is to remove Quirino and Cervantes as beneficiaries purposely for the most affected municipality to be the priority. The approved SDMP plan however included Cervantes and Quirino as a result of its Impact Assessment study. The MGB strongly supported this One proposed solution is to remove Quirino and Cervantes as beneficiaries purposely for the most affected municipality to be the priority. The approved SDMP plan however included Cervantes and Quirino as a result of its Impact Assessment study. The MGB strongly supported this inclusion. Thus, the overall sharing scheme is 80% (Mankayan), 13% (Cervantes) and 7% (Quirino).

In its monitoring and evaluation report submitted to MGB regional office, Lepanto bared the total operating cost of 1.5% for the previous year 2011 at P 21,428,010.44. This was segmented into P16,071,007.84 for the 75% SDMP, P 3,214,201.57 for 15% DMTG and 2,142,801.04 for the 10% IEC programs. The backlogs from the previous year that amounted to P105,989.04 (ASDMP), 2,892,250 (IEC), P1,222,484 (DMTG) were carried over to the current year. This trend of implementation remains to be one major challenge to beat.

Philex shared the burden of stretching its mandated 1.5% to cover its SDMP programs. This amount covers beneficiaries from two municipalities, Itogon and Tuba. The scope is broad enough to cause some serious financial constraints. Furthermore, financial pressure from the newly implemented TRAIN Law doubled the excise tax for mining companies. In 2017, Philex Mining contributed a total

of PHP15.3 million in local business taxes toward the coffers of Tuba (PHP8 million) and Itogon (PHP7.4 million). Despite of this Philex reported beyond compliance budget spending especially on land-resource management aspect and Environmental Protection and Enhancement Program (EPEP). In 2017 alone, Philex spent P23.67 million for the various reforestation and forest-protection projects for the first three months, or 24.2 percent of the P97.87-million fund allocated. This was on top of its SDMP allocation.

Yuen and Wong (2016) state that one of the barriers to CSR implementation is resource limitation. Accordingly, budgets for implementing CSR are often inadequate and outcompeted by other projects which guarantee higher return on investments. The financial aspect remains the main barrier to pursue CSR, with big companies admitting the budgets are limited but at the same time being optimistic about an increase in the budget.

### Political Issues Affecting Administrative Sustainability and Competence

This variable is identified by the respondents as a serious challenge for Lepanto. Despite its well-intentioned CSR/SDMP programs, Lepanto's credibility score was marred by two critical issues. First, is the environmental problem triggered by the Mankayan sinking incident that happened in July 1999 where the Colalo Elementary School grounds including five residential houses sank, with Pablo Gomez, school employee perishing as he guarded the school grounds and his remains were never found. This encouraged Mayor Materno Luspian to have an independent probe to settle once and for all the cause and solution to this problem. His official statements were:

*"When it was not a mining site, there was no sinking, why only now? What is the impact of mining underground to the surface, to the environment? Whether the sinking is caused by mining, the social responsibility of the mining company must come in to take care of its host barangay," Luspian added. "That is what we are asking the company, what your social responsibility is? You have lived and gotten the wealth of the area, what about the surface that was disturbed? Let their conscience work"*.

Since the passage of the Mining Act of 1995 and the CSR Act of 2011, Lepanto had the chance to re-establish rapport in its host and neighboring communities thru its various CSR and SDMP projects. In fact, it declared an SDMP spending of P25M for Mankayan in the year 2016 alone. It can then be inferred those critical events and the manner it was resolved can affect people's perception of the administration.

It can be deduced that CSR is about balancing the diverse demands of communities for the mining industry, perhaps more as the industry is often operated in remote locations with indigenous peoples and their potential negative social and environmental impact is significant (Jenkins, 2004). Therefore, it requires mining companies to respond to community demands and expectations, and develop good relationships with the communities. As stated in the CSR models of Visser (2008) and Carroll (1991), it is the responsibility of companies to ensure that host and neighboring communities are safe and secured from the negative impacts of the mines. Thus, the associated actions of mining companies are the implementation of CSR programs as a way to demonstrate the company's commitment to minimize the negative impacts associated with its business operations and processes, which could affect society and the environment (Colantonio, 2007).

Lepanto was again the center of controversy due to its labor woes in 2005 and 2009. Philippine Star Global (2005) stated that Lepanto reported a net loss of P409.532 million due to constrained minerals production as resulting from workers strike and subsequent work stoppage for four months from June 2 to September 11, 2005. Eventually, the situation was resolved, but not without consequences.

According to the report of Catajan (2010), the wages, SSS/Pag-ibig benefits of those who joined the protest were unpaid and unremitted while other news reported that some of our political leaders investigated and facilitated the settlement with LCMC. The settlement however was slow and

painful process that came in installments. Peaceful prayer rallies were staged as the employees and union officers aimed for a more reconciliatory approach to resolve the problem this time. Eventually, the workers patience paid off. According to Gidwaney (2012), companies should consider these benefits in the implementation of their CSR programs since this will help motivate employees, enhance loyalty and provide a better reward for the delivered performance. Furthermore, Fox et al. (2002) emphasizes that CSR should be a commitment of any firms to contribute to the sustainable economic development of the local community and to improve the quality of life.

The abovementioned crisis experienced by the employees of Lepanto clearly shows that the sustainability in the implementation of CSR is affected by political issues at the same time the role of CSR as a “deodorizer” or peace offering is again being questioned. Some authors however cautioned that CSR should not be mistaken for the “purpose” of business. Murisa (2010) views CSR as one of the efforts to bridging gap between the communities living around the company. However, it is a business process that should go beyond a company’s legal obligations. It is a commitment to contribute to sustainable economic development, working with employees, their families, the local community, and society at large to improve their quality of life in ways that are good for business and for community development.

#### Management/Leadership Issues

As shown in the table, a greater number of respondents from Lepanto rated these criteria as serious while for Philex it is slightly serious. The result indicate that the people give importance to management competence and leadership skills in the implementation of the various CSR/SDMP. The preceding concept is enlivened in Moodley (2012), “Management – a skill not to be overlooked in mining”. The participants echoed their position:

**Key Informant 1:** *Sometimes they don’t listen to our comments and suggestions*

**Key Informant 2:** *There is a delay in the project implementation and payments of projects. As I observed in the past, when we had our planning there were some problems like conflicts that were not resolved by the management.*

As purported by CEO Nico de Kock, companies need to assess their management capability and learn to become more effective in the basics of planning, organizing, leading and controlling. Management and leadership should not be seen as separate skills, as they are interlinked and necessary to improve productivity to achieve better results.

On the part of Philex, the finding implies that the management and leadership skills of the company contribute to the successful implementation of the CSR/SDMP despite as observed by some of the respondents, the ComRel staffs assigned in their sitio frequently visit the project areas to monitor and most if not, all were well known in the communities. Another participant emphasized during the focus group discussion that she appreciates and applauds the management performance and leadership skills of Philex Mining Company because of its active participation in the development of host and neighboring communities that is also evident in its SDMP implementation primarily to promote self-reliance and sustainable development among beneficiaries and constituents. Furthermore, leadership is considered to be the critical success factor for CSR within an organization for it secures the commitment of management and develops a system of incentives to reward leaders who develop and push for the adoption of sustainability practices at all levels. It always takes an active individual that is both a good leader and a good manager to transform a company into a sustainable and socially responsible enterprise (Szekely & Knirsch, 2005).

#### Community Challenges: Ambivalent Community Attitude Towards Administration and Community Leaders

This criteria under community challenge are considered serious by the respondents of both mining communities. The result indicates that the strong ambivalence is primarily revolving on how



the communities perceive the administration and community leaders as to their role and purpose of doing CSR and SDMP. Secondly, it is also rooted to their personal sentiments on mining. For Lepanto, some of the respondents expressed fears that the company is doing CSR/SDMP to appease or win the affected communities. While some believed that the company is sincere in its effort to help. This perception was observed more in the host communities especially those who met the CEO in person. For Philex, externally influenced antagonism has existed in the past and it somehow brought detrimental consequence.

In this scenario, the root of ambivalence included the benefits and dangers of non-conformity to the majority. The findings imply that CSR and SDMP does need a good amount of Public Relation. However, caution was advised by some authors on the use of PR. CSR should not be used as a PR fix. Thacker (2018) mentioned that PR is not CSR. True CSR does not need to hide the wrongdoings of the company. True CSR guides the company to stay away from wrongdoings. Studies showing the dangers of “sugar coating” CSR was discussed by Stanusch (2015). The book mentioned the general findings that CSR provides corporations the “illusion” of “doing good” and that renders “Sugar Coating” as the cost of doing business”.

Many complex calculations lay behind the success of a mining project. Chief among them is the relationship with the local community. A good relationship can mean smooth sailing, while a troubled one might lead to delays and even mine closures (Arizpe, 2019). Berlanga (2019) likewise mentioned that the most important thing is to ensure close communication with the community at all times. The impact of a good relationship might extend far beyond the company and the community.

#### Internal and External Challenges Local Attitude towards CSR in General

With regards to the local attitude towards CSR & SDMP in general, Philex and Lepanto tallied this factor to be a serious challenge as shown in the table. In Lepanto, this is manifested through the poor attendance of the people during community meetings. As commented by one Barangay Captain in an interview:

*People won't seem to gather if you say "Lepanto shall hold a meeting", it's when I say it's a barangay meeting then they come*

However, one of the respondents said that in their sitio when the Lepanto Management through their COMREL office initiates a public consultation, trainings or seminars related to CSR/SDMP they participate:

*For us in our sitio, we attend the consultations, trainings or seminars facilitated by the COMREL office because these are for our own benefit*

The bigger issue that surfaced was the debate over the IP's rights to claim and operate the mining communities. Despite the strong anti-mining sentiment that have previously crept into the communities, most residents in the host barangays still positively support Lepanto. One elder resident said:

*I can't say anything against the company since we really can't do it. As the mayor replied on the claim that Lepanto should be mined by the indigents, "Who are the indigents" everyone is/we all are". It's true, it's not like an umbrella that we ask to close for us to open again, right?*

For Philex, the attitude concern gears towards dependency rather than antagonism. Conflicts and jealousy issues were typically expressed during interviews, especially for the infrastructure and livelihood programs. Accusations of favoritism on the part of project administrators and community leaders came from the less impacted barangays. As such transparent budget allocation and clear communication to the communities as to the sharing scheme is crucial to leveling expectations and eliminating these said issues.

The antagonism when things fail to deliver expectations is as deadly as tendency for dependency when things work and deliver some goods to the community. As observed during the focus group discussions and interviews, some Philex respondents denied this and supported the company's agenda towards self-reliance, its rather hard to say if this was a minority or majority mindset. One of the ComRel staffs did mention this fear and hoped for a more empowered attitude from the communities. More so for Philex which is nearing its decommissioning stage (2022-2024)? As a preparatory move, the company has geared up its livelihood and skills development and toned down its Infrastructure budget.

#### Others (Internal and External) Conditional Support from LGUs and Line Agencies

This variable is seen as slightly serious by the respondents. As stipulated in the Mining Act, MGB is mandated to do audit, monitoring and evaluation functions, whereas, DTI renders technical support. The LGUs as stakeholders are identified as co- implementers and conduits of development projects. An optimal level of support for each player is crucial in bringing forth optimal results. Lepanto and Philex respondents tally results projected a serious problem along this variable. Varying levels of commitment and communication/coordination issues were noted as possible causes of operations in discord.

#### Extraneous Events /Calamities

This variable is considered as a serious challenge by the respondents from both mining companies. The Philippines has suffered from an inexhaustible number of deadly typhoons, earthquakes, volcano eruptions and other natural disasters. Each hazard varies, and leaves a lasting impact in most cases on the people, disrupting life and livelihoods, suspension and cancellation of classes, works, seminars/trainings, implementation of projects or other human activities. These calamities like typhoons affected the CSR/SDMP implementation of Lepanto. Some of the respondents mentioned the delay in the implementation of the CSR/SDMP projects due to calamities such as typhoons. But the more serious problem was felt by neighboring communities like Cervantes in the past years, when toxic floodwaters pollute the river other than damaging agricultural lands. There was an account of a man drowning along with his carabaos in one of these occasions.

Philex had its share of bad publicity in 2012 when its tailings pond (TFS #3) collapsed in the aftermath of Typhoon Gener. This led to suspension and a hefty penalty of P1 Billion by DENR and MGB in violation of the Mining Act of 1995. Initially, Philex management was reluctant to pay up and proposed a clean-up settlement instead. Based from GMA news reported in 2012, Philex is reluctant to pay up, arguing that, "forces of nature cannot be prevented 100 percent." Aratas asserted: The management said that if you fine us the responsibility should have been settled or if you order us to clean up then we will do it.

The MGB chief is standing firm on the penalty:

*Ang contention kasi ng Philex pagka-force majeure hindi sila dapat magbayad ng P1 billion. Pero dun sa provision ng Mining Act na kung saan namin hinugot yung parusa... wala namang nakalagay na hindi ka magbabayad kung force majeure, Jasareno explained (Philex contention regarding force majeure is that they should not pay 1 billion however it is stated in the provisions of the Mining Act where force majeure incidents are penalized).*

It was said that the disaster came at such a bad timing. At the heat of anti - mining sentiment, the Padcal spill was dubbed as the "biggest mining disaster" in the Philippines. Philex became a national headline and the intense pressure caused by the media and anti-mining groups eventually lead to a settlement. Moreover, the suspension order left the management no choice but to settle. In addition, another P188.6 million was paid as penalty for violation of the Clean Water Act during the period August 2012 to February 2014. The consequence proved more disastrous for Philex. The environmental consequence was far worse as the spill concentrated the Balog Creek, that flows into

the Agno River, “Biologically dead”. As for the affected communities, Director Jasareno decided the fines would be placed in a trust fund that will be used to pay for the claims of affected residents or communities. Finally, Philex management issued a public statement which was apologetic enough, thru its spokesperson, Aratas:

*The company is aware that the mining leak weighs heavily on the public’s perception of mining operations in the country. Ang face ng mining will be at stake [dito]. Ayaw din namin na i-fail,” said Aratas. “Hindi lang Philex kasi ito. We are carrying the burden of proving that mining is really responsible.” (The company is aware that the mining leak weighs heavily on the public’s perception of mining operations in the country. The image of mining will be at stake here. We do not like to fail said Aratas. This is not only about Philex. We are carrying the burden of proving that mining is really responsible).*

The findings for the challenges in Lepanto and Philex solidify support to the claim that one of the greatest challenges for implementing and developing CSR were steady competitive tension, inadequate backing from the government and other non-government organizations beside the huge cost of implementation (Jonker and Witte as cited by Yuen and Wong, 2016). The overall implication from these findings is the realization that CSR in mining is not easy to implement. The barriers are as big as the drivers. It takes the highest level of managerial commitment and expertise along with the proper mix of strategies and impeccable risk management skill to make things work.

### Effectiveness of the CSR/SDMP Implementation along STEEP

Table 6 presents the level of effectiveness of the CSR/SDMP of Philex and Lepanto along STEEP (Social, Technological, Economic, Environmental, Political) indicators. Lepanto obtained a moderately effective rating while Philex is highly effective in the implementation of the CSR/SDMP. As per variable, Lepanto obtained a moderately effective result for all the STEEP indicators. Philex obtained a very much effective rating for all the STEEP indicators, except for technological which is moderately effective. The consistently moderate trend in Lepanto implies that the respondents’ level of expectation on the SDMP and CSR programs are not fully satisfied. It could also imply that Philex respondents have lower expectations from the company’s SDMP/ CSR programs.

Table 6. Effectiveness of the strategies in the CSR/SDMP implementation

CSR PROGRAMS (LEPANTO)	EFFECTIVENESS STRATEGIES			CSR PROGRAMS (PHILEX)	EFFECTIVENESS STRATEGIES		
	%	QD			%	QD	
1. Education	81	HE	Top-down	1. Education	95	HE	Top-down
2. Health and Wellness	56	ME	Top-down and Bottom-up(Mix)	2. Health and Sanitation	84	HE and (Mix)	Top-down and Bottom-up
3. Livelihood Projects	54	ME	Top-down and Bottom-up(Mix)	3. Livelihood and Skills Development	90	HE and (Mix)	Top-down and Bottom-up
4. Preservation of Culture	56	ME	Bottom-up	4.Environmental Management	90	HE	Bottom-up
5. Infrastructure	81	HE	Top-down	5. Public Infrastructure	95	HE and (Mix)	Top-down and Bottom-up
6. Emergency Preparedness and Response	56	ME	Top-down				
7. Community Building	56	ME	Top-down and Bottom-up (Mix)				
8. Skills Development	56	ME	Top-down and Bottom-up(Mix)				

Legend: 80-100 – Highly Effective (HE), 50-79 - Moderately Effective (ME), 1-49 – Slightly Effective (SE), 0-.99 – Least Effective (LE)

### Social effectiveness

The findings imply that for both companies, the CSR/SDMP are socially effective in creating avenues for social interaction and become a nexus for cross cultural understanding and cooperation

among residents as well as the migrants who often came from different ethnolinguistic groups. Though considered least important, CSR/SDMP regarding culture must still need to be implemented to sustain social coherence or strong bond in the community and to boost the enthusiasm of individuals to cooperate in community decision-making involving the barangay government and the private companies. Pio (2005) asserts that CSR practice can only be effective when it accommodates the cultural perspectives of the locations in which it is being implemented. However, the data shows that there is a difference as to the level of social effectiveness of the CSR/SDMP for Lepanto and Philex primarily because of the differences in demographic and cultural composition for both. Lepanto's host and neighboring communities are more culturally diverse (Kankana-eyes of Mankayan to Ilocanos of Cervantes) as compared to Philex that is predominantly Ibalois and Kankanaeys). Hence, it's harder to attain socio cultural integration with a more heterogeneous group. The statements below reveal the insights of the participants from both companies during the focus group discussion regarding the social effectiveness of the CSR/SDMP implementation.

**Lepanto:** *Yes at least camaraderie is enhanced as people here come from various places. We get to meet new friends, be it from the lowlands, tagalog, other than our neighbor*

**Philex:** *Because of the SDMP, the barangay will be united together. It's one reason for us to join and go with the flow*

The result tie well with (Agoot et al., 2014) standpoint noting that CSR programs regarding culture must still need to be implemented to sustain social coherence or strong bond in the community and to boost the enthusiasm of individuals to cooperate in community decision-making involving the barangay issues and concerns. The development of a more favorable attitude towards the management and mining in general is another indicator contributory to the social effectiveness of the CSR/SDMP implementation for both companies. The finding denotes that mining is perceived as a development opportunity for the host and neighboring communities because of the main benefits (scholarships, livelihood assistance, medical missions, infrastructure projects etc.). This result confirms the findings of previous studies showing that mining in general is appreciated and favored by the people because of its benefits they enjoy (Sering, 2014).

### Technological Effectiveness

As to the technological aspect, CSR/SDMP is perceive by the respondents and participants as moderately effective with in enhancing their technical competence on a personal and professional level at the same time in encouraging for the adoption of new technologies aiding better and safer community life. This result indicates that both mining companies are concern in the advancement of the technical competencies and the tangible soft skills of its host and neighboring communities. Positively, the participants consider their learnings beneficial to them and to the wellbeing of the community. This is reflected in the following responses:

**Lepanto Livelihood Beneficiary:** *For us, technologies made things easier say, for our wine and chips making, we now have electric cutter and mixer. Even for weaving we now use the tillar. Unlike before, we can do things faster now. Instead of manually doing this and that.*

**Philex ComRel staff said:** *To date, we have 6 batches of SMAO under the K12 OJT program. It's around 20-25 trainees. We also have in partnership with DSWD under the DMTG. Hopefully they get employed after such training. Some went elsewhere or abroad. Last year, we could have started the soft trades on cookery but it was delayed as we have yet to purchase the equipment required by the TESDA curriculum. It's not a matter of quantity but rather quality and sustainability, like we have to prepare them for the NC II).*

### Environmental Effectiveness

A greater number of respondents and participants in Philex gave this indicator a higher rating as compared to Lepanto that obtained lower rating. It can then be inferred that some of the



respondents in Lepanto may not be satisfied on the environmental programs implemented by the company. It cannot be denied that mining activities have resulted to environmental pollution and damage to health of affected communities (Jenkins and Obara, 2008). On the part of Philex, the participants response on the environmental effectiveness of the CSR/SDMP implementation indicate a remarkable and sustainable environmental project for its host and neighboring communities. Philex Mining Corporation hopes to continue taking care of the environment beyond what is required by law as it spent P89.53 million, or 20.5 percent of its total budget of P436.94 million for this year's environmental and enhancement projects, including the management of land and water resources, hazardous waste, and air quality, as well as the third-party monitoring of mine facilities (The Philippine Star, 2017). As mentioned by one of the key informants:

*When it comes to greening program of Philex, they have nurseries not only in ampucan but even outside areas. You can request for seedlings. They have a target total area to be planted. For the waste management, they have a sanitary landfill where they bring our garbage as we don't have one.*

The foregoing reasons also reflect Blowfield and Murray (2011), views on the issues about the environment being the heart of CSR since it encompasses broad spectrum of recycling, managing waste, pollution prevention and control, and management of natural resources. Furthermore, this statement is supported by Jenkins (2014) that CSR of the mining industry is about balancing the diverse demands of communities and to protect the environment with ever present need to make a profit. Existing accountability mechanisms state explicit corporate commitment to local communities, sustainability, and sustainable livelihood opportunities.

### Economic Effectiveness

Mining operations can result to positive impacts on the host and neighboring communities such as enhancement of the capability building, increased household income and financial status over time rather than dependency on dole outs and aid from company and renewed self- confidence thru financial literacy. Historically, the mining sector has brought important economic gains to both mining companies and local communities. The main economic benefit for locals was an increase in employment opportunities (World Bank and International Finance Corporation, 2002.) In relation to the findings of the study, the participants from both companies fervently acknowledge the greater impact of mining in their lives.:

**Lepanto beneficiary:** *The economic situation improved. At least it helped, unlike before when they just go weeding.*

**ComRel staff:** *The way I see it, our life has improved. I am one of the scholars of Lepanto and I am currently working. The salary is not promising but at least we have a source of living.*

**Philex beneficiary:** *Prior to these livelihood programs, we are each on our own, now we have our own group especially in the fisheries project. This lemon project is individual but we are closely monitored by Philex. It helped a lot our family, we were able to finish building our house and even bought a second vehicle for our lemon farm. That is why we thank Philex. We hope things will continue.*

**ComRel staff:** *Through livelihood trainings, we help improve the capability of communities, we also provide seed money for start-up business.*

In support of the above claims of the participants, Porter and Kramer (2006) attested that 'With the incorporation of sustainable livelihood programs as part of CSR by mining companies into their business strategy community members are now being re-skilled to engage in alternative livelihood programs. Moreover, Amponsah-Tawiah and Dartey-Baah (2011), also emphasized that education programs are aimed at making community members self-reliant even after the closure of the mines. Indeed, livelihood and education programs among Philex communities are more positively felt and sustained meanwhile Lepanto has yet to achieve a better impact portfolio.



### Political Effectiveness

For Lepanto, political effectiveness of CSR/SDMP implementation along the improvement of the management image (local as well as national level), lessening of anti-mining sentiments /conflicts and in increasing manpower and work productivity are moderately effective whilst Philex is very much effective in all the three indicators. It can be inferred that, somehow the CSR and SDMP help appease anti- mining sentiments especially for its host and neighboring communities. The qualitative data indicate a typical ambivalent reaction of the people towards mining. The participants expressed their stand regarding the company image and anti-mining sentiments. They are as follows:

**Lepanto key informant:** *Negative comments against mining was lessened at least. Of course, they say that mining caused a lot of damages, it's a given but the SDMP program, it helped a lot.*

**Philex key informant:** *I lived here for how many years and I have seen how Philex implemented well these CSR/SDMP and I can say, ma'am, that there was a big change in Philex. Before I was really anti-mining but because of these programs, I now appreciate them as a responsible mining company in our community and the management is quite good thus enhancing the reputation of Philex. If there were a lot of detrimental effects of mining, so be it, it's the primary source of livelihood here.as I have said earlier, the management is good...*

It can be noted that CSR improves company image. CSR actually portrays the image of the firm itself. It shows what the company has done to fulfill its corporate duty to ensure the firm is not only good in providing the service but also plays its, roles by contributing something to the community. The issue of an increase in costs from the researcher's point of view may only be experienced in the short run however in the long run CSR activities are beneficial to the organization. The significance of a good company image cannot be disregarded this is because a positive image increases profitability in the long run (Mandina et al., 2014). A good image establishes confidence, loyalty, trust, and stronger relations with its host and neighboring communities. Concurring with this notion is Porter and Kramer (2006) who posits that reputation is used by many companies to justify CSR initiatives on the grounds that they will improve a company's image, strengthen its brand, enliven morale, and even raise the value of its stock.

The over- all findings demonstrate two things: CSR/SDMP is double barreled and a political activity. For every positive impact come along a reactive consequence such as the economic development leading to dependency. It did manifest for Lepanto and Philex although it is hard to say on what level it crept into each system.

On a similar study conducted by Jenkins and Obarra (2008), they looked into the CSR approaches and impacts of the two multinational mining companies in Ghana, West Africa to the communities. They concluded that one major pitfall of CSR is the problem of dependency. This is often described as the 'resource curse thesis'– where resource abundant countries display weak economic performance as the foreign capital inputs needed for mining impoverish rather than enrich a nation. Swift and Zadek (2002) noted that while there is a strong potential for CSR to make a positive contribution to address the needs of disadvantaged communities, there are ways in which CSR could, whether by mistake or by design, damage such communities. Reasons identified are: a) Lack of transparency over revenue flows to mining communities and how much is spent on corporate community initiatives; b) Distribution of resource-based benefits. This can cause tension and conflict within and between communities and the funds for community development projects may be misappropriated; c) Consultation with communities- where consultation with communities does take place it is often superficial and inadequate. Consultation is rarely all-inclusive, leading to some members of the community being given more 'voice' than others, usually those who hold power in the community such as men and tribal leaders.

Notably, CSR/SDMP being a political activity is somehow highlighted in the results of the surveys and interviews. Sheehy (2015) articulated that CSR may be categorized as a political framework or a corporate citizenship concept aimed at instilling the virtues of good behavior in

society and country. Frynas and Stephens (2015) analyzed in their research that CSR is a political activity by corporations mainly to win legitimacy of stakeholders including the government. CSR may be used to win political favors from the government and against political activism by stakeholders.

A political construct of CSR, may lack an implementation basis because political activism may be localized and based on special interest as opposed to being a universal structure to ensure a permanent positive social change. Corporations may be powerful and influence politics to get favor through deregulations and acts of leniency by a ruling party, which may contradict the purpose of CSR and stifle societal development (Kalla and Broockman, 2015).

## CONCLUSION

1. CSR as practiced by the two mining companies in Benguet is still operating on the humanitarian-dependency model. There exist some legal loopholes on the practice of CSR. The companies tend to perform well in delivering SDMP, the compulsory version of CSR, while failing to establish more long lasting and high impact CSR among the host and affected IP communities. SDMP spending have been greatly limited by the budgetary ceiling of 1.5%. Likewise, mechanisms to minimize backlogs are also crucial to enhance success. Given the scope of the host and affected communities, this 1.5% barely translates into sufficiently impactful projects whereas CSR allotments have come incognito and discretionary. Nonetheless, the tandem implementation of CSR and SDMP doesn't seem to affect the grateful attitude and reception of the community beneficiaries.
2. There were no puristic strategies employed all through various programs and projects cycle. The companies have adopted the strategies that favored more efficient and effective project implementation. However, CSR programs seem to be delivered in the classic top-down style as it reflects the typical form of donations and charity work whereas SDMP tends to go mix (top down-bottom up) due to the mandatory consultations with the host communities.
3. The strategies are as important as the contents of the programs. Effectiveness therefore is crucial and the elements that make it work. On top of the three generic strategies, success or failure is further facilitated by the bigger elements that surface on the overall quality of company-community relationship established. Smaller elements likewise emerge in the form of corporate defined strategies that make the programs more adaptable and acceptable. Given the juvenile stage of Phil CSR and SDMP, there is a strong need to benchmark programs and conduct researches to draw out strategies and projects suitable for the IP communities.
4. The goals of CSR and SDMP in ushering sustainable development among mining communities is far from being realized. Major and minor challenges during implementation threaten this realization unless both companies come up with innovative solutions.
5. First, the financial barriers were rooted to the fact that the meager budgetary allotments were not exhausted due to delays and backlogs. Second, community attitude towards CSR and Mining in general were significant precursors as to the process and outcomes of the programs. Dependency tendencies upon the mining companies' programs had become a new challenge needing redirection. Third, the MLGUs and BLGU's role in the whole context of community development through these programs remained undefined and minimally exhausted. Fourth, external events like calamities were additional challenges that these mining companies and communities had to deal with from time to time. Lastly, the most serious challenge lies in the observation that CSR does not appear to fall upon a cohesive framework of sustainable development especially for mining communities like Philex and Lepanto.
6. The effectiveness of CSR and SDMP along the STEEP variables varies for the two mining companies. Yet the overall influence of the CSR and SDMP programs on various aspects of community life is undeniable. While the Social and Economic aspects have highlighted the effectiveness of the programs, other areas need not be left behind. As such strategies should be

devised, especially for Lepanto, to enhance the effectiveness of CSR Programs and SDMP on other areas.

7. The chosen strategies were significantly effective during specific stages of the project cycle. This means that various stages may require different approaches. Crucial stages like planning, identification and formulation require the mix approach to be effective.
8. While the existing SDMP framework of the two companies is commendably noble, the gains are far from manifesting its full potential.

## RECOMMENDATIONS

Based on the conclusions stated, the study hereby recommends the following measures:

1. The Revised Implementing Rules and Regulations of RA 7942 needed to be reviewed and updated. Specifically, the allotted 1.5% minimum of gross operating expenses can be increased to 2.0% or 2.5% to allow more priority projects to be accommodated. b, Sections 136-A to 136-E which specifically provides for the regulation and guideline for the implementation, approval, and monitoring of Social Development and Management Program be strictly imposed. Likewise, allotments for CSR spending be made mandatory if not be declared separate from the SDMP report.
2. The CSR Act (2013) through the line agencies needed to draft provisions to enhance monitoring and practice of CSR among private companies. Likewise, the concerned line agencies under this law should have more monitoring and collaborative efforts to breed the best CSR strategies and programs practiced internationally and locally and upgrade CSR culture in the country. Mining Companies on the other hand needed to enhance community participation and engagement thru various means available. They should also strive to enhance community-management rapport and communication via formal and non-formal venues (e.g. symposiums/fora to canao). Benchmarking and sharing of best CSR/SDMP practices should also be initiated.
3. The companies needed to draft a good communication model to enhance the level of awareness of the host and outlying communities regarding their respective CSR and SDMP programs. CSR Advocacies and information campaigns reaching down to the lowest level of barangays are instrumental to leveling the people expectation and nature of participation in the proposed projects. Meanwhile the Philippine Mining Development Corporation should closely monitor and aid mining companies like Lepanto and Philex in their CSR agenda. This government agency should be on the forefront of CSR advocacy and promotion so as to balance MGB's regulatory role/ nature. It should set the national CSR agenda /framework for mining companies in the nation.
4. CSR for mining companies needed to transcend from philanthropy to a strategic business model. The culture of dependency can be mitigated by minimizing dole outs and enhancing engaging strategies for projects implementation. The LGUs can be an active co - implementer and deserved a share from the CSR fund. This can foster transparency, minimize the discretionary tendency for the company and subsequent dependency of communities. Likewise, the SDMP Final Mine Rehabilitation and/or Decommissioning Plan (FMR/DP) can be integrated along the MLGUs and BLGUs development plans. This will help ensure smooth transition after the phase out stage. Other sources of financing CSR and SDMP also needed to be tapped such as the wealth tax and royalty due to the communities. Lepanto has no identified IP beneficiary for this huge amount and the LGUs of the 3 towns (Mankayan, Cervantes and Quirino) must do the necessary legal process to identify one from each town. Likewise delays in the relaying these wealth tax to the communities should be avoided if not eliminated by remitting it directly to the host communities rather than the DBM (Department of Budget and Management).
5. Mining companies need to add more research into its IEC programs to evaluate effectiveness along STEEP in host and neighboring communities in various time frames. This can augment data needed to evaluate corporate programs. Likewise, more information campaign is needed to enhance political participation (e.g volunteerism, sectoral representation) of the communities and awareness as to the

difference of CSR and SDMP. This is one way to level off expectations and reset a more balanced mind set about CSR/SDMP and mining in general.

6. The mining companies can make an internal as well as external annual review of their CSR and SDMP performance on top of the mandated reports submitted to MGB. MLGU's (Municipal Local Government Units) or BLGU's (Barangay Local Government Units) can be tapped as internal reviewers whereas private institutions or select NGO's can make an external review and recommendations of its programs.
7. The corporate developmental framework needed to be felt and understood on the grassroots level from time to time. As a final output, this study proposes a model for responsible mining in Benguet as inspired by the two companies' developmental framework. Lepanto envisioned its host and neighboring communities as "partners in progress and development". Philex envisioned a self-reliant community as it enters a near stage of decommissioning in the years 2022 to 2024 as the remaining resources allow. This study combined elements of these frameworks and proposed a model that highlights the transformative role of high impact strategies in bringing about responsible mining through strategic and integrated CSR/SDMP for mining communities in the region. The said model aims to integrate CSR and SDMP as one integrated package for rural development among mining communities. The successful delivery on such package depends on the ideal match of responsible stewardship on the part of companies and engaging partnership with the local communities. The LGU's, NGO's and Line agencies support role in nurturing this relationship is also important in order to translate these programs into impactful events. With the right mindset towards CSR/SDMP, productive linkages established, and the right strategies used for delivering the programs at the right time and place, can bring about meaningful change and responsible partnership between mining companies, the IP communities and the Environment. Such that even beyond the cessation of mining operations, dynamic and self - reliant post mining community life and renewed ecosystem can be sustained
8. The companies COMREL should consider the respondents recommendations as critical feedback

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