

# Corporate Character Formation and CSR: The Function of Habit and Practice in the Mining Industry

**John R. Owen, Deanna Kemp**

Centre for Social Responsibility in Mining, University of Queensland, Brisbane, Australia  
Email: [j.owen@uq.edu.au](mailto:j.owen@uq.edu.au), [jowen@in-dev.org](mailto:jowen@in-dev.org), [d.kemp@smi.uq.edu.au](mailto:d.kemp@smi.uq.edu.au)

Received 17 January 2014; revised 17 February 2014; accepted 28 February 2014

Copyright © 2014 by authors and Scientific Research Publishing Inc.  
This work is licensed under the Creative Commons Attribution International License (CC BY).  
<http://creativecommons.org/licenses/by/4.0/>



Open Access

---

## Abstract

The mining industry provides a rich context through which to engage the practical and ethical limits of Corporate Social Responsibility (CSR). Recent debates in organizational ethics have drawn attention to institutional constraints which inhibit awareness raising and ethical practice within corporate settings. During the last decade, the mining industry has come under increasing pressure to improve its environmental, social and ethical performance. In an effort to respond to these more ethically-orientated external expectations, the mining industry has developed a range of internal regulatory mechanisms and process, which can be applied individually or in conjunction with other companies and organizations. This combination of internal and external drivers indicates a growing imperative for mining companies to ground CSR principles in their day-to-day operating practices. The challenge is to avoid organizational rules and procedures for CSR that lack depth and meaning and which fail to result in the wise and courageous use of personal agency. Instead mining companies must work to establish appropriate mechanisms that will see ethical norms adopted as organizational principles that guide, and result in, improved corporate conduct. Using the Aristotelean notion of “character formation”, the authors offer practical considerations for how this might occur in the mining industry.

## Keywords

Ethical Organizations, Corporate Social Responsibility, Mining, Organizational Change, Auditing

---

## 1. Introduction

The practical dimensions of applied ethics in technically-orientated organisations, such as mining, have received

scant attention by business scholars. In an article published in 2004, Myers makes a case for engaging the “moral imagination” as an entry point into the complex ethical terrain of organizations. Drawing on the work of Werhane [1], Myers describes “moral imagination” as requiring an, “...awareness of various dimensions of a particular context as well as its operative framework and narratives...the ability to understand that context or set of activities from a number of different perspectives, the actualizing of new possibilities that are not context-dependent, and the instigation of the process of evaluating those possibilities from a moral point of view [2]”.

According to Werhane, many of the ethical mistakes made by employees and managers are due to a paucity of moral imagination. For Myers and scholars of moral psychology [3], this imagination provides a framework for developing more ethically aware organizations whereby scientists and engineers are encouraged to question the broader context of their work and think beyond the technical aspects of individual projects. Following Werhane, Myers [2] claims that a lack of imagination reflects an inability to break away from the confines of organizational culture, which can limit the ability of employees to think and act outside a predefined organizational “script” [1]. By bringing “moral imagination” to the fore, Myers examines how corporate culture can foster and/or constrain good character formation among individual employees. In doing so he takes a bottom-up perspective recognizing that the actions of “in-the-trenches” employees are critical to the achievement of an ethical organization [2]. Myers touches on the relationship between individual action and corporate character, but he does not fully elaborate on how these factors interact conceptually or empirically. We argue the relationship between individual action and corporate character is pivotal in understanding the key points of convergence between “best practice principles” or “global standards” for corporate social responsibility (CSR) and on-the-ground corporate practice. This divergence has been noted by many observers of the sector. The role of “moral imagination” in guiding and forming corporate character is at its most evident when viewed from this internal-external nexus.

The emergence of global reporting and CSR performance standards in the mining industry provides an opportunity to explore the junctures and disjunctures between principle-based standards, organizational ethics and field-based demands of project-level work [4]. During the last decade, the mining industry has come under increasing pressure to improve its environmental, social and ethical performance. The changing tide of global public opinion has seen many governments impose more stringent regulation for the permitting, operation and closure of mines [5]. The financial sector has followed suit with stricter standards on lending and the establishment social responsibility funds and indices. Non-government organizations, multi-lateral banks, international think-tanks and representatives of the United Nations have also developed and released standards relating to conflict management [6]-[8], human rights [9]-[11], resettlement [12], gender [13] [14] and community engagement and development [15] [16] among others.

In an effort to respond to these more ethically-orientated external expectations, the mining industry has developed a range of internal regulatory mechanisms and process, which can be applied individually or in conjunction with other companies and organizations [17]. They include industry-level processes and structures, such as the suite of standards and guidance notes developed by the global mining industry’s peak body, the International Council on Mining and Metals (ICMM) [18] [19] or internal company mechanisms for measuring and monitoring the social and ethical performance of individual projects and operations, such as internal audits and assessments conducted by corporate offices [4]. In the same vein, there are also third party certification schemes, such as the International Standards Organization (ISO) 14001 (2004) for environment and the more recent 26000 Guidance on Social Responsibility (2010), the Responsible Jewelry Council’s scheme for responsible diamonds, gold and platinum, and Social Accountability 8000 for labor and human rights. As with intra-firm initiatives, certification is achieved by companies voluntarily subjecting themselves to audit processes undertaken by external or otherwise independent audit or assurance providers.

This combination of internal and external drivers indicates a growing imperative for mining companies to ground CSR principles in their day-to-day operating practices. The challenge is to avoid organizational rules and procedures for CSR that lack depth and meaning and which fail to result in the wise and courageous use of personal agency [20]. Instead mining companies must work to establish appropriate mechanisms that will see ethical norms adopted as organizational principles that guide, and result in, improved corporate conduct. Myer’s response to the challenge of creating ethical organizations has been to invoke the “moral imagination” as a process of reflection and deliberation. We offer practical considerations for how this might occur in mining and, in doing so, challenging the proposition that this process should rely solely on external input from professional ethicists or auditors, arguing instead that reflective processes should also become habitualized within the organization.

## 2. An Aristotelean View of Individual Character Formation

According to Aristotle “character formation” is a cumulative process in which “just” and “temperate” acts are progressively internalized through “habit”. In Book II of the *Nicomachean Ethics*, Aristotle outlines the relationship between “habit” and the development of “moral character”, “...moral virtue comes about as a result of habit... From this it is also plain that none of the moral virtues arises in us by nature; for nothing that exists by nature can form a habit contrary to its nature of all the things that come to us by nature we first acquire the potentiality and later exhibit the activity...but the virtues we get by first exercising them... we become just by doing justacts, temperate by doing temperate acts, brave by doing brave acts [21]”.

Following Aristotle’s suggestion that moral character development has the potential for wider collective application, “[t]his is confirmed by what happens in states; for legislators make the citizens good by forming habits in them”; we argue that the process of “character formation” as it applies to individuals is also relevant to corporate entities. However, before exploring this latter application as it relates to CSR in the mining industry, it is necessary to explore theoretically how the cumulative process might apply in individual cases. To do this, we invoke the technique of “imagining”, and ask the reader to consider the following hypothetical example:

A Senior Project Officer of a global mining company is posted to work in a country where the prevailing norm is to “grease the skids”. The officer sees herself as a person of integrity and high moral standing and assures both her friends, and herself, that she will not engage in bribe giving or bribe taking. After several months of working in-country, a situation arises where the officer is presented with the option of hastening the process on a piece of “delayed” paperwork. The paperwork refers to a corporate community development initiative that targets vulnerable people, and the monetary cost of expediting the project is unexpectedly low. The officer struggles with the decision but eventually reasons that progressing the project is of greater consequence than any personal value that she may hold. As an additional personal reassurance, the officer considers the bribe a “one-off” event, undertaken with good intentions, and as such something that doesn’t really damage her sense of “character”. The officer can still maintain, with integrity, that she is not a person that would engage in corruption. As the project builds momentum and the level of contacts with the government increases, the officer is increasingly frustrated by “hold ups” and “delays” around the approval of requests, and increasingly finds herself expediting processes with small, and seemingly inconsequential, payments. While the officer would still claim to be a person of integrity and good character, she could not longer claim, categorically, to be a person that would not engage in corruption.

In the Aristotelean view, character is formed through habituation, which sees certain actions and behavior become second nature. In the case of the Project Officer, if the pattern of corruptive action continued it would begin to form part of her character. Aristotle’s thesis is that people learn what is moral and good not by intuition or through purely intellectual endeavors, but by doing moral and just things. In other words, individuals do not internalize what is moral and good within their character simply by understanding what it is they *ought* to do. Where individuals are in a position to influence or shape the tone of collective culture, the internalization of values raises a different set of complications. Consider the following example:

A mining engineer is promoted to a Mine Manager position in a green field project located on indigenous lands. The company has made serious commitments to community engagement and requires that all senior managements become personally involved in engagement processes. The manager is comfortable with this and accepts that community engagement from the very outset of a project is necessary for developing effective company-community relationships. He is committed to doing so at his mine. He has been told by colleagues that elders in this area consider the presence of senior company representatives during company-community engagement to be a demonstration of respect. The Mine Manager ensures that he is present at the first consultation, but only observes as he is a little unsure about what is required of him. His approach is to get comfortable with the process and become more involved as he gains knowledge and confidence about the local culture. However, he sees that the community relations team is capable at facilitating these processes, and decides that observation is a more than adequate role for him to play. “Being present but hanging back” therefore becomes habit.

What is to be learned from the above vignette is that a guiding framework alone is not enough to build good practice. This same caveat applies to individuals who adopt for themselves a charter of practice based on a series of normative “shoulds” and “should nots”. In order for character to “form” in accordance with a moral framework it follows that there must be action—some attempt at application—for that principle to become part of an individual’s character. The example of our Mining Manager shows a clear point of slippage around espoused and enacted values, and this is most evident in his decision to learn more about the “local culture” before partic-

ipating more fully. This adheres to a fairly common set of cross-cultural norms about “observing first”, but as the example demonstrates, the Mine Manager fails to move beyond observation, and in so doing, also challenges, in a less than desirable fashion, local expectations about respectful participation. From this example, a curious challenge emerges over the role of 1) principled consideration and 2) principled action whereby an overreliance on “consideration alone” results in a conflict over those very same sets of values. In order to escape this internal cannibalism of values, the Aristotelean approach explicitly requires “action” to ground and internally habituate espoused principles.

An important point to bear in mind when contemplating character formation is that “habits” are not equivalent to “behavior”. Habits are established through behavior, but they are not determinative of that behavior. Just because that an individual has a habit does not mean that their behavior always reflects that habit. Aristotle differentiates between “potentiality” and “actuality” explain a habit as a disposition to act, not the action itself. An individual can act “out of character” for example, and deviate from habit, which continues to exist independent from the action. Recall for a moment the example of our Senior Project Officer. A one-off instance of “greasing the skids” for a good cause does not necessarily suggest a shift in her habits. It is the repetition of action over time that is of importance here. At the same time, we note that “action” can serve to break the entrenched nature of habit. For instance, our Mine Manager is not locked in to his habit of observation. He can take a more active role in community engagements—whether out of choice, pressure or incentive—thus deviating from his habit even though the habit itself will continue to exist. Similarly, the Senior Project Officer in the first example may on occasion refuse to pay bribes due to guilt or a sudden resurgence of moral compulsion. If these individuals sustain these new behaviors as stable patterns and they become habitual, they will contribute to the formation of a strong—rather than weak—moral character.

There is one final aspect to individual character formation to consider before discussing corporate character formation through in the Aristotelean tradition. We have explained how character formation is both cumulative and habituated through action. We have also illustrated through the vignettes that habits do not necessarily guarantee “good” character formation. Good character is aligned with ethical responsibilities and broader moral obligations. Therefore, Aristotle’s pathway towards good character formation requires that individuals reflect and deliberate about the moral aspects of their actions, which aligns with Werhane’s conception of a “moral imagination” in organizational settings. If our Project Officer and Mine Manager developed their capacity for reflection and moral imagination and their action-reflection processes become habitualized, then they are less likely to engage in behavior that is misaligned with their moral obligations or at least more likely to adjust their behavior if it tends towards the unethical or immoral.

### 3. Corporate Character Formation

Historically Aristotle’s virtue ethics has been applied to the individual, and not to the organizational or institutional context. Institutions, like companies, are essentially viewed as different entities from the people who work for them [22]. We accept this argument, but rather than dwell on differentiating characteristics between individual and corporate character, we are instead interested in the relationship between these different entities including how individual habits contribute to the formation of organizational routines (defined directly below) and how, through processes of institutionalization, organizational routines inform and influence corporate character. This sequence, we argue, is critical for arriving at the substance of normative commitments within organizational settings [23].

The concept of “routine” helps to bridge the divide between individual-to-organization character formation. The conceptual jump from individual to company is particularly apparent in the global minerals industry where companies are multi-national, globe-spanning entities that are rooted in numerous physical, social and cultural contexts. Routines are structures of interlocking individual habits forming organizational dispositions that energize particular behavior within an organized group [24]. While routines are influenced by the habits of individuals, they are more than mere aggregations of habits in that they emanate from “structural causal relations and interactions between individuals in an organization” [25]. Hodgson conceptualizes routines as repositories and carriers of knowledge and skill within an organizational setting in the form of “bundled habits”. Akin to individual habit, routines can align with a company’s moral obligations, and support the development of good corporate character, or act against it. Take for example the following hypothetical scenario:

A mine located in a water-stressed community draws water for processing from a local waterway. The mine also discharges waste water back into the same body of water, further downstream. The quality of the waste wa-

ter that the mine discharges is higher than what is drawn. However, recent community consultations with downstream communities have resulted in villagers raising concerns around water quality. The Environmental Manager is in the habit of accepting all community concerns as genuine and worthy of attention. But up until now, responses to the community on the issue of water have been *ad-hoc*. On this issue, the Manager decides to form a working group comprising members of the community and the mine's management team. An agreement is reached between the parties to hire an independent water expert to check the water quality. Together the group eventually establishes a local protocol about engaging the community about concerns that they might have in relation to water, which is enacted by environment department personnel (who were also involved in its development). A "habit of engagement" forms and, over time, becomes routine, reinforcing the psychological contract between the company and the community. Eventually this routine is formalized in an engagement procedure.

This example shows how actions can become habits, and how habits—in this case the habit of engagement—can become organizational routines that shape, and are shaped by, corporate character. The example also suggests one possible pathway through which organizational routines can be formalized into organizational "procedure".

There are significant implications of inadvertently conflating the concepts of organizational "routine" and organizational "procedure" in the context of understanding how corporate character is formed and sustained [26]. It is for this reason that we seek to make a clear distinction between the two. Akin to habits at the level of the individual, (group) routines also come about through action. In mining, it is so often the case that procedures fail to represent or link to what is actually done and instead articulate an ideal notion about what "should" be done at the operational level. This in effect results in a disconnection between action and procedure, and by extension, procedure and character formation. Just as corporate offices cannot develop policies and expect automatic "take up", nor can operations contrive procedures that, while they may reflect a principled approach, are unrelated to what is actually done [27]. Through this approach, good corporate character is unlikely to form.<sup>1</sup>Of course, there is an overlap between routine and procedure. If routines become institutionalized and are then formalized or documented they become "internalized procedures", which is ideal for good character formation, as we see from the example above.

Researchers face a number of challenges in using the concept of routine in an empirical sense that we do not explore here [24]. We simply utilize the concept as a reference point for understanding how individual habits "scale up" in an organizational setting in order to gain insight into how corporate character is formed. From there, we can surmise how corporate character might be strengthened in order to align with corporately-mandated principles or broader moral norms. The concept of "organizational routine" also allows us some distance from fundamental questions about the dissonance between what individuals hold to be "good conduct" and how individuals actually conduct themselves. These questions are a matter of long-standing interest among scholars, with explanations around the lack of immediate coherence between espoused values and direct action (or inaction) varying considerably [28]-[31]. While scholars have attempted to interpret how and why de-linking occurs, there is a continued absence of explanation over which behavioral mechanisms might be employed, practically or philosophically, to integrate principles and performed action. This problem of defining an "interface" or clear mechanism for instilling good values, to the extent that they are reflected in individual behavior, is as old as the question of character formation itself. We do not engage with these questions. We instead focus on how character formation at the individual level folds into organizational routine and organizational character.

Our rationale for focusing on organizational routine over individual habit in relation to corporate character formation is easily explained. In an organizational setting, group actions will, more often than not, have greater influence on corporate character formation than individual behavior. This is not to say that individual behavior does not matter, as it can have considerable bearing on corporate action, particularly if that individual wields power. Take for example the Mine Manager. Even if this manager abstains from genuine engagement and even if the local community considers his individual character to be "non-consultative", if he enables his staff to engage with the local community, then it is likely that the operation's character will reflect these actions rather than his own personal character. It is true that the actions of the manager may detract from corporate character [32] [33], but the actions of what Myers refers to as "in-the-trenches employees" are clearly pivotal.

<sup>1</sup>Of course, there is an overlap between routine and procedure. If routines become institutionalized and are then formalized or documented they become "internalized procedures", which is ideal for good character formation, as we see from the example above.

Given the relationship between individual habit, organizational routine and corporate character, what is said and what is done cannot, in the Aristotelean view, be easily separated. If applied to the corporate context, this presents distinct challenges around interpreting the communication of espoused values and CSR commitments against what is actually practiced on the ground. This challenge goes beyond avoiding simple “hypocrisy”. The substantive demand raised by the Aristotelian view is about whether broader normative expectations can be reconciled in complex business environments, and if so, whether this reconciliation of values will eventuate in organizational change over time. Temporal challenges of organizational change are a key consideration here. While we consider the process of character formation a solid foundation upon which to build an ethical organisation, it is possible that some will see the Aristotelean process of character formation as too incremental<sup>2</sup>.

#### 4. Corporate Character in the Mining Industry

In mining, the pressure to foster a strong corporate character emerges from the set of complex and interrelated imperatives discussed earlier. These include globally recognized standards for CSR; continually shifting measures on achieving economic and environmental sustainability; changing consumer awareness about the origins and means of extracting resources, and the ethics and pragmatics of equitable development of natural resources. It is against this backdrop that we see the industry working to convince us that it is of strong character. Companies seek to establish their moral and ethical credentials through corporate social investment, the development and implementation of risk-based environmental and community relations management systems, adherence to third-party certification schemes and the publication of annual sustainability reports, which are increasingly subject to independent verification, audit or assurance. Evidence suggests however that many mining companies often struggle to uphold their commitments. In fact moving from “policy” to “practice” remains one of the industry’s greatest challenges [34].

The reasons for this gap between policy and practice are several-fold. Some mining companies fail to allocate adequate resources towards the fulfillment of their moral and ethical obligations [35]. Others make resources available, but lack leadership at the highest levels of the organization or skills as the employee level [36]. The goals and objectives of some companies are not well aligned, or contradictory, such as a commitment to adequate time for community consultation and production targets that push projects through before communities have had a chance to voice their concerns and prepare for the significant economic, social and environmental changes that come with mining. Alternatively, there may be instances where the company is internally divided over the best course of action to take, with the mine plan steering the process in one direction, and the community engagement plan, steering it in the other. At other times, external expectations simply extend beyond the inherent capacity of the industry. For example, some mining companies have made serious commitments to participatory development processes, but the extent to which it is able to undertake “bottom up” development remains unclear [37]-[39].

Once there is a move from agreement with the principle to action there is potential for good character formation. A second movement is needed however, to learn and improve in order to internalize external expectations. However, in mining, there is little space for reflective processes in operational realities where the focus is “getting on with the job” [40]. One way of encouraging a move away from overly instrumental, calculative and rational practice is to challenge mining’s current audit culture [27] [41], which, through its pervasiveness in industry self-regulatory approaches, constrains organisational introspection and the development of a “moral imagination”.

#### 5. Breaking the Cycle: Corporate Character Formation in an Audit Culture

Audits are used in corporate practice to provide an independent account of what has been “done” by the organization, and what could potentially be “done better”. The primary methodology employed by auditors is to assess performance based on an agreed set of standards. While there is a definite push towards aligning audit processes with the wider CSR discourse [42]-[44], the current audit culture in mining can force organizational representatives to “decouple” what is required by compliance from that which actually occurs. Some scholars have already

<sup>2</sup>The authors are aware of the various debates surrounding incrementalism, and while the arguments in this article have implications for examining the nature of change, our focus is directed at character formation and the mechanisms that might be used to achieve it, not with the pace of change per se. For a discussion of evolutionary and revolutionary change associated with innovations, see Tushman, M.L. & O’Reilly, C.A. (2006) In: Mayle, D., ed., *Managing Innovation and Change*. Sage, London, 170-184.

pointed to a “de-coupling” between the external image of rationality, rigor and responsiveness of some CSR certification processes and the actual internalization of the standard [45]. In this sense, daily activities or “habits” and “routines” are not called into question or reflected upon, thus limiting the potential for good character formation. A lack of focus on what *actually* happens rather than what *should* happen is due to the prioritization of formal procedure over routine during the audit process. Certainly, some routines are obvious, but they are not typically interrogated or reflected upon in the auditing process itself. There are some practical reasons for this, such as lack of time during a standard audit. It would require close to an organizational/industrial ethnography to understand and document myriad underlying CSR routines. The other reason is that companies are reluctant to provide this level of access so that true routines are uncovered, recognized, and openly discussed.

Boiral and Gendron suggest a range of strategies to strengthen the utility of audit and assessment in the corporate realm, such as redefining in the commercial forces that now drive the audit “profession”, clarifying auditor ethics and stipulating more stringent requirements for “independence” [46]. We agree with the underlying premise of Boiral and Gendron that clarifying auditor ethics is critical. However, we challenge the argument that sustainable development and good corporate character will flourish under the current audit culture. Instead we suggest a revision of auditing for CSR in mining in order to create a space where there is room for practitioner dialogue and deliberation about action and implementation, rather than by strengthening skills and capacities of actors outside of the organization which would see the ascendance of the “independent auditor”, or in Myers case the “external ethicist” [2]. The following vignette describes a typical “social audit” process in mining:

As part of its annual reporting requirements, a company engages the services of an external auditor. The task of the auditor is to appraise the performance of a community relations department using a well known international benchmarking standard. A Terms of reference (ToR) is prepared by the company outlining the scope of work, the deliverables and timeframe available. To complete the data collection process for the audit report, the auditor spends four days on-site reviewing management systems, internal document registers and interviewing community relations practitioners and other managers. The project is operating in a complex environment with a long history of poor social performance. During the data collection process the auditor adheres closely to the ToR, agreed with the corporate office. Interviews with practitioners are focused on establishing whether the current social management systems are in compliance with the benchmarking standard and establishing an evidentiary trail to support the audit findings. After completing the data collection the auditor departs site and two weeks later submits their compliance audit to corporate and site-level management. The audit report documents gaps and outlines “opportunities for improvement” that community relations personnel are required to address within the defined time-frame in order to reach compliance.

We note in the above example an over-reliance on external parties to generate performance quantum against pre-defined standards or expectations. This data is then utilized to produce a measure of effectiveness through which to demonstrate compliance and direct organizational behavior in order to rectify poor performance. In following this process the auditor extracts information from site level personnel and translates it into a format for corporate consumption. The audit report provides corporate with a point in time assessment of site activity against minimum performance requirements. As a process for considering good character the audit draws together resources and sensitizes the organization, at different levels, on the broad question of social performance. The focus on demonstrating competence and control over social performance constrains the potential for a deeper engagement with the organization. What this process reinforces is the habit of avoiding practice challenges and difficult questions. The evidence trail established the audit process is for corporate assurance of adherence to standards and not for the purpose of engaging site levels practitioners directly on routines and patterns of behavior which determine organizational performance.

In contradistinction to the example above we offer a second vignette. The process described in the vignette extends the scope of professional reflection in ways that challenge the methodological conventions of auditing. In this example we suppose that an unconventional methodology is agreed to by the company as an alternative pathway for engaging the performance issue.

A social assessor is invited by a mining company’s corporate office to assess community relations at a site with entrenched company-community conflict. The assessor has designed an internal engagement protocol of open-ended exploratory questions to build an understanding of the practice context. In this instance the assessor has a “contractual” relationship with the corporate office but a “primary” relationship with the project team/site. During a four-day site visit, the assessor works *with* site level personnel to establish the organizational context and surface insights about the internal dynamics that influence the conflict strategy. Only when there is a rea-

sonable level of mutual understanding, the assessor initiates discussion about changes that might be made to overcome challenges and the implications for the company's conflict management approach. Possibilities for improved social performance against external criteria emerge through a group dialogue process facilitated by the assessor. The first "output" from the assessment is a verbal debrief with site which captures discussions and agreed actions. This forms the basis of a written report. When the report is delivered, a copy goes to both corporate and site for feedback and further discussion. Subsequent assessments use this document as the foundation for continued dialogue between all parties.

The organizational context marks a key point of departure when comparing the conventional audit to the process outlined directly above. In a conventional audit process, performance criteria are the focal point for investigation and reporting. Corporate offices utilize the audit to assert corrective actions that the site is responsible for implementing. The process itself is formulaic in that it follows a set script resulting in pre-determined outputs, with little room for deviation. In contrast, the process outlined in the latter vignette aims to encourage site personnel to engage reflectively on their current context and "imagine" their way into a reality that is more aligned with ethical principles and moral norms. While not practice itself, these imaginings see participants self-identify their own professional habits and routines and from there consider and "think through" alternative practice options, including those that might deviate from the standard organizational "script".

The process relies on the assessor being able to find ways and means to encourage self reflection and group dialogue on sensitive and complex practice dilemmas and from there activate the group's "moral imagination". Key to this is the establishment of trust such that participants reveal their practice dilemmas. Once a foundation of trust is established, facilitators are able to ask probing but appreciative questions to illuminate the depth and dimension of different dilemmas. The group then works together to identify alternative practice possibilities, drawing on diverse expertise from within the group. Ideally, participants would enact these possibilities through dialogue or some other physical embodiment, such as role plays, which have been found to be effective in teaching ethics to scientists and engineers [46]. If the reflective process is repeated as part of a regular assessment cycle or initiated outside of the corporate-driven process, habits and shared routines for surfacing dilemmas and "imagining" change start to form, providing a basis for good character formation and an ethical organization.

The two vignettes outlined above provide a contrast between the conventional auditing approach and an alternative within the audit frame [27], where the focus is on active engagement as opposed to passive acceptance. The second example focuses on the practitioner as a change agent within the corporate setting, and challenges participants to formulate their practice against a variety of lived experience. In asserting the importance of good character development, and the functional benefits associated with harnessing the "moral imagination" of corporate actors, clear alternatives for evaluating and enabling an ethical organization are delineated.

## 6. Conclusions

If the aim is to ensure that mining companies develop a strong moral orientation and the ability to maintain a reliably good character in a complex world, then they must each create a culture that prioritizes moral norms and supports the right sort of organizational introspection and "reflective intelligence" [47]. Adopting the Aristotelean maxim of forming character through habitualized "good deeds" also requires a commitment to act, and beyond this, action itself. The idea of "moral imagination" is an innovative way of moving outside of conventional thinking and discourse that relies on "policy to practice", which is where policy is established at the corporate level to then be enacted by mining operations. The approach we advocate is instead one of "practiced policy", where professional habits and organizational routines are supportive of—rather than driven by—corporate policy.

What is obvious from the spread of academic and policy literature is the heightened emphasis on companies' becoming ethical corporate actors; however as Myers has pointed out there is a need to move beyond the script [2]. The Aristotelean notion of character formation provides a useful entry point, and framework of analysis, for engaging the dissonance between "script" and "conduct". Our challenge to the top-down audit-driven approach that dominates CSR policy in mining is to suggest a more practitioner-orientated perspective, where the moral strength of in-the-trenches employees is harnessed and where weakness is discovered by employees themselves. Mechanisms that block the ability for individuals and organizational groups to reflect and deliberate on their actions must be contested. It is for this reason that we have sought to use Aristotle's approach to character formation to demonstrate practice-based dilemmas associated with "knowing what is right", and "enacting what is



right”.

As Myers has suggested, a critical phase in moving beyond the “script” is to engage organizations in a reflective process whereby corporate actors review and substantively evaluate their performance. The most prevalent approach to capturing and measuring organizational CSR performance in the mining industry is through an audit process. We argue that while audits are useful in determining whether outputs align with agreed goals, as a methodology that they render participants passive in the process. In order to shift into a more active domain, we have suggested a basis for engaging the “moral imagination” of professionals. An alternative approach, we argue, offers insights into how the ethical standards contained in the various CSR statements might be more pragmatically aligned with organizational behavior. If these shifts occur, the potential exists for mining companies to move beyond standard organizational scripts associated with “image” and “risk” to make space for action-reflection processes that are crucial for “internalizing” ethics and enabling the formation of an ethical organization.

## References

- [1] Werhane, P. (1999) *Moral Imagination and Management Decision Making*. Oxford University Press, New York.
- [2] Myers, C. (2004) Institutional Culture and Individual Behavior: Creating an Ethical Environment. *Science and Engineering Ethics*, **10**, 269-276. <http://dx.doi.org/10.1007/s11948-004-0022-8>
- [3] Frey, W. (2010) Teaching Virtue: Pedagogical Implications of Moral Psychology. *Science and Engineering Ethics*, **16**, 611-628. <http://dx.doi.org/10.1007/s11948-009-9164-z>
- [4] Kemp, D., Owen, J.R. and van de Graaff, S. (2012) CSR, Mining and Alternatives to the “Audit Culture”. *Journal of Cleaner Production*, **24**, 1-10. <http://dx.doi.org/10.1016/j.jclepro.2011.11.002>
- [5] McNab, K., Keenan, J., Brereton, D., Kim, J., Kunanayagam, R. and Blathwayt, T. (2012) Beyond Voluntarism: The Changing Role of Corporate Social Investment in the Extractives Sector. Centre for Social Responsibility in Mining, The University of Queensland, Brisbane.  
<https://www.csr.uq.edu.au/publications/beyond-voluntarism-the-changing-role-of-corporate-social-investment-in-the-extractive-resources-sector>
- [6] International Alert (2005) *Conflict Sensitive Business Practice for Extractive Industries*. International Alert, London.
- [7] CAO (Compliance Advisor Ombudsman) (2008) *A Guide to Designing and Implementing Grievance Mechanisms for Development Projects*. CAO, Washington, DC.
- [8] OECD (2003) *Managing Conflict of Interest in the Public Service*. OECD, Paris.
- [9] DIHR (Danish Institute on Human Rights) (2005) *Human Rights Compliance Assessment: Quick Check*. DIHR, Copenhagen.
- [10] Ruggie, J. (2008) *Protect, Respect, Remedy: A Framework for Business and Human Rights*. Human Rights Council of the United Nations, A/HRC/8/5.
- [11] Ruggie, J. (2011) *Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect, and Remedy” Framework*. Human Rights Council, 21 March 2011.
- [12] International Finance Corporation (IFC) (2012) *Performance Standards on Environmental and Social Sustainability*. [http://www.ifc.org/wps/wcm/connect/115482804a0255db96bffd1a5d13d27/PS\\_English\\_2012\\_Full-Documents.pdf?MOD=AJPERES](http://www.ifc.org/wps/wcm/connect/115482804a0255db96bffd1a5d13d27/PS_English_2012_Full-Documents.pdf?MOD=AJPERES)
- [13] Ward, B. and Strongman, J. (2008) *New Approaches for Improving Development Outcomes of the Extractive Industry in Peru: Towards a Sustainable Management of Extractive Industries Impacts on Poorer Women and Their Families*. Gas and Mining Policy Division, the World Bank, Washington DC.
- [14] Oxfam Australia (2010) *Women, Communities and Mining: The Gender Impacts of Mining and the Role of Gender Impact Assessment*. Oxfam Australia, Melbourne, Australia.
- [15] CommDev (2007) *Third Draft: Community Development and Local Conflict Management in the Extractive Sector*. International Finance Corporation of the World Bank, New York.
- [16] WRI (World Resources Institute) (2009) *Breaking Ground: Engaging Communities in Extractive and Infrastructure Projects*. WRI, Washington DC.
- [17] Brereton, D.J. (2003) Self-Regulation of Environmental and Social Performance in the Australian Mining Industry. *Environmental and Planning Law Journal*, **20**, 261-274.
- [18] International Council on Mining and Metals (ICMM) (2010) *Indigenous Peoples and Mining Position Statement*. <https://www.icmm.com/publications/icmm-position-statement-on-indigenous-peoples-and-mining>

- [19] International Council on Mining and Metals (ICMM) (2012) Community Development Toolkit. <https://www.icmm.com/news-and-events/news/articles/icmm-presents-updated-community-development-toolkit>
- [20] Hawks, V.D., Benzley, S.E. and Terry, R.E. (2004) Establishing Ethics in an Organization by Using Principles. *Science and Engineering Ethics*, **10**, 259-267. <http://dx.doi.org/10.1007/s11948-004-0021-9>
- [21] Aristotle (1980) *The Nicomachean Ethics*. Oxford University Press, New York.
- [22] Schudt, K. (2000) Taming the Corporate Monster: An Aristotelian Approach to Corporate Virtue. *Business Ethics Quarterly*, **10**, 711-723. <http://dx.doi.org/10.2307/3857900>
- [23] Gonzalez, T.F. and Guillen, M. (2008) Organizational Commitment: A Proposal for a Wider Ethical Conceptualization of “Normative Commitment”. *The Journal of Business Ethics*, **78**, 401-414. <http://dx.doi.org/10.1007/s10551-006-9333-9>
- [24] Becker, M. (2008) The Past, Present and Future of Organizational Routines: Introduction to the Handbook of Organizational Routines. In: Becker, M., Ed., *Handbook of Organizational Routines*, Edward Elgar, Cheltenham, 3-14. <http://dx.doi.org/10.4337/9781848442702.00006>
- [25] Hodgson, G.M. (2008) The Concept of a Routine. In: Becker, M., Ed., *Handbook of Organizational Routines*, Edward Elgar, Cheltenham, 15-29. <http://dx.doi.org/10.4337/9781848442702.00007>
- [26] Burns, J. and Scapens, R.W. (2008) Organizational Routines in Accounting. In: Becker, M., Ed., *Handbook of Organizational Routines*, Edward Elgar, Cheltenham, 87-106. <http://dx.doi.org/10.4337/9781848442702.00011>
- [27] Kemp, D., Owen, J.R., Gotzmann, N. and Bond, C.J. (2010) Just Relations and Company-Community Conflict in Mining. *Journal of Business Ethics*, **101**, 93-109.
- [28] Meyerson, D. and Martin, J. (1987) Cultural Change: An Integration of Three Different Views. *Journal of Management Studies*, **24**, 623-647. <http://dx.doi.org/10.1111/j.1467-6486.1987.tb00466.x>
- [29] Kabanoff, B., Waldersee, R. and Cohen, M. (1995) Espoused Values and Organizational Change Themes. *Academy of Management Journal*, **38**, 1075-1104. <http://dx.doi.org/10.2307/256621>
- [30] Meglino, B. and Ravlin, E. (1998) Individual Values in Organizations: Concepts, Controversies, and Research. *Journal of Management*, **24**, 351-389. [http://dx.doi.org/10.1016/S0149-2063\(99\)80065-8](http://dx.doi.org/10.1016/S0149-2063(99)80065-8)
- [31] Daly, J., Pouder, R. and Kabanoff, B. (2004) The Effects of Initial Differences in Firms’ Espoused Values on Their Postmerger Performance. *Journal of Applied Behaviour Science*, **40**, 323-343. <http://dx.doi.org/10.1177/0021886304266815>
- [32] Winjberg, N. (2000) Normative Stakeholder Theory and Aristotle: The Link between Ethics and Politics. *The Journal of Business Ethics*, **25**, 329-342. <http://dx.doi.org/10.1023/A:1006086226794>
- [33] Quinn, J. (1997) Personal Ethics and Business Ethics: The Ethical Attitudes of Owners/Managers of Small Business. *Journal of Business Ethics*, **16**, 119-127. <http://dx.doi.org/10.1023/A:1017901032728>
- [34] IIED (International Institute of Environment and Development) (2002) *Breaking New Ground: Mining Minerals and Sustainable Development*. IIED with Support from the World Business Council on Sustainable Development, London.
- [35] Kemp, D. and Owen, J.R. (2013) Community Relations and Mining: Core to Business but Not “Core Business”. *Resources Policy*, **38**, 523-531. <http://dx.doi.org/10.1016/j.resourpol.2013.08.003>
- [36] Farrell, L.A., Hamann, R. and Mackres, E. (2012) A Clash of Cultures (and Lawyers): Anglo Platinum and Mine-Affected Communities in Limpopo Province, South Africa. *Resources Policy*, **37**, 194-204. <http://dx.doi.org/10.1016/j.resourpol.2011.05.003>
- [37] Kemp, D. (2010) Community Relations in the Global Mining Industry: Exploring the Internal Dimensions of Externally Oriented Work. *Corporate Social Responsibility and Environmental Management*, **17**, 1-14.
- [38] Banks, G., Kuir-Ayius, D., Kombako, D. and Sagir, B. (2013) Conceptualizing Mining Impacts, Livelihoods and Corporate Community Development in Melanesia. *Community Development Journal*, **48**, 484-500.
- [39] Harvey, B. (2014) Social Development Will Not Deliver Social Licence to Operate for the Extractive Sector. *The Extractive Industries and Society*, **1**, 7-11. <http://dx.doi.org/10.1016/j.exis.2013.11.001>
- [40] Cragg, W. and Greenbaum, A. (2002) Reasoning about Responsibilities: Mining Company Managers on What Stakeholders Are Owed. *Journal of Business Ethics*, **39**, 319-335. <http://dx.doi.org/10.1023/A:1016523113429>
- [41] Macintyre, M., Mee, W. and Solomon, F. (2008) Evaluating Social Performance in the Context of an “Audit Culture”: A Pilot Social Review of a Gold Mine in Papua New Guinea. *Corporate Social Responsibility and Environmental Management*, **15**, 100-110. <http://dx.doi.org/10.1002/csr.155>
- [42] Clarkson, M. (1995) A Stakeholder Framework for Analyzing and Evaluating Corporate Social Performance. *Academy of Management Review*, **20**, 92-117.
- [43] Waddock, S. (2000) The Multiple Bottom Lines of Corporate Citizenship: Social Investing, Reputation and Responsi-

- bility Audits. *Business and Society Review*, **105**, 323-345. <http://dx.doi.org/10.1111/0045-3609.00085>
- [44] Morimoto, R., Ash, J. and Hope, C. (2005) Corporate Social Responsibility Audit: From Theory to Practice. *Journal of Business Ethics*, **62**, 315-325. <http://dx.doi.org/10.1007/s10551-005-0274-5>
- [45] Boiral, O. and Gendron, Y. (2010) Sustainable Development and Certification Practices: Lessons Learned and Prospects. *Business Strategy and the Environment*, **20**, 331-347. <http://dx.doi.org/10.1002/bse.701>
- [46] Brummel, B.J., Gunsulas, C.K., Anderson, K.L. and Loui, M.C. (2010) Development of Role-Play Scenarios for Teaching Responsible Conduct of Research. *Science and Engineering Ethics*, **16**, 573-589. <http://dx.doi.org/10.1007/s11948-010-9221-7>
- [47] Hartman, E. (2001) The Role of Character in Business Ethics. In: *The Next Phase of Business Ethics*, Emerald Group Publishing Limited, Bingley, 341-354. [http://dx.doi.org/10.1016/S1529-2096\(01\)03019-X](http://dx.doi.org/10.1016/S1529-2096(01)03019-X)