



Strategic Corporate Social Responsibility for Projects

Davida van der Walt
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Introduction

Before we consider strategic corporate social responsibility, let's first look at corporate social responsibility in broader terms. The most common terms that refer to social responsibility are 'corporate social investment' (CSI) and 'corporate social responsibility' (CSR). These terms are commonly used interchangeably.

According to the World Bank (Petkoski & Twose, 2003), CSR is the commitment of businesses to contribute to sustainable economic development by working with the local community to improve the quality of life in ways that result in benefit to the business and the community.

Investment in local communities where projects are implemented can occur in one or more of the following four primary ways:

- Job creation;
- Skills development;
- Small enterprise development; and
- Infrastructure development, e.g. water supply to communities.

These categories are not mutually exclusive. For example, in the event of setting up a small enterprise in the local community, such an opportunity will also make provision for skills development and job creation. A single initiative may involve numerous aspects of social upliftment.

In this article, an attempt is made to provide an integrated view of strategic CSR on projects. A stronger focus will be given to strategic CSR in the context of developing countries. We'll start by looking at the objectives to be achieved by CSR, before discussing strategic CSR on projects.

Objectives with CSR

Overview

Before engaging in any form of CSR, whether as a running concern or for a new project, it is important to consider why you wish to follow this road. If done for the right reasons, it can be of benefit to all concerned, and if done badly, can do more harm than good. Kapelus (2002) emphasizes the need to consider underlying motivations for business to engage in and embrace the CSR concept.

CSR can be a vehicle to achieve any, or a combination, of the following five objectives:

- Philanthropy;
- Reputation building;
- Socio-economic development;
- Skills development; and
- Enterprise development.

The five objectives are shown graphically in Figure 1 as being interrelated and overlapping. Sustainable CSR can be found where most of the objectives overlap.

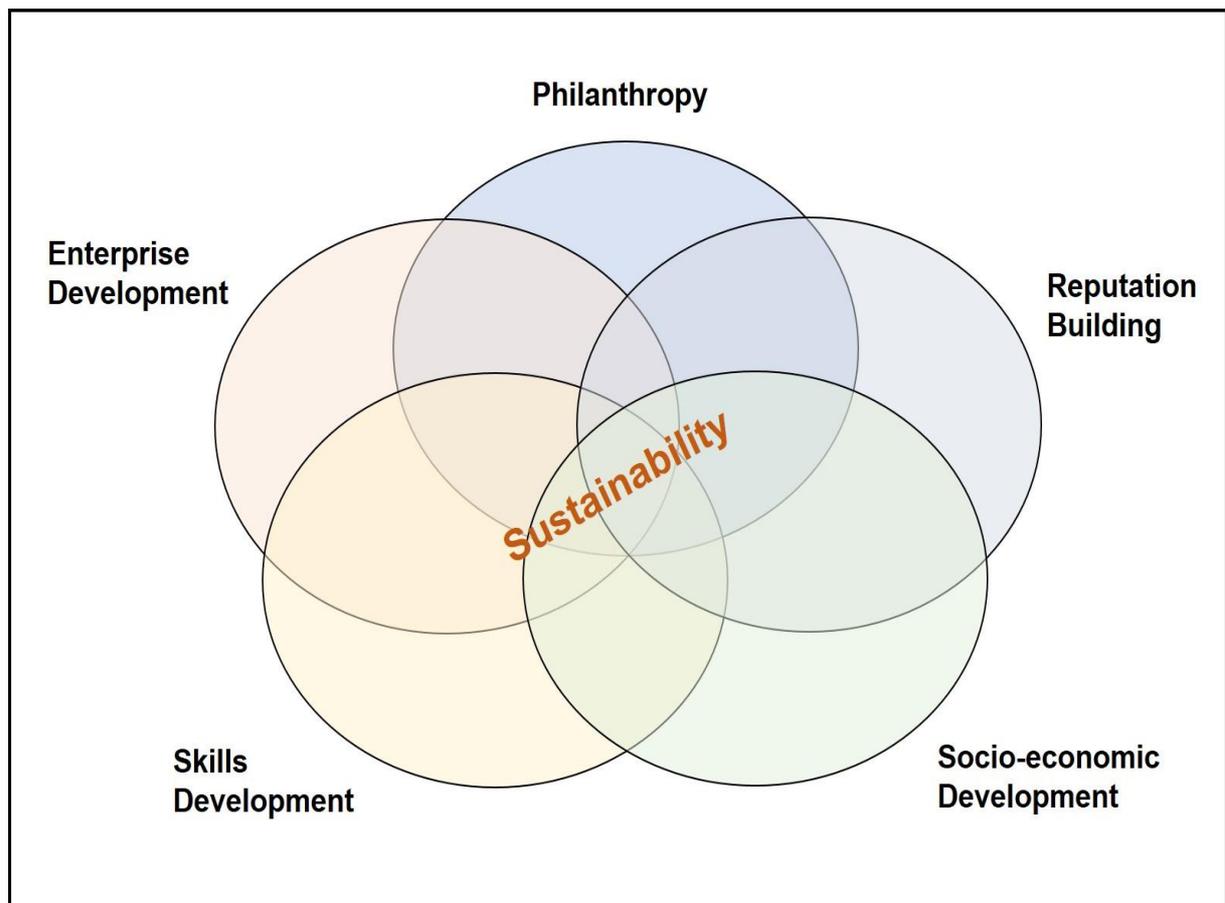


Figure 1: CSR Objectives

Each of these objectives is discussed in more detail in the sections that follow.

Philanthropy

Philanthropy is an unselfish concern for, or devotion to, the welfare of others, expressed especially by the donation of money to good causes. Here the stated objective is not to seek any benefit for the business or the project. Very few businesses can afford this type of altruism in their early years, let alone new projects. In some cases, philanthropy can be construed as an attempt to indirectly 'bribe' government officials for favours in return.

Reputation building

For any business to be successful, good relationships with stakeholders and a strong reputation of caring for the environment, the communities, and the people therein greatly contributes to business success and sound business practice. Strong relationships with local communities, unions, government departments, media and investors (amongst others) can significantly impact business operations, and are to be actively sought.

Socio-economic development

Socio-economic development is aimed at improving the social status of the communities, and addressing the needs of the poor, vulnerable and those with special needs.

Socio-economic development thus seeks to improve the economic well-being and quality of life of communities by creating and/or retaining jobs, and supporting or growing household incomes and community living standards. Economic development may involve job opportunities and income growth, sustainable increases in the productivity of individuals, businesses and resources to increase the overall well-being of residents and maintaining or even enhancing the quality of life. Economic development thus refers to the enhancement of economic activity in the community, which in turn leads to social enhancement.

Skills development

Skills development is aimed at providing community members, who are disadvantaged, poor, or illiterate, with skills and competencies which can be transferred to other areas once the project has been completed. Once again, these categories are not mutually exclusive.

Simple skills can be transferred to enable the recipients thereof to be employable by the project. With further training, the local communities can be the source for many of the operators for the new facility.

The main reason for engaging in corporate social responsibility projects is to contribute towards sustainable economic development. This is done to facilitate desirable economic and social changes and improvement of the social environment within which a business is operating.

Enterprise development

Enterprise development is a huge opportunity when it comes to CSR. Any project and or operation calls for multiple small business requirements. Examples could include a tuckshop, or a refuse removal company. Partnering with existing local suppliers to support the development and coaching of new small business enterprises from local communities can greatly support job creation and socio-economic development. Projects should creatively consider such opportunities and capitalise on them in support of local community development.

Strategic CSR

Requirements

Strategic corporate social investment on a project can be, and should be, beneficial to all stakeholders. Let us consider the typical requirements for strategic CSR on projects.

Strategic CSR should be all the following:

- Sustainable;
- Aligned with country requirements and/or legislation;
- Benefits the community affected by the project;
- Benefits the project owner;
- Fair, ethical and transparent;
- Seamlessly integrated into the project; and
- Underpinned with ongoing communication.

The CSR requirements are illustrated in Figure 2, and each of these is discussed in more detail below.



Figure 2: Requirements of strategic CSR on projects

Sustainable

According to the Cambridge Dictionary (2019), sustainable means “the quality of being able to continue over a period of time”. This is a loaded statement. It is perhaps best to describe with some examples.

CSR in the form of handouts is not sustainable and should be avoided. For instance, if a project decides to build a school and then steps away, the school is likely to become deserted within a year as no one will take ownership for ensuring its maintenance. An example of sustainable CSR is investment in skills development. If local unemployed youth are, for instance, provided with paving skills whilst the project is producing paving, these skills can empower them to find other work. Instead of giving them fish to eat, teach them to fish. That is the basic definition of sustainability.

If CSR is done purely for brand promotion, it is likely that short-term, non-sustainable investment opportunities may be pursued. The World Bank (Petkoski & Twose, 2003) warns against CSR simply being used as a brand promotion tool.

Aligned with country requirements and/or legislation

Before engaging in any form of CSR, it is of vital importance to understand the legislative and cultural requirements and/or idiosyncrasies of the country in which a project is planned. Some questions that can help to plan CSR initiatives include:

- Are there any legislation and/or policies that guide or direct CSR?
- What is the country's strategic direction, and could CSR contribute to the country achieving its strategic goal?
- What is unique about the country's culture?
- Are there any customs you should know about?
- Who are the key stakeholders to engage, such as local, regional or national government structures, tribal authorities, etc.?
- Who are the pressure groups that could negatively impact your project?
- Who are the Non-Government Organisations (NGOs) that can support your cause?
- Are there any funds available in country to support CSR initiatives? and
- Does the owner company have an established relationship with any of the above which could be capitalised on?

Having answers to the above will set the foundation for strategic CSR.

As an example, when executing a project in Botswana, the book entitled *Culture and customs of Botswana* (Denbow & Thebe, 2006) is invaluable as it describes the history of the country and relevant information in culture and customs that could greatly support effective stakeholder engagement. Make an effort to learn about the country where you wish to develop a project.

Benefits the affected community/ies, as well as the project owner

Note that this section covers two of the requirements listed in Figure 2.

Fundamental to strategic CSR is that the affected communities, as well as the project owner should benefit. This does not mean the owner should only focus on reputational benefit. This means real, tangible benefit. Let's illustrate through an example. If your project needs catering services, it makes sense to empower a local small business to fulfil this role. The project owner may invest in some extra equipment to support the small catering business. In return, the project owner receives a service which is required by the business on an ongoing basis. Everyone concerned benefits: on the one hand the local community is empowered, and on the other hand the project, or ultimate business, owner receives a required service.

Handouts, as has been said before, are not sustainable. However, skills development and small business support that would also benefit the project or business, are sustainable.

Fair, ethical and transparent

CSR must always be executed in a fair, ethical and transparent manner. This obviously holds true for strategic CSR on projects. Transparency and fairness can be achieved by working through existing structures in the community where the project is being executed. Where tribal authorities are present, they normally provide for the necessary structures whereby training or job opportunities can be directed, via the tribal authorities. They also tend to integrate well with local municipal structures.

For example, the project may approach the tribal authority with a list of skills required on the project. The tribal authority will through their meetings engage the people in the community to get nominations for the jobs advertised. They will ensure that nominations conform to the criteria specified by the project and will submit these via the tribal authority. Nominations will be considered by the project, and feedback will be provided to the individuals as well as the tribal authority to confirm if they conformed to requirements. This process is fair, ethical and transparent.

Where such civil or tribal structures do not exist, it is crucial that every effort is made to ensure a fair, ethical and transparent process is put in place. Bribery and corruption should be avoided at all cost.

According to Bacio-Terracino (2007), transparency in all business transactions guarantee a certain degree of fairness and permit the participation of different interested parties. These parties, such as civil society, the media, and labour unions, will each strive for their own interests, which will consequently result in better CSR conditions overall. He says that if corruption is not addressed at the early stages of any CSR effort, the work of CSR practitioners will be built on quicksand (Bacio-Terracino, 2007).

Seamlessly integrated into the project

CSR actions that are seamlessly integrated into your project is the most effective form of strategic CSR. Again, the easiest way to explain is through a few examples.

If your project calls for paving, engage your paving contractor to employ one or two people from the local community and train them in paving skills. The same goes for brick laying. If you need holes to be dug for fencing, use local labour. If you have any work to be done that can be done by local contractors who are skilled to do so, make use of local contractors. If your project and ultimate business calls for the support of small businesses such as catering, waste removal, etc, empower local small businesses with the knowledge and skills to fulfil these roles. This is a true win-win.

Underpinned with ongoing communication

Open and transparent communication with affected stakeholders with regards to CSR initiatives cannot be over emphasized. This is specifically relevant in the case of mining related projects, where large tracts of land are required. People directly affected by land purchases and loss of family farms or houses require ongoing communication to alleviate fears and uncertainties (Narula, Magray & Desore, 2017).

Impacts on communities include environmental impacts resulting from the project, such as noise, odours, water and air pollution and health. The processes employed can be as fair, ethical and transparent as possible, but one still must go to great lengths to communicate possible impacts on local communities, as well as any opportunities, or positive impacts, arising from the project. The environmental impact assessment processes normally make provision for such engagement with interested and affected parties prior to, and during, project implementation. However, ongoing, regular interfacing with the community through their established structures is a major success factor.

Concluding remarks

CSR does not have to be your worst nightmare. If done for the right reasons, in collaboration with local community structures and relevant government structures, it can help you forge relationships with local communities that can contribute to the success of your project. Consider how training and employment opportunities for local communities can be integrated into the project. Look for opportunities to empower small local businesses to support the project and ultimate business.

The objective is to create win-win relationships.

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