ReSToRE Presentation

Community Engagement and Development: The Role of Business

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Framing the Discussion:

1) Who is a 'community' and what is 'development'?

2) Why should firms care about the local community?

3) How might firms engage differently – more inclusive, responsible, and accountable?

4) What are the emerging research issues?

Defining a community

- A generic term; subjective & ambiguous
  - Defined in **descriptive ways** *(e.g. as a corporate neighbour)* and **normative ways** *(e.g. anyone affected by firm activities)*

- An amorphous concept; difficult to define
  - Is it defined by geography; political authority; ethnicity; religion; business operations?
  - Globalisation?: companies often operate in multiple locations
  - Is it virtual? (note: original conceptions assume 'face to face contacts')

Defining a community

- Community is a socially constructed and negotiated concept

- Different societies generate different definitions and norms about community. Core elements in definitions
  - Locus or Locale: denotes a sense of place or boundaries
  - Sharing: shared interests, resources and social issues
  - Social Tie: community identified as a web of kinship, social and cultural ties
  - Joint Action: collective action is a source of cohesion and identity among people
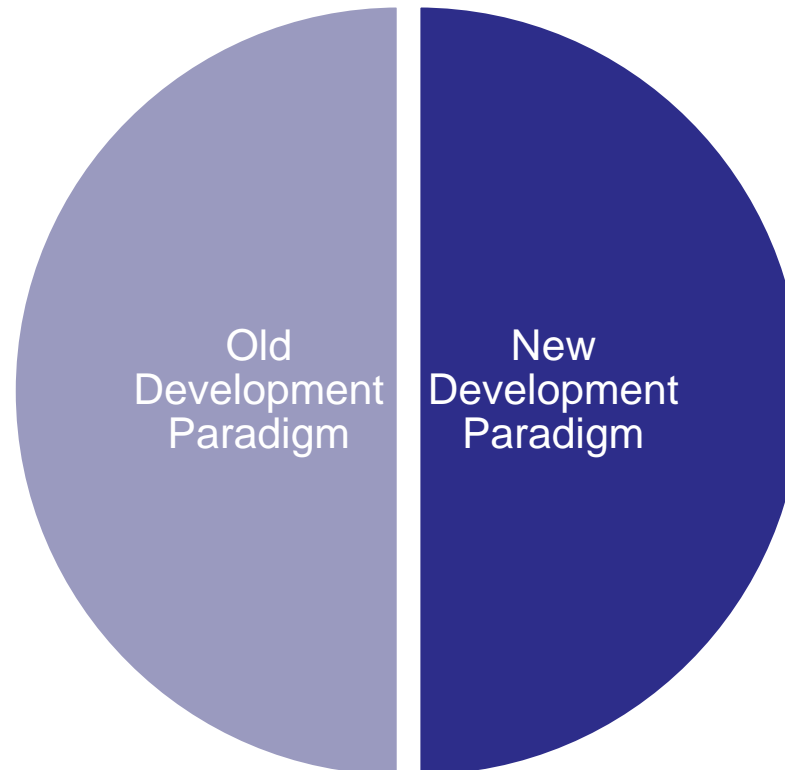
Defining Development

Role of Business in Development

Government role in development (i.e. business externalities)

Limited role of business in society (i.e. wealth creation)

Less focus on STK responsibility and accountability

Old Development Paradigm

New Development Paradigm

Expanded role of business in societal governance

Business as development actor and agent

More focus on STK responsibility, accountability and transparency

Mechanisms for Enhancing Business Contribution to Development

Core Business
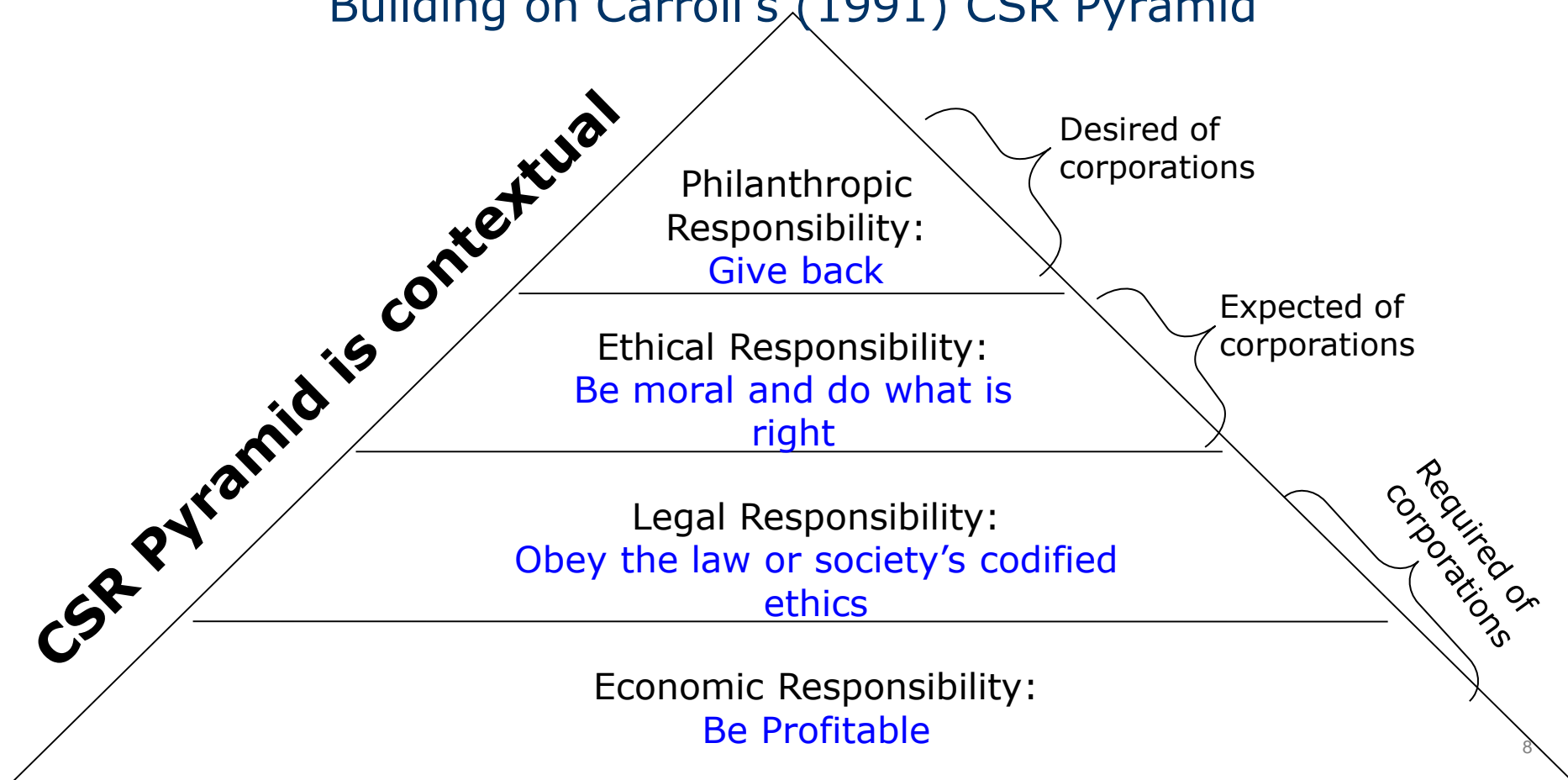
Social Investment

Public advocacy and policy dialogue

Source: Nelson et al (2015) Business and Sustainable Development Goals. A report of Business Fights Poverty.

Responsibility of Business in the Community

How is CSR deployed toward Community?
Building on Carroll's (1991) CSR Pyramid

CSR Pyramid is contextual

Philanthropic Responsibility:
Give back

Desired of corporations

Ethical Responsibility:
Be moral and do what is right

Expected of corporations

Legal Responsibility:
Obey the law or society's codified ethics

Required of corporations

Economic Responsibility:
Be Profitable

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Community Development: A Contextual Debate

The North Perspective:

- Philanthropy is represented as fourth tier (discretionary) in Archie Carroll's CSR pyramid).

- Shift of CCI language of <u>involvement</u> (e.g. altruism) to <u>investment</u> (e.g. economic rationality).

- Increasing shift from traditional philanthropy to partnerships, strategic alliances and community driven development modes.

The South Perspective:

- CCI second tier of CSR pyramid.

- Corporations as agents of development.

- Corporate philanthropy predominant mode in developing countries characterised by a charity syndrome, donor-recipient relations; new trend of wealthy philanthropists; partnerships

Changing CCI Practise in the UK Involvement to Investment (CAF 2006; 2007; 2009)

Changing CCI Practise

For every card taken out, the RSPB receives £18. When card is first used, RSPD receives a further £2.50 and then 25p for every £100 spent. Since its launch the card has raised nearly £10 million for conservation

Changing CCI Practise

Third Wave: Integrated

The predominant modes are social partnerships, employee volunteering and community enterprises fashioned to solve complex social problems. CCI is professionally managed reflecting well organised, cross-functional linkages with other business functions. CCI is a tool for building a firms' competitive advantage and at the same time showing community value. Measurement and reporting is imperative to business success. Corporate-community relationship is interactive and long-term.
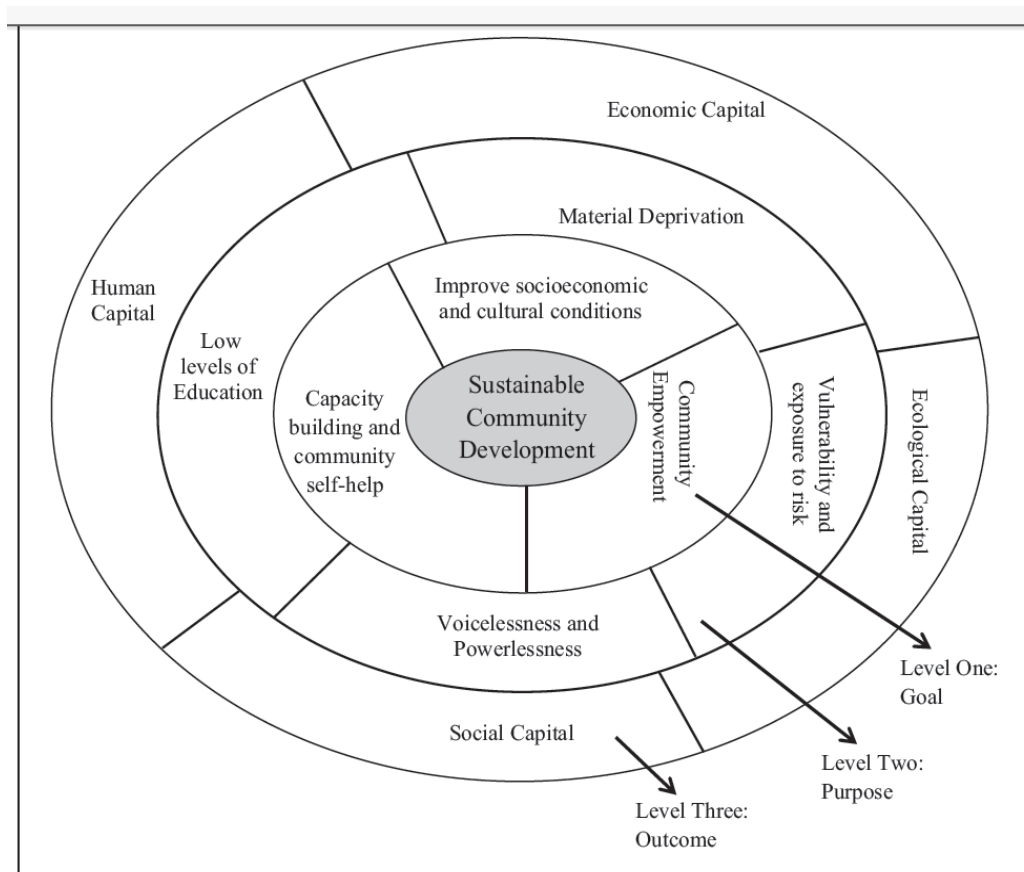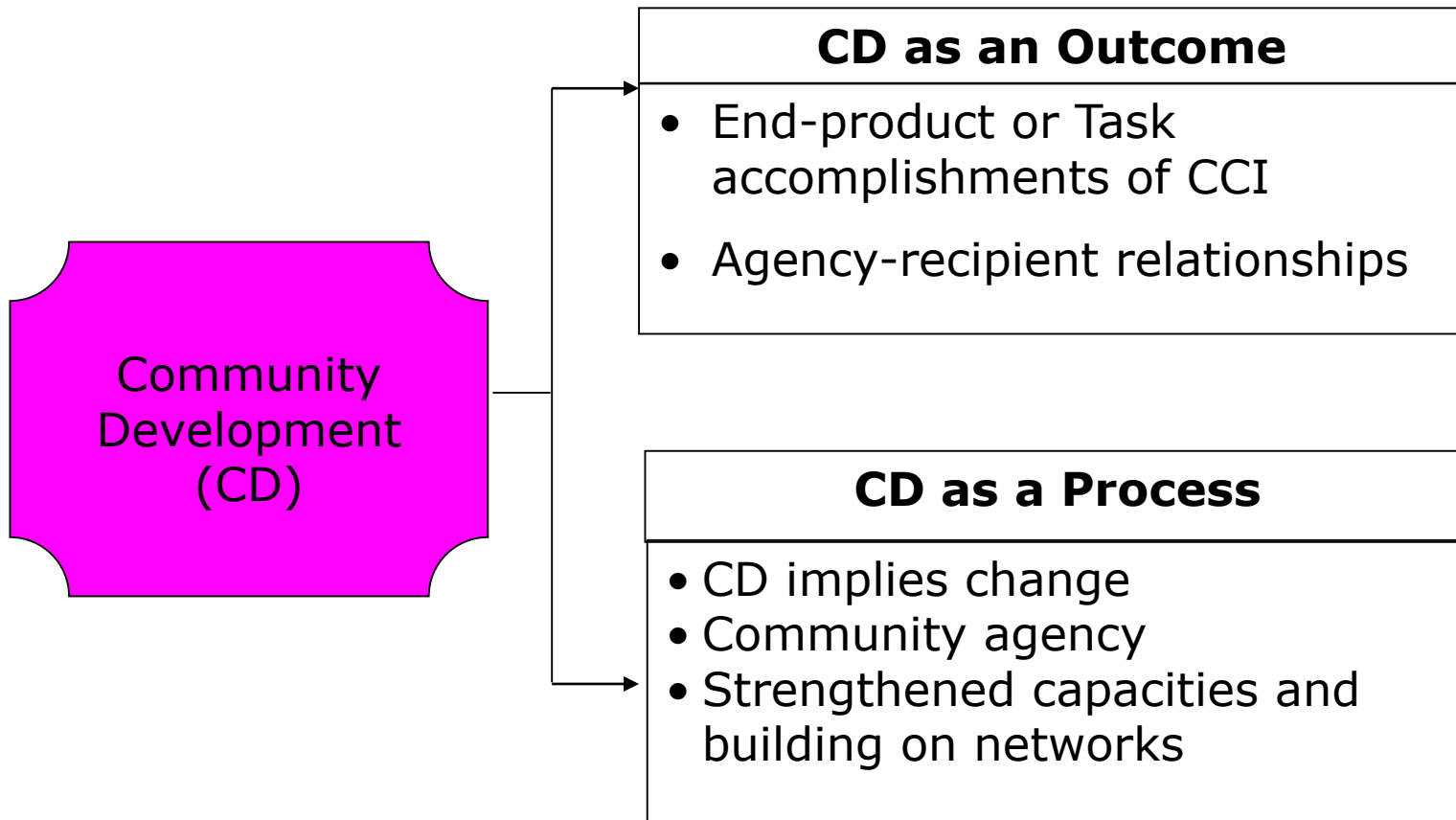
Second Wave: Transactional

CCI is strategic linked to commercial initiatives, e.g. cause related marketing. Management of CCI is more professional and structured. CCI is designed to produce specific outcomes like company image or brand awareness motivated by enlightened self interest'. Community involvement is moderate. Corporate-community interaction reflects a transactional relationship.

First Wave: Philanthropic

Predominant CCI mode is corporate donations (cash and gifts). Management of corporate giving is ad hoc, one-off and at the whims of company owners. There are no formal structures. Community involvement is low. Corporate-community interaction is passive.

Peripheral   **Alignment to Core Business**   **Strategic**

Towards Sustainable Community Development

Figure 1. A Multidimensional Approach to Community Development

Muthuri, Moon and Idemudia (2012: 370) Corporate Innovation and Sustainable Community Development in Developing Countries, *Business & Society*, 51(3): 355-381

Sustainable Development & Corporate Social Action

Sustainable Community Development Indicators		Type of Corporate Social Action
Community Development	**Poverty Reduction**	
Improving socioeconomic and cultural conditions	Material deprivation	•Provision of social infrastructure and social amenities (e.g. water, housing, roads)
	Low levels of education and health	•Training for skills •Provision for healthcare (e.g. building healthcare facilities, drug subsidies) •Provision of education (e.g. building schools, scholarships)
Capacity building and community self-help		
Community empowerment	Voicelessness and powerlessness	•Training for skills (e.g. leadership, civic engagement, entrepreneurial spirit) •Employment and job creation •Access to capital (e.g. provision of micro-credit) •Small business development
	Vulnerability and exposure to risk	•Training for skills •Employment and job creation

Approaches to Community Development

Community Development (CD)

CD as an Outcome

- End-product or Task accomplishments of CCI

- Agency-recipient relationships

CD as a Process

- CD implies change
- Community agency
- Strengthened capacities and building on networks

Tata Chemicals Magadi

Community Participation in CCI Governance

Governance in CCI refers to 'the structures, norms and rules that are socially constructed for organising, coordinating and steering the collective efforts and actions of all actors involved in corporate community programmes" (Muthuri et al, 2008)

Principles of AA1000SES (2015)

1. **Inclusivity** - people should have a say in the decisions that impact on them; stakeholder participate in developing and achieving an accountable and strategic response to sustainability

2. **Materiality** - decision makers should identify and be clear about the issues that matter; a material issue will influence the decisions, actions and performance of an organization/its stakeholders

3. **Responsiveness** – its an organization's response to stakeholder issues that affect sustainability performance; organisations should act transparently on material issues

Concluding Thoughts

- Corporations have a role in the social transformation and the construction of sustainable communities.

- How??
  - Shifting actors role in social-political governance through active community engagement;

  - Engaging in initiatives that promote the long-term well-being of the community;

  - CCI going beyond philanthropy to community-led development;

  - Transforming corporate-community power relations.

"A Journey of a Thousand Miles Begins With a Single Step."

-Lao Tzu

What Next? A Research Agenda

1. Are corporate community engagement programmes and social partnerships a panacea to development? (refer: role of social innovation?)

2. What are the conditions in which community development innovations are created, take shape, and are put into practice?

3. How do/can CCI create <u>shared</u> value? What kind of value? Value for who?

4. Do companies innovate in their governance roles and what are the potential implications for sustainable community development?

5. What are the socio-political, ethical issues arising over positioning of the private sector as a development agent?

6. Communities in resource rich regions are mostly marginalised fringe stakeholders without agency, how do we reverse these?

7. How can the structural causes of community poverty and development be addressed?

8. How do we measure impact in the communities?

9. Can we move beyond the 'Business Case'? What other theoretical approaches should we draw upon?

10. What new creative research methodologies should we employ to understand better 1-9 above?