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**Practices, barriers and enablers for
transformational community engagement**

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A research project submitted to the Gordon Institute of Business Science, University of Pretoria, in partial fulfilment of the requirements for the degree of Master of Business Administration.

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Abstract

Significant investment is being made by companies into philanthropic projects in the name of corporate social responsibility (CSR), yet many question whether these efforts are making an impact on the developmental needs of beneficiaries of such donations. As social disparity increases and countries are less able to meet development objectives, there is a growing call and need for companies to support the development goals of the state. It is proposed that using transformational methods of engagement, such as joint ventures with communities, is likely to provide better developmental outcomes, yet very few companies are currently engaging in this manner. The research asks what the current practices in community engagement for CSR are, and identifies the barriers and enablers for transformational community engagement to drive developmental outcomes.

Nineteen interviews with CSR practitioners, community beneficiaries and external experts across three business sectors, which are identified as having a community impact, were conducted. Semi-structured interviews were used to gather qualitative data which was then analysed using content and frequency analysis.

The results show that companies are using a range of transactional, transitional and transformational engagement practices, with the majority still being conducted in the philanthropic transactional manner. Institutional pressures of regulations are shown as being the strongest motivator for companies to buy-into and prioritise transformational engagement practices. The manner in which a company engages is also shown to be directly linked to their motivation for engaging. The biggest barriers to engaging communities are related to community members' educational levels, community expectation and the internal capacity of the company to engage. The most prominent enablers of engagement relate to the building of relationships and require companies to have dedicated CSR practitioners that are able to become intimately involved in the community. This involvement results in the development of projects that both parties have a vested interest in, which is critical for long term sustainability.

Keywords

Community engagement

Corporate social responsibility

Corporate social investment

Development

Stakeholder

Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out the research.

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List of abbreviations

B-BBEE	Broad-based black economic empowerment
CE:	Community engagement
CSR:	Corporate social responsibility*
CSI:	Corporate social investment*
dti:	Department of Trade and Industry
HR:	Human resources
IAR:	Integrated annual report
ICMM:	International Council on Mining and Metals
JSE:	Johannesburg Stock Exchange
LED:	Local economic development
MC:	Mining Charter
MDGs:	Millennium Development Goals
MPRDA:	Mineral and Petroleum Resources Development Act
NGO:	Non-governmental organisations
SDR:	Sustainable development report
SED:	Socio-economic development
SLP:	Social & Labour Plan
SRI:	Socially responsible investment
UN:	United Nations
WBCSD:	World Business Council for Sustainable Development

* The terms CSR and CSI are used interchangeably throughout

“Business is good for development and development is good for business”

World Business Council for Sustainable Development

CHAPTER 1: INTRODUCTION TO RESEARCH PROBLEM

1.1 Introduction

In emerging economies, such as South Africa, there is a growing call and need for companies to support the development goals of the state and to play a role in socio-economic development. Many companies have chosen to do this through their Corporate Social Responsibility (CSR) initiatives, which are implemented in many ways and to varying stakeholder beneficiaries. Of interest to this study are CSR initiatives that have a focus on the geographic communities that are affected by a company and the manner in which the company engages with the community to ensure that initiatives have a sustainable socio-economic developmental impact. This research will aim to understand the current practices, barriers and enablers for transformational community engagement for socio-economic development in communities.

1.2 Background to the problem

As the world becomes increasingly developed, the disparity in wealth distribution and other inequalities (Halme & Laurila, 2009) also increases. The World Bank ranks this disparity on its Gini index where a score of 0 represents perfect equality, and a score of 100 implies perfect inequality. Colombia with a score of 55.9 (2010) and South Africa with 63.9 (2009), are two of the most unequal countries in the world (The World Bank, n.d.). This disparity places huge pressures on the development of these countries and the ability of these nation-states to tackle it is proving to be inadequate (Halme & Laurila, 2009).

As the world becomes more globalised, corporations are entering developing countries (Stiglitz, 2006) as well as increasing their penetration into bottom-of-the-pyramid (BOP) markets (Nidumolu, Prahalad, & Rangaswami, 2009; Prahalad, 2012). Thus the combination of the growing power of corporations and the developmental needs of some of the markets they are entering has resulted in increasing expectations from governments and society for organisations to self-

regulate (Edward & Tallontire, 2009; Halme & Laurila, 2009), as well as realise the triple bottom line of social, environmental and economic sustainability responsibilities (Elkington, 1998 in Crane & Matten, 2010).

International bodies, such as the United Nations, are also promoting achievement of sustainability and development objectives through programmes such as the Millennium Development Project, which has laid out a comprehensive list of eight Millennium Development Goals (MDGs) aimed at the eradication of extreme poverty, promotion of social equality and increased environmental sustainability by 2015 (United Nations, 2012). The UN has relied heavily on the private sector and civil society to reach the successes already achieved and to further facilitate the targeted economic growth still needed (Hamann, 2006; United Nations, 2012; Valor, 2012). Not only is there a call for business to support global development goals, but responsibility for development has started shifting from governments to business, where corporations target their CSR and development interventions to fill the gaps in the state's efforts (Sharp, 2006).

Despite apparent efforts of companies to be good citizens, incidents of community unrest, against both companies and the state, over social issues have precipitated the need for corporates to be more proactively involved in social issues and actively engage with the communities they affect. Examples include the unprotected strike at Lonmin's Marikana mine in South Africa, triggered by employee dissatisfaction over wages, resulting in a massacre (Chapple & Barnett, 2012); the two-day national strike in Chile over the state of education (Euronews, 2011); or most recently the unrest in Brazil which started over bus fares and exploded into countrywide protests over a diversity of issues including better education and health services, inflation, corruption and the excessive costs of hosting the World Cup in 2014 (BBC, 2013). Citizens are increasingly becoming aware of their power to hold governments and companies accountable.

In order to mitigate risks (Jeppesen & Lund-Thomsen, 2010; Frynas, 2008) such as those previously mentioned; develop legitimacy (Bowen, Newenham-Kahindi, & Herremans, 2010); meet the 'social licence' demands of impacted communities (Esteves & Barclay, 2011; Gordon, 2012); improve financial performance and

develop new products (Frynas, 2008); companies are now recognising the 'business case' for investing in CSR programmes (Edward & Tallontire, 2009; Frynas, 2008; Hamann, 2006; Jeppesen & Lund-Thomsen, 2010; Littlewood, 2013; Tracey, Phillips, & Haugh, 2005; Valor, 2012). This has the added impact of supporting the development needs of the community in which they are operating so that the community is less dependent on the company's operations – especially in the resource sectors – (Esteves & Barclay, 2011; Littlewood, 2013),

As part of their CSR strategy, and to realise these 'business case' benefits, companies need to actively engage their salient stakeholders (Mitchell, Agle, & Wood, 1997). For some companies, an aspect of the overall CSR strategy will be focused on salient geographic communities and engaging with them. Bowen et al. (2010) outline a continuum of community engagement strategies that can be employed, these include transactional, transitional and transformational community engagement. At the one end of the continuum is the most commonly practised, philanthropically based transactional engagement; whereas at the other end we find transformational engagement, which is the most proactive and involves developing partnerships and supportive leadership roles for communities, allowing the attainment of outcomes that may never have been reached before. It is this transformational engagement in geographic communities that is of interest to this research.

1.3 South African business relevance

The contextual case for CSR in South Africa has many motivating factors, such as redressing the inequalities brought about by the apartheid regime (Hamann, 2004), as evident in South Africa's Gini coefficient which ranks our disparity as one of the worst in the world (The World Bank, n.d.). As a consequence of this disparity, as well as due to increasing discontent in the provision of services from the state, communities are becoming increasingly confrontational – as witnessed in the 3000 service delivery protests that have occurred in the past four years (Saba & van der Merwe, 2013) and the uprising in Marikana in October 2012 (Chapple & Barnett, 2012).

In response to this, and the obvious need for development in South Africa, the state and civil society has responded through the drafting of regulatory guidelines and acts to frame the role of business in society (Hinson & Ndhlovu, 2011). A primary example of this is through the 2003 Broad-Based Black Economic Empowerment (B-BBEE) Act, whose implementation mechanisms, initiatives and charters are applied, evaluated and monitored via the B-BBEE Codes of Good Practice laid out by the Department of Trade and Industry (dti) in 2007 (The dti, 2007). Through the Codes of Good Practice, the dti has endeavoured to develop a balanced generic scorecard to measure the extent to which companies contribute to B-BBEE (Hinson & Ndhlovu, 2011). These scorecard categories include direct ownership, human resources empowerment and indirect empowerment aspects, and although CSR can be encapsulated in all of them, community projects, development and empowerment efforts are best covered under the Socio-Economic Development elements, Code Series 700 (The dti, 2007).

The intention of these laws is to encourage corporate participation in a collective transformation process and to provide measurable standards by which this can be compared and achieved (Arya & Bassi, 2011; Hamann, 2006). However, as the Codes of Good Practice are tied to national legislation, and have formal verification procedures, their compliance is legally binding (Arya & Bassi, 2011), which raises the concern that not all companies will apply them to the extent that they were intended, but merely comply in a 'tick-box' manner.

Many South African industries have also proactively developed industry-specific charters to self-regulate their conduct (Arya & Bassi, 2011). One such example is the Department of Mineral Resources' Social and Labour Plan (SLP), which requires mining and production industries to comply with a set of guidelines that include developmental objectives (Mineral Resources, 2010).

Companies are also responding through voluntary investment in Corporate Social Investment (CSI) initiatives, as CSR is more commonly referred to in South Africa (Hinson & Ndhlovu, 2011), with expenditure of about R6.9 billion in 2011/12 (Triialogue, 2012). The research conducted by Triialogue in their 2012 report indicates that South African corporates usually seek a balance between addressing

developmental and corporate needs when they allocate their CSI funds, with geographic impact also cited as a key consideration (Triologue, 2012). The effectiveness of this expenditure on community development in different countries, has, however, been questioned (Halme & Laurila, 2009).

South African companies thus have a need to address communities and an obligation to assist in the country's development requirements. As such it is important to ensure that the large amounts of money being spent on CSI are being utilised effectively to meet community needs and develop programmes that contribute to socio-economic development.

1.4 Academic motivation for the research

Bowen et al. (2010) state that although a lot has been done on transitional and transactional community engagement, very little has been done on transformational engagement. They cite that the reason for this is the need for academics to 'publish or perish', and that getting good data on transformational engagement requires far more lengthy, in-depth studies than studies into transactional or transitional engagement.

In the development of their evaluation framework on social investment programmes for the minerals sector, Esteves and Barclay note that involving *participatory* approaches needs to be explored as well as extending the study to other industries that struggle with the same issues of a social licence (2011).

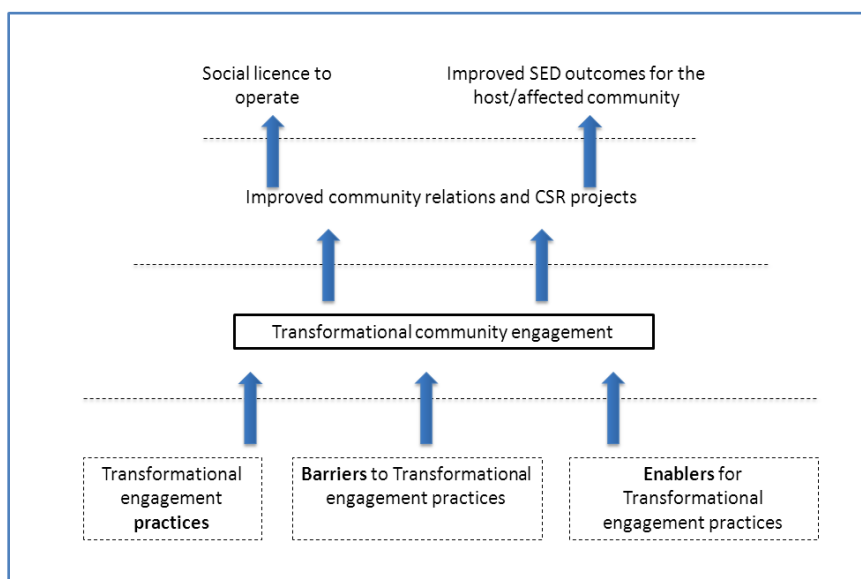
The literature reveals that the amount of attention dedicated to the financial outcomes of CSR initiatives is disproportionate to the societal outcomes (Halme & Laurila, 2009). As such this research aims to increase the body of knowledge on transformational community engagement, which includes consideration of such aspects as participatory approaches, which have societal outcomes.

1.5 Research objectives

Currently many corporations are investing in community CSR as a mechanism to increase legitimacy, meet expectations of the 'social licence' to operate and support national development objectives. However, they are challenged with ensuring the level of engagement is adequate to ensure change that it is both transformational and sustainable.

The purpose of this study is thus to determine the current practices, barriers and enablers that corporations are facing when attempting to engage in more *transformational community engagement* to enable sustainable CSR investment that will drive socio-economic development. The relationship between these factors and the focus of the study is depicted in the figure below. Focus areas for research are boxed

Figure 1: Relationship between Transformational CE, CSR & SED



This research is deemed to be important in developing an understanding of the impediments that CSR practitioners are likely to encounter while attempting to implement transformational engagement practices such as joint project management, joint decision-making, co-ownership (Bowen et al., 2010) and to provide them with mechanisms to overcome these where possible.

CHAPTER 2: THEORY AND LITERATURE REVIEW

2.1 Introduction

The previous chapter introduced the global practice of CSR and the societal and regulatory forces that are promoting this practice in business. It outlined the relevance of the subject for business in the South African context, noting that the need for business intervention in development is pronounced in developing countries.

The purpose of this chapter is to review previous research on community engagement and its links with development and CSR, so as to inform a qualitative study on the barriers and enablers for transformational community engagement to progress businesses' efforts for sustainable socio-economic development (SED).

The chapter will outline the definitions of CSR for the purpose of this study and explore the literature to understand the motivations, types and effectiveness of various CSR initiatives. It will then outline the various types of communities and types of community engagement and the importance of community stakeholder groups, drawing on the literature to argue that for true development to take place as a result of CSR initiatives, transformational engagement needs to be promoted, noting that there are difficulties in this process. Finally, the chapter will explore previous studies on development and argue how CSR and effective community engagement can promote better development in a developing country context.

2.2 Corporate social responsibility (CSR)

CSR is a broad field, which has been poorly defined and consequentially is approached by those engaging with it differently depending on their context. There is no universally accepted definition of CSR, however Matten and Moon (2008) simplify this complex field by stating that CSR is a means to ensure that companies are operating in a socially responsible manner towards society. This 'socially responsible manner' encompasses combined elements such as Carroll's four-part pyramid of the economic, legal, ethical, and discretionary expectations that society has of business at a given point in time (Crane & Matten, 2010); the manner in which businesses integrate these social concerns into their business

operations and use their resources to benefit society (Esteves & Barclay, 2011); as well as discussing how social, environmental and developmental issues are addressed by businesses going beyond legal compliance and doing what is morally and ethically responsible (Gordon, 2012; Littlewood, 2013).

CSR encapsulates various types of responsibility, such as those related to philanthropy, business-related practices or product-related features (Peloza & Shang, 2011). Some definitions follow an instrumental view, where CSR is linked to corporate performance, where others follow a normative view, which is linked to underlying moral or philosophical concepts (Aguilera, Rupp, Williams, & Ganapathi, 2007). As such, this lack of clarity makes CSR a difficult concept for research purposes (Hamann, 2006) and has created misunderstanding and cynicism towards the subject (Gordon, 2012). The table below outlines a variety of these CSR definitions, highlighting their various themes.

Table 1: Various definitions of CSR

Source	Theme	Definition of Corporate Social Responsibility
Barnett (2007, p. 801)	Social definition	Discretionary allocation of corporate resources to improving social welfare that serves as means of enhancing relationships with key stakeholders
Littlewood (2013, p. 3)	Mining context	CSR is used as an overarching term to describe the policies, practices and engagements by mining companies [in Namibia] with social, environmental and development issues going beyond legal compliance.
Carroll and Buchholtz (2009, p.44 cited in Crane & Matten, 2010, p. 53)	Multi-layered concept	Corporate Social Responsibility includes the economic, legal, ethical and philanthropic expectations placed on organisations by society at a given point in time.
Collier and Esteban (2007, p. 20) Gray et al. (1996, Cited in Collier & Esteban, 2007, p. 20)	Ethics Legitimacy	'CSR' expresses more than simply the requirement that business should be conducted ethically – it refers to the notion of responsibility for the impact of corporate activity on the wider body of stakeholders, and it is this attribution of responsibility that underpins the willingness of society to legitimate business (Gray et al. 1996).

2.2.1 The importance of CSR

Global problems such as climate change, escalating poverty and other developmental needs, such as lack of sanitation and housing, are evident worldwide, and in some cases exacerbated through globalisation and the activities of large corporations (Halme & Laurila, 2009). It has also been seen that nation-states are in many cases ill equipped to effectively address these issues (Halme & Laurila, 2009).

These issues have been the topic of major international organisations' agendas, where programmes and compacts have been drafted to address them, calling for private sector organisations to help facilitate the economic growth needed to reach the goals outlined, such as the Millennium Development Goals (Hamann, 2006; United Nations, 2012; Valor, 2012).

2.2.2 Motivations for CSR

Although the need to be socially responsible is universally understood, it requires a concerted effort to achieve, and thus businesses need motivations to fulfil these obligations. The motivations are largely grouped under three categories: those that are socially driven, those that are morally motivated and the 'business-case' for CSR. These are summarised in the table below. However, it is important to note that they are all actually inter-related with an overarching role for the institution (Hamann, 2006).

Table 2: Matrix of motivational reasons for engaging in CSR

Source	Motivation for engaging in CSR activities		
Aguilera et al. (2007)	Instrumental	Relational	Moral
Hamann (2006)	Economic incentives	Institutional dimension	Ethical motives
Explanation	Driven by self-interest. The 'business-case'. 'Enlightened self-interest' CSR seen as linking to profitability or competitiveness.	Concerned with relationships between group members. How social institutions influence corporate behaviour.	Concerned with ethical standards and moral principles.
Also elaborated upon / cited by	(Valor, 2012) (Frynas, 2008) (Jeppesen & Lund-Thomsen, 2010)	(Littlewood, 2013) (Tracey et al., 2005)	

The *instrumental view* is that which has received the most attention from academic research as it investigates the 'business-case' for CSR and purports that there is a win-win scenario for both business and society through engaging in CSR (Merino & Valor, 2011) and is motivated by economic incentives (Hamann, 2006). The research has focused on aspects such as the financial benefit of risk management (Frynas, 2008), or the financial benefit of engaging in social CSR issues. One example relates to the negative impact HIV/Aids has on the workforce, increasing staff turnover costs in some communities. Therefore there is a business case for investing in HIV programmes and keeping the workforce healthy and productive (Hamann, 2006). The World Business Council for Sustainable Development (WBCSD) has made the business case for sustainable development top of its agenda and argue that 'business is good for development and development is good for business' (World Business Council for Sustainable Development, 2005, p. 6), they also propose means through which this involvement can be implemented.

Criticism of this business case approach relates to the fact that through only looking at CSR that will benefit the corporation, limits are set on the issues that business will then focus on, thus reducing its ability to meet the greater developmental needs of society (Frynas, 2008). There has been a call for CSR initiatives to go beyond the business case, however Sharp (2006) argues that it would be difficult for 'academics to craft an argument persuasive enough to redesign the fundamentals of capitalist logic in the interests of 'real' development' (p. 214).

The *relational approach / institutional dimension* relates to the social forces from Government, NGOs, communities and other social bodies that drive it (Tracey et al., 2005) and the opportunity to create good relations with these stakeholders and increase legitimacy (Aguilera et al., 2007). Tracey et al. (2005) list these social drivers as radical consumer activism, public scepticism, alleged abuse of exploitative labour, reputational risk and damage and the potential for consumer boycotts. These are further pressurised through the emergence of global standards and principles and the growth in socially responsible investing (Tracey et al., 2005). By not meeting the requirements imposed upon them by society, there is a

risk that the business may lose their 'social licence to operate', which relates to the necessity of meeting the expectations of stakeholders in order to operate without risk of boycott or reputational damage (Esteves & Barclay, 2011; Gordon, 2012; Halme & Laurila, 2009). This concept is further linked to the principle of 'legitimacy', which implies that businesses need to respond to societies' demands and meet their expectations in order to safeguard their continued operations (Hamann, 2006).

The moral/ethical motivation calls for business to engage in CSR activities out of ethical motives. This is important as economic motives for CSR are too narrowly focused to be as effective, where the moral imperative allows the impact to have a greater reach (Aguilera et al., 2007; Hamann, 2006).

Other motivations for engaging in CSR include those related to reputation and empowering the community (Hinson & Ndhlovu, 2011). The South African environment and history place pressures on South African companies to play a more active role in working towards the country's developmental goals (Hinson & Ndhlovu, 2011).

2.2.3 Types of CSR

CSR can be implemented in various ways, each with varying degrees of impact. The determination of the type of CSR that a company will implement is a complex exercise and is determined by a combination of the resources at the company's disposal, the business context, their capabilities and their motives.

Lee (2011) introduces a theoretical framework to explain how firms choose their approaches to CSR strategy, which includes the combined effects of external institutional and stakeholder. Institutional pressure is a distal pressure that states that as regulations, social norms and cultural preferences favour CSR, firms will increasingly embrace CSR practices to ensure their continued legitimacy. Stakeholder pressure is a more proximate pressure related to the influence that salient stakeholders have on the companies CSR choices and behaviour (Lee, 2011). How these combined external pressures interact with each other and how

they are perceived by the company determines the company's CSR approach, which Lee (2011) describes as either obstructionist, defensive, accommodative or proactive (Figure 2).

Figure 2: Different configurations of institutional & stakeholder Pressures & corresponding CSR strategies

Stakeholder Pressure	Institutional Pressure	
	Weak	Intense
Weak	Absence of external pressures (Obstructionist)	Institutional pressure without stakeholder support (Defensive)
Intense	Stakeholder pressure without institutional legitimacy (Accommodative)	Synchrony in external pressures (Proactive)

Source: Lee (2011, p.288)

Several authors have outlined the types of CSR, with overlap in their categorisation. An overview of these types includes the *limited view* of CSR, which comprises philanthropic and voluntary activities over a finite period and requires limited corporate involvement (Tracey et al., 2005; Valor, 2012). Tracey et al (2005) describe the *equivalent view* of CSR as the case of companies seeking to minimise the negative consequences of their activities while maximising positive ones. This requires the development of an in-house project structure or some form of collaboration, and is often linked to businesses' core activities (Valor, 2012). Lastly, the *extended view* describes CSR as an attempt to adopt responsibilities for greater social development, previously under the mandate of government (Tracey et al., 2005). In order for this to be effective, the company needs to form strong partnerships with third-sector organisations and the communities they are trying to impact.

Critiques of the methods of implementing CSR are mostly aimed at the philanthropic or charitable giving approaches where it is stated that these gestures fail to make a meaningful impact (Hamann, 2006) and reduce social innovation and long-term planning (Tracey et al., 2005). Further criticism states that businesses call themselves good citizens through philanthropic offerings, where the impact of their business operations have far greater negative consequences, and in some cases human rights abuses, such as the hostel living conditions in

mines in South Africa (Hamann, 2006). As such, this form of CSR is criticised for being corporate 'green-wash' and a cover for 'business as usual' (Littlewood, 2013).

2.2.4 Issues of effectiveness

Concern and criticism over the effectiveness of CSR programmes relates to aspects such as the measurement of social benefits (Tracey et al., 2005), subcontracting the projects to NPOs who lack the expertise and resources (Tracey et al., 2005) and the need for a change in momentum from short-term to long-term projects for sustainable development (Esteves & Barclay, 2011). Motives have also been questioned, where it is felt that the instrumental 'business-case' approach limits the ability of the initiative to have broad-reaching effects on society (Esteves & Barclay, 2011). Evaluation issues over balancing potential costs of being socially responsible against the potential profits result in managers assessing trade-offs and neglecting potentially worthy causes (Esteves & Barclay, 2011). Littlewood (2013) notes that where CSR is voluntary, companies are more likely to make choices based on the 'business-case', however, these economically based decisions may not always be in the best interests of affected stakeholders. Critical perspectives of local context by Jeppesen and Lund-Thompson (2010) identify that pressures to adopt Western-style CSR initiatives in developing countries fail to take into account local power differentials, and conflicts between local actors and other aspects related to local context. Jeppesen and Lund-Thompson (2010) further suggest that CSR projects need to have downwards accountability to the intended beneficiaries.

2.2.5 Implications of CSR for this research

The need for CSR is apparent, yet the effectiveness of current CSR practices is questionable. Governments hope CSR will help advance social justice and slow environmental degradation (Halme & Laurila, 2009) while companies hope it will increase their social licence as well as their bottom line (Halme & Laurila, 2009).

In South Africa and other developing countries where local and national government are proving to lack the capacity to meet the needs of business and

society in terms of development, there is a need for businesses to implement their own strategies to raise the standards of the society they are operating in. In order to do this effectively, there needs to be greater focus on the CSR initiatives that are proactive, take an extended view and have a comprehensive approach to create greater, longer-term, sustainable social benefits. This research proposes that in order to do this effectively in a local community context, the *extended view* of CSR needs to be followed, through the formation of strong partnerships. These partnerships can be described as transformational community engagement, which will be elaborated on in the next section of this review.

2.3 Community engagement

Companies are increasingly aware that they are no longer only accountable to shareholders and have in fact got a myriad of groups/individuals that are affected by or can affect the successful running of the business and create a shared sense of the value created by the firm (Freeman, Wicks, & Parmar, 2004). One of these stakeholder groups is the geographical community affected by a company due to their proximity to their operations (Lee & Newby, 1983 cited in Bowen et al., 2010). In order to have a meaningful impact and to implement successful CSR interventions in these communities, it is argued that effective community engagement needs to take place. A definition of community engagement, the literature around this concept, its place in stakeholder theory and an evaluation of the effectiveness of various methods will be evaluated in this section.

2.3.1 Community

Community can be defined as a group of citizens drawn together by shared interests, geography, interaction or identity (Lee & Newby, 1983 cited in Bowen et al., 2010). *Communities of place* are those that reside in the same geographic region. *Interaction* implies that the community has social relationships and regular interaction that may not be place based. *Communities of identity* are those that share a common set of beliefs (Lee & Newby, 1983 cited in Bowen et al., 2010; Gordon, Schirmer, Lockwood, Vanclay, & Hanson, 2013). Lastly, *communities of interest* are those that share a common interest, and in the case of CSR research

,can be considered any stakeholder of the company that may have an interest in their operations (Gordon et al., 2013).

2.3.2 Stakeholder theory

Stakeholder groups are broadly defined by Freeman (1984 p.46) as “any group or individual who can affect or is affected by the achievement of the organisation's objectives” (Cited in Mitchell et al., 1997, p. 854). Mitchell et al. extended this concept to include methods for determining which stakeholders really matter. As such the concept of stakeholder salience (importance or prominence) was developed. Stakeholder salience is determined by the power, legitimacy and urgency of the stakeholder (Mitchell et al., 1997).

In his anthropological study of CSR and development, Sharp (2006) notes that there has been a shift in the moral basis of development interventions to include the legalistic notion of who of the poor are entitled to development, built on these ideas of ‘stakeholders’ and ‘host communities’. Sharp argues that instead of development being given to all/any poor citizen, a ‘quasi-contractual’ relationship has emerged where development through CSR is given to a community or certain people in that community in exchange for a characteristic (such as being black, or female) or a possession (such as a resource on/under their land), that the business wants.

Verbeke and Tung (2013) state that stakeholder salience and views change over time and that the pressures they place on the firm can change. Their preferences evolve and their stakes change based on the strategic issues considered relevant at a particular point in time. The temporal model outlines an early stage and a later stage in stakeholder management, where for example in the early stage the stakeholder may have acceptance of an intervention/product and the later stage this turns to expectation; or an initiative instils gratification in the early stage, but this becomes desensitisation in the later stage. Verbeke and Tung (2013) present this framework as a tool to maintain competitive advantage, however from a community engagement perspective, it provides an insight into the challenges a CSR manager may face and need to be aware of in order to respond accordingly.

Stakeholders of a firm therefore include many different types of communities. For the purposes of this research the focus is on geographic communities that share issues of social well-being. These communities are those that may be associated with agricultural, forestry or resource-extractive industries, or even found in proximity to manufacturing or hotel and leisure operations.

2.3.3 Community engagement defined

Community engagement is an activity that forms part of a corporation's wider stakeholder management programme and is part of the CSR activities related to that group of people (Bowen et al., 2010). Community engagement consists of a range of activities spanning one-way informing the public, to two-way collaboration (Gordon et al., 2013), with the purpose of addressing issues relating to the well-being of the community as well as allocating resources for social objectives (Bowen et al., 2010).

Community engagement potentially provides benefits to both the company and the community, with the company gaining legitimacy and managing social risk (Bowen et al., 2010) and the community gaining access to skills intervention, capacity building, and improvements on social problems to name a few (Bowen et al., 2010; Gordon et al., 2013). In resource-reliant communities such as mining towns, community engagement is a method to help decrease dependency on the company and to drive self-sufficiency (Littlewood, 2013). However, it must be stated that such benefits are not always achieved by either the company or their community partners (Bowen et al., 2010) and that there is very little research on how corporations should manage CSR for greatest improvement in social outcomes (Gordon et al., 2013).

2.3.4 Types of community engagement

A detailed analysis of over 200 academic and practitioner and knowledge sources by Bowen et al. (2010) was undertaken to determine how and why firms and the community benefit from community engagement strategies, and when different community engagement strategies are appropriate, resulting in what they define

as the ‘continuum of community engagement’. A typology of three engagement strategies has been developed (Table 3), and includes transactional, transitional and transformational engagement. *Transactional* investment and engagement relies on one-way communication and is based on ‘giving-back’ through community investment and information. *Transitional* engagement is characterised by two-way communication and community involvement in order to ‘build bridges’, but lacks joint decision-making. *Transformational* engagement relates to ‘changing society’ through joint decision-making, project management and learning. It integrates the community through frequent interaction and the development of trust (Bowen et al., 2010).

Table 3: Community engagement types

	Transactional	Transitional	Transformational
Corporate stance	Community investment/information “Giving back”	Community involvement “Building bridges”	Community integration “Changing society”
Illustrative tactics	Charitable donations (philanthropy - financial) Building local infrastructure Employee volunteering (time) Information sessions (knowledge) Training of community members (skills)	Stakeholder dialogues Public consultations Town hall meetings Cause-related marketing	(Most proactive) Joint project management Joint decision-making Co-ownership Joint learning and sense making Community leadership and decision-making
Communication	One-way: firm-to-community On transactional basis Can be indirect, such as through trade association e.g. Providing information can reduce the transaction cost of something, or gain access to certain resources	Two-way: more firm-to-community than community-to-firm Engage in dialogue	Two-way: Community-to-firm as much as firm-to-community Shared sense making and problem solving
Number of community partners	Many	Many	Few
Frequency of interaction	Occasional	Repeated frequent	Frequent
Nature of trust	Limited	Evolutionary	Relational - Based on personal relationships and mutual understanding
Learning	Transferred from firm	Most transferred from firm, some transferred to firm	Jointly generated
Control over process	Firm	Firm	Shared
Benefits and outcomes	Distinct Can accrue to both firm and communities – but separately	Distinct Can accrue to both firm and communities – but separately	Joint Shared or co-joint benefits

Adapted from: Bowen et al. (2010)

Less participative transaction-based or consultative forms of community engagement are deemed to be tokenistic (Gordon, 2012), whereas effective, genuine community engagement is perceived to develop relationships and meet social needs. This study aims to determine the barriers and enablers for this transformational engagement.

2.3.5 Studies of transformational engagement practices

Several case-based studies have been conducted on the effectiveness of various types of community programmes requiring 'transformational' engagement. These include *Community enterprises* in the UK (Tracey et al., 2005) and *Corporate-community partnerships* (Esteves & Barclay, 2011) in the Australian minerals sector.

Community enterprises are UK-based, third-sector organisations run by community members for the benefit community. They differ from other non-profit organisations through their use of trading to generate the income needed to finance their social goals rather than rely on subsidies or philanthropy (Tracey et al., 2005), thus reducing their resource dependency. Tracey et al. (2005) argue that partnerships between companies and community enterprises provide an opportunity for companies to have a more sustainable and longer term impact through their CSR.

The practicalities of this company-community enterprise relationship relate to the governance of the relationship, which Tracey et al. describe as a *partnership approach* (Tracey et al., 2005). In order to achieve social outcomes from the relationship, the company needs to involve dialogue with local stakeholders and be responsive to their needs through building capacity and looking for long-term solutions within the given resource constraints. This type of partnership is only effective for larger-scale initiatives requiring a high degree of commitment and investment from both the company and community.

Estevez and Barclay's study (2011) of corporate-community partnerships in the Australian minerals sector, where partnership is part of maintaining a 'social-

licence to operate', focuses on the effectiveness of these types of programmes. They outline that several dimensions of a partnering relationship need to be considered when evaluating the effectiveness of the social outcome. These include the way in which value is created through the form of partnering relationship; the capacity of partners to establish and implement the partnership; the outcomes of partnership activities; and its portfolio performance (Esteves & Barclay, 2011, p. 192). The value refers to economic as well as intangible benefits, in a three-stage continuum of reciprocal exchange, developmental value creation and symbiotic value creation (Esteves & Barclay, 2011, p. 193). In measuring the organisational capacity for partnership, they outline that key factors include communication, and the ability to agree on negotiable positions and to identify obstacles.

2.3.6 Difficulties related to community engagement

It is often unclear to a company what community engagement strategies are appropriate and what benefits they may provide (Bowen et al., 2010). This is further intensified by the fact that many of the benefits are long-term and intangible. If the benefits are not clear and shared, then effective adoption will not be possible (Gordon, 2012). Frynas (2008) further identifies that the approach used for consultation and the capacity of the firm to engage in this manner will impact the outcomes.

In their study of community enterprises, Tracey et al. (2005) argue that we cannot assume that communities are homogenous, and that power relations are often ignored, resulting in the 'community view' being that of the most powerful group. Esteves and Barclay (2011) note that in order to have a corporate community partnership, you need to have a formal partnership agreement in place and the capacity for partnering, and that if you do not measure or evaluate the impact of the partnership programmes, you will be unable to demonstrate the difference the programmes are making in local communities.

When community engagement is conducted on an industry-wide scale, to address engagement issues that apply across more than one business in an industry, it has been found that stakeholders often considered community engagement

implemented by the [forest plantation] industry ineffective, due to a lack of strong industry voice, issues of trust, and the fact that technical experts in the forest industry lack skills in community engagement (Gordon et al., 2013, p. 62)

In terms of dealing with these difficulties, negotiation literature, such as Fisher and Ury's "Getting to Yes" concepts of interest-based bargaining (Menkel-Meadow, 2006) can be considered, as well as literature on overcoming issues related to power relations (Tracey et al., 2005). In her reflections of Fisher and Ury's "Getting to Yes", Menkel-Meadow outlines that "interest-based" bargaining, thinking about "interests, not positions," "separating the people from the problem," "inventing options for mutual gain," and using "objective criteria" are the four methods of approaching others with the goal of improving the prospects of both parties via resolving conflicts and disputes during negotiations (2006).

No comprehensive list has been provided on the methods to best enable engagement and deal with these difficulties, but through various case studies, additional enablers to those that have already been discussed have been proposed. These can start to inform practice and include sharing the vision and strategy (Esteves & Barclay, 2011; Littlewood, 2013), identifying obstacles and agreeing on negotiable positions (Esteves & Barclay, 2011), being inclusive and building trust (Gordon et al., 2013), having an in-depth understanding of communities and the challenges they face (Littlewood, 2013), using national legislation to support efforts (Bowen et al., 2010) and developing long-term solutions that build capacity (Tracey et al., 2005). Community members also need to feel involved with transparent decision-making (Littlewood, 2013) and relationships need to be formed on the basis of mutual advantage (Tracey et al., 2005).

The research conducted by Bowen et al. (2010), across over 200 academic and knowledge sources, also analysed the antecedents of community engagement which they summarised as being grouped under the categories listed in Table 4. Bowen et al. (2010) question whether there is a link between the type of antecedent to the engagement, the manner in which the engagement is conducted and the outcomes of the engagement, whether it is a positive or a negative result.

Table 4: Antecedents to community engagement

Antecedent	Description
Managerial perceptions	<ul style="list-style-type: none"> - Managerial intuition and values - Managerial cognition
National context	<ul style="list-style-type: none"> - Regulations - Public policy – priority areas - Organisational structure
Community context	<ul style="list-style-type: none"> - Structure of community groups - Community expectations - Diverging views on priorities - Resources available
Organisational context	<ul style="list-style-type: none"> - Previous interactions with community - Community engagement to fit firm’s strategic positioning, resources - Community engagement to match firm’s identity

Adapted from: Bowen et al. (2010)

2.3.7 Implications of community engagement for this research

Companies need to engage their communities on many matters, and need to choose the most suitable form of engagement to meet the various needs. In some cases the community may only need to be informed of company activities. With regards to CSR activities, however, if the aim is to invest in projects that bring about reduced company dependency and real socio-economic development, the engagement required will need to be more collaborative in nature. As such it could be proposed that companies need to be looking at more transformational methods of engagement (Bowen et al., 2010). These include aspects such as joint project management, joint decision-making, co-ownership, joint learning and sense-making and community leadership and decision-making (Bowen et al., 2010).

Studies have been conducted on the effectiveness of transformational programmes such as community enterprises in the UK (Tracey et al., 2005) and corporate-community partnerships (Esteves & Barclay, 2011) in the Australian minerals sector. Gordon et al. (2013) have investigated industry-based community engagement. Tracey et al (2005) provide an argument for the use of community enterprises to meet the needs of transformative CSR – in community enterprises a

substantial amount of revenue is generated through trading, and thus the organisation relies on 'enterprise' rather than philanthropic subsidies, which diminishes resource dependency.

Each of these studies has focused on a case-based approach from a Western, developed context, where needs and skills are different to those found in developing contexts. The difficulties encountered in engaging transformationally have been listed and include such aspects as the ability to share the vision, the consultation approach employed, power relations, partnership agreements, capacity, trust and a lack of community engagement skills.

This research therefore aims to determine if transformational methods of community engagement are effectively being implemented in developing country communities; whether the barriers being encountered are similar to those in those noted in the literature, and what the enablers are for overcoming these barriers and implementing transformational community engagement practices to drive CSR development objectives in a developing country context.

2.4 Development

Perspectives on what constitutes development have changed over the past century, and can therefore be differently interpreted (Frynas, 2008). The United Nations Millennium Development Goals (MDGs) conceive it as a set of eight aspects (United Nations, 2012) where it can also have broader goals such as income distribution and value creation (Frynas, 2008). Edward and Tallontire (2009) developed a heuristic to enable better conceptualisation of the concept of development and depict that conceptually notions of development range from a comprehensive notion of holistic social transformation to a reductionist concept of goal-driven indicators, such as the MDGs which they describe as the "lacks" – lack of income, lack of food etc.

2.4.1 CSR and development

The linking of CSR and development has been described by Frynas (2008) as a hugely significant advance, where businesses are not only expected to act

responsible, but are expected to play a role in meeting global development objectives. As such, considerable research looking at businesses role in development has been conducted, such as Prahalad's 'bottom of the pyramid' theories (Prahalad, 2012).

Edward and Tallontire's (2009) heuristic mentioned earlier can be extended to include businesses' engagement with development, which spans from the instrumental approach of using managerial skills to get things done efficiently, and interdependence where business looks more closely at inclusive processes within society to engagement at a level greater than the business case.

Although research has been done on this relationship, Frynas (2008) postulates that the claims about the positive contribution of CSR to international development made by the research is unjustified, based on the following reasons: lack of empirical evidence; the analytical limitations of CSR; the constraints of the business case for CSR and unresolved governance questions. As such, he states that despite disclosures in company's self-published sustainability reports, we do not actually know whether CSR makes a difference.

In countries like South Africa, development challenges and state-mandated participation in CSR activities result in the need for a different approach to dealing with these issues (Hamann, 2006). The South African case of legislating corporate entities' social responsibility through such acts as the dti's B-BBEE Codes of Good Practice, have been both hailed as proactive and forward thinking as well as criticised for only benefiting a certain elite (Hamann, 2006; Patel & Graham, 2012; Ponte, Roberts, & Van Sittert, 2007). Through measuring compliance via the dti scorecard, concern has been raised that, in certain cases, the SED aspect is merely becoming a tick-box exercise to simply meet measurement targets, losing the 'spirit' of the certification (Ponte et al., 2007). This raises the question of how best to involve business in development – through state legislation or choice, and whether these efforts actually hinder meaningful empowerment (Ponte et al., 2007).

Hinson and Ndhlovu (2011) outline the pros and cons of having CSR linked to government priorities; on the positive side, it provides leverage for the follow-through of state developmental priorities, but on the other hand the concern is that this could lead to the relinquishment of governments' responsibilities.

2.4.2 Implications of development for this research

Frynas (2008) notes that although there is a lot of academic literature on the reputational and product development impact of initiatives, there is as yet little evidence about the developmental impact.

In developing countries such as South Africa, the need for sustainable development is great, and due to the ineffectiveness of the state to meet the increasingly large demands, there has been a call for business to contribute. This contribution is through CSR initiatives.

From a community level, especially communities related to industries, development needs are great. As such CSR needs to be aimed at the community, but in order for it to be effective it needs to be implemented through transformational community engagement that builds relationships and capacity among these stakeholders. The question raised is whether companies and communities are able to engage at this level, and what the barriers are to effective transformational engagement that is needed to drive CSR for developmental impact.

2.5 Conclusion

The literature outlines that not only is there a need for business to take a proactive role in supporting government efforts in development, but there is also a 'business case' for doing so (Frynas, 2008; Hamann, 2004; Merino & Valor, 2011). Through proactively implementing CSR initiatives that have an extended view and are comprehensive in their design, business has the opportunity to ensure that its investment is not only reputationally and strategically sound, but that the social benefits are long term and sustainable (Tracey et al., 2005). In many cases, companies have a significant impact on geographic communities around their

operations and thus there is a need to engage with these communities on many matters to ensure continued community support of the business. Often the community is exclusively dependent on the company for employment, which elevates the responsibility of the company to these stakeholders. As such CSR initiatives are often directed at these communities in an effort to empower them and decrease dependence on the company (Bowen et al., 2010).

If the aim of businesses' CSR initiatives is to invest in projects that bring about reduced company dependency and real socio-economic development, the engagement required will need to be more collaborative in nature. As such it could be proposed that companies need to be looking at more transformational methods of engagement (Bowen et al., 2010).

This research therefore aims to determine the level to which a selection of companies in a developing world context are following transformational community engagement practices, including joint project management, joint decision-making, co-ownership, joint learning and sense-making and community leadership and decision-making (Bowen et al., 2010). In these cases the research aims to determine what the barriers have been to engaging in this manner, including aspects such as sharing the vision (Gordon et al., 2013), negotiation difficulties (Menkel-Meadow, 2006), power relations (Tracey et al., 2005), as well as whether these barriers can be classified according to the categories of the antecedents listed by Bowen et al. (2010). From this the research also intends to identify the enablers to overcome these, including such examples as Fisher and Ury's interest-based bargaining (Menkel-Meadow, 2006).

CHAPTER 3: RESEARCH QUESTIONS

The literature review illustrated how CSR developed from merely a philanthropic activity linked to reputation and branding, to a more strategic, economically based 'business-case' approach where most of the academic research lies. The literature now calls for greater understanding of the extended view of CSR, where CSR attempts to adopt responsibilities for greater social development, previously under the mandate of government (Tracey et al., 2005), which is socially driven by government and society. As such the first research question aims to understand what CSR practices are currently being implemented by a selection of South African companies.

The effectiveness of CSR projects has been criticised in the literature for a variety of reasons, including the timespan of projects, accountability, and the method of engaging the community involved. It is proposed that using transformational methods of engagement, including joint project management, joint decision-making, co-ownership, joint learning and sense-making and community leadership and decision-making (Bowen et al., 2010), is likely to provide better developmental outcomes. However, when engaging with communities, issues of changing views, needs and salience (Verbeke & Tung, 2013), as well as issues of trust and accountability, can be a barrier to engaging in this manner. From this the second and third research questions ask what are the barriers and enablers for transformational community engagement to drive developmental outcomes.

The primary research question investigated is therefore: What are the current practices, barriers and enablers for companies attempting to employ transformational community engagement in an attempt to meet the developmental CSR goals of a company in communities? In order to answer the primary research question and achieve the aim, the following three subordinate questions were investigated.

Research question 1

What are the community engagement practices that companies are following as part of their CSR strategy?

The systematic review of academic research related to community engagement conducted by Bowen et al. (2010) outlines a typology of three forms of community engagement: transactional, transitional and transformational, and provides examples of each as well as describing when each is appropriate. Other, primarily Western-based, research has focused on case-based examples of the effectiveness of specific transformational engagement, such as corporate-community partnerships (Esteves & Barclay, 2011) and community enterprises (Tracey et al., 2005). This question aims to develop an understanding of what forms of engagement South African companies are employing and the antecedents for these choices with specific interest in transformational engagement methods, such as collaboration and partnership, which require and develop community leadership/empowerment.

Research question 2

What are the barriers to transformational community engagement?

- a. **From an internal stakeholder (company employee) perspective.**
- b. **From an external stakeholder (community member and other interested third parties') perspective.**

Gordon et al. (2013) outline the barriers to industry-wide community engagement in the forestry industry in Australia as being industry collaboration, community engagement skills, trust and inclusivity. These vary in a cross industry setting where the focus is specifically on attempts at transformational engagement by individual companies. Issues such as competence (Sharp, 2006) and power differentials (Jeppesen & Lund-Thomsen, 2010; Sharp, 2006; Tracey et al., 2005) were also considered while still leaving room for revelation of previous undocumented issues through the in-depth interviews. Whether there was a difference between internal and external views on these barriers was also determined.

Research question 3

What are the enablers for transformational community engagement?

- a. From an internal stakeholder (company employee) perspective.
- b. From an external stakeholder (community member and other interested third parties') perspective.

The literature postulates that transformational community engagement is a means to ensuring greater long-term legitimacy of a company with a community, while from a community perspective, it is a method for empowerment (Bowen et al., 2010) with the end goal being greater developmental impact (Esteves & Barclay, 2011). As such, understanding the strategies and concepts that will help overcome the barriers in research question two, and provide further enablers for transformational engagement, are of critical importance. Certain areas of interest included cross-sectoral collaboration (Gordon et al., 2013; Hamann, 2004), development of community representation structures (Hamann, 2004), governance reforms (Frynas, 2008), competency development, or even improving negotiation skills through thinking about people's interests rather than positions (Menkel-Meadow, 2006).

Figure 3: Contextualisation of the research questions to CE, CSR and SED

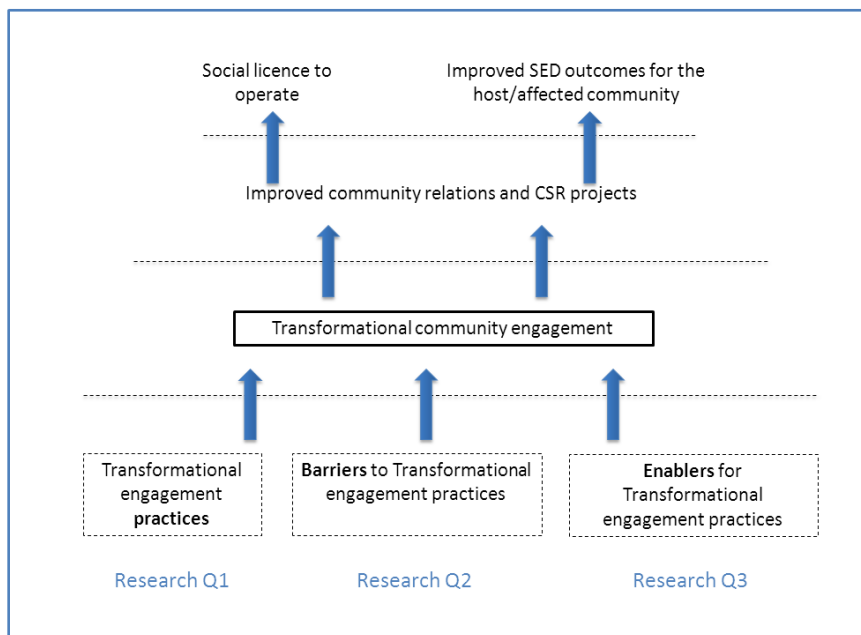


Figure 3 contextualises the three research questions to the key benefits and drivers for transformational engagement, outlining that through understanding

the current practices, barriers and the enablers, we can better promote the transformational engagement agenda within a company's geographic community. From this the benefits are then shown as improved community relations and CSR projects which in turn will result in improved socio-economic outcomes for the host/affected community as well as the earning of a "social licence to operate" (Esteves & Barclay, 2011; Gordon, 2012).

CHAPTER 4: RESEARCH METHODOLOGY

This study was aimed at determining the current practices, barriers and enablers for transformational community engagement in a developing economy context. This chapter aims to outline the research methodology used in the investigation, and comprises an outline of the research design, data collection methods, sampling and analysis techniques used.

4.1 Research methodology

From the literature review, Esteves and Barclay (2011), Gordon et al. (2013) and Tracey et al. (2005) all propose use of qualitative studies to determine the effects of various community engagement strategies. Two of these studies are case based, and the third is spread over an industry. As such it was felt that a qualitative approach would be best suited to this research in order to gain an in-depth understanding of the issues. An inductive reasoning approach was used, whereby observations are used to infer broader generalisations (Saunders & Lewis, 2012). The study was an exploratory study, whereby the research focused on studying the situation to gain insights into the problem (Saunders & Lewis, 2012). A cross case study approach (Yin, 1981) was used in order to get a better understanding of the context in which community engagement is occurring.

The case study approach is defined by Yin (2003, p. 13) as an empirical study that “investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident”. As such a case-based approach has been chosen as the research as the contextual conditions of different companies across different sectors may be pertinent to application of transformational engagement strategies. Multiple case studies have been chosen as it is considered that evidence from multiple cases is regarded as being more robust (Herriott & Firestone, 1993 cited in Yin, 2003) and allows for the data to be more generalisable.

4.2 Population and unit of analysis

The population of this study is any company that engages with salient geographic community stakeholders, with population subgroups for sampling including company CSR representatives, external experts (such as tertiary organisations or NGOs which are involved in CSR) and community members who are involved in the engagement. The reasoning behind choosing these parties as the population was that each contains a source of insight into the questions, from differing perspectives. The nature of transformational community engagement is such that collaboration and partnership occurs and goals are shared, and as such the complexity of these views is critical to answering the research question.

The unit of analysis was the attitudes and perspectives of the individual, CSI representative, community beneficiary or external expert, on transformational community engagement.

4.3 Sampling

A complete list of all the members of the populations, the sampling frame, is unknown, therefore non-probability, purposive sampling was used where the researcher's judgement was used to select sample members based on set criteria (Saunders & Lewis, 2012).

Case study analysis does not require randomly selected cases, in fact Eisenhardt (1989) suggests that the process of interest is as 'transparently observable' as possible. As such, clear criterion for determining suitable sample companies was derived, with the intention of having participants that span three different sectors. Having a heterogeneous sample group consisting of three sectors will allow for the potential of patterns to emerge that may be of interest and value (Saunders & Lewis, 2012).

The criteria used for selecting sample companies and participants were to initially identify prospective companies from the Johannesburg Stock Exchange's (JSE) Socially Responsible Investment (SRI) Index. The SRI Index ranks companies according to their performance against a set of triple bottom line measurement

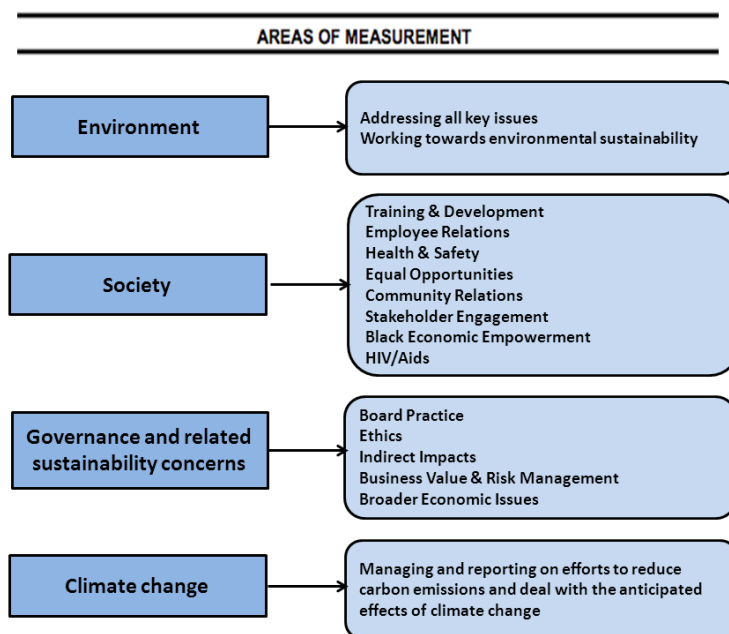
criteria (Figure 4), including ‘community relations’ and ‘stakeholder engagement’ (JSE, 2011).

Annual reports of the listed JSE SRI companies were analysed to identify suitable candidates for interview (Appendix I). The criteria used when analysing disclosures in these reports included determining whether:

- they state that their operations affect a ‘geographic’ community;
- they list ‘community’ as a stakeholder;
- community engagement is discussed in CSI/CSR/SED reporting.

The other criteria for selection included willingness to participate and involvement in community engagement strategies or works in collaboration with the company being studied (Gordon, 2012). Through meeting the above criteria, the three case companies were selected.

Figure 4: JSE SRI index areas of measurement



Source: JSE (2011, p. 5)

The sample size was three targeted companies, across three industry sectors: mining, food production and hotels and leisure, with the commonality of having community impact and engagement. Between four and six respondents from each company were interviewed (Table 5). The respondents were chosen to be a

reflection of internal and external stakeholders in order to get a balanced view of the barriers and enablers for the engagement. Once the initial company contact was identified, the snowball method of sampling, where identified sample members are able to identify subsequent members (Saunders & Lewis, 2012), was utilised to identify community representatives and the other relevant external stakeholders where possible. Multiple interviews (19) aim to provide a more comprehensive picture and deeper insights to the issues in question.

Table 5: Interview respondent categories

Company (Sector)	Category	Number of respondents
Company A (Sector 1: Food production)	Company CSR representative	3
	Beneficiary community representative	2
	External interested third party (e.g. NGO/involved CSR consultant)	1
Company B (Sector 2: Mining)	Company CSR representative	2
	Beneficiary community representative	2
	External interested third party (e.g. NGO/involved CSR consultant)	0
Company C (Sector 3: Hotels and leisure)	Company CSR representative	3
	Beneficiary community representative	2
	External interested third party (e.g. NGO/involved CSR consultant)	1
Other	External experts/practitioners in the CSR consulting space	3
Total		19

4.4 Data collection tool and method

Case study analysis calls for a selection of a variety of complementary sources of evidence including documentation, interviews, observations and artefacts (Yin, 2003), and although ideally as many sources as possible should be utilised, this research has chosen to use documentation, annual reports and policy documents, and interviews.

4.4.1 Documentation

Yin (2003) states that documentary evidence is likely to be relevant to any case-study topic, but needs to be the object of explicit data collection plans. The documents are generally used to corroborate evidence from other sources.

Secondary data was collected from annual reports and internal policy documents and tabulated using Excel and analysed to determine the current practices in community engagement by the selected companies.

4.4.2 Interviews

An interview matrix (Appendix II), comprising a list of topics to be covered and questions to be asked, was used as a guide for the semi-structured interviews. This ensured that key themes were covered. The main topics that the questions were centred on were the three key questions of the research. The interview matrix consisted of questions and a selection of probes to help elicit detail on the topics of interest. Probes were determined from key themes in the literature.

The interview method was semi-structured and face-to-face (in all but three of the 19 cases where phone interviews needed to be conducted) in order to give flexibility for the respondent to provide in-depth answers and new insights into the research questions (Saunders & Lewis, 2012). In order to capture the content of the interviews, they were electronically recorded (following permission from the participant) supplemented by note taking.

4.5 Pretest

Saunders and Lewis (2012) state that pilot interviews are important to ensure that the content and timing of the interviews are appropriate and that any issues can be addressed before engaging with the targeted sample. A pilot interview was conducted telephonically with a CSI expert from the hotel and leisure industry. This provided an opportunity to estimate the time an interview would take, to test the audio recording equipment, to test the interview matrix and prompts, and to practise asking questions. Following the pilot interview the questionnaire matrix was edited with clearer prompts to keep the interview on track as well as to probe for greater depth of detail. A second pilot interview was conducted with a community liaison and local project administrator of the Soweto Marimba Youth League (SMYLE) in Dobsonville to determine whether the questions were understandable from a community member perspective, where there are language barriers as well as unfamiliarity with the concepts being discussed. Following this

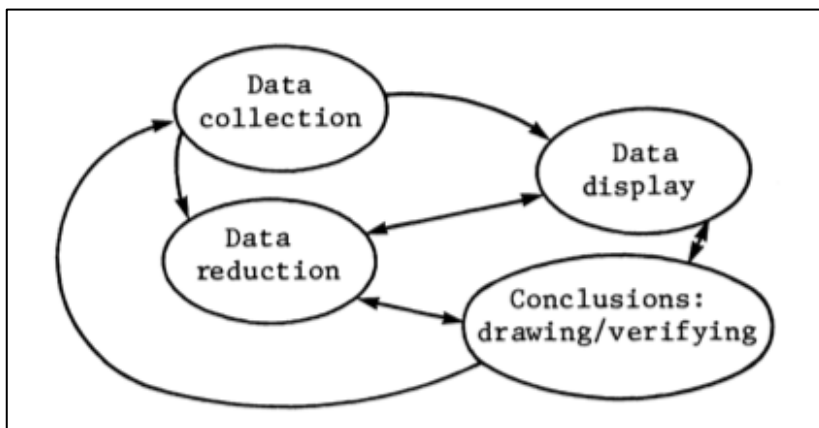
pilot the wording on several questions was simplified and the pace of questioning slowed down.

4.6 Data analysis

The 19 interviews, ranging from 30 minutes to an hour, were recorded and transcribed. Copies of the interview transcripts were sent back to the respondents to allow them to check for accuracy and ensure validity of data.

The data analysis process followed the model outlined by Miles and Huberman (1984) which consists of data reduction, data display and conclusion drawing and verification (Figures 5 and 6). The *data reduction* process involved the selecting, simplifying, and transforming of data from the interviews. This was undertaken using Atlas-ti, a qualitative data analysis software programme. The second step involved organising and assembling the information in order to permit conclusion-drawing and action-taking, this is called *data display* and was conducted using Atlas-ti and Excel. Thirdly, conclusions were drawn from the reduced, displayed data (Miles & Huberman, 1984).

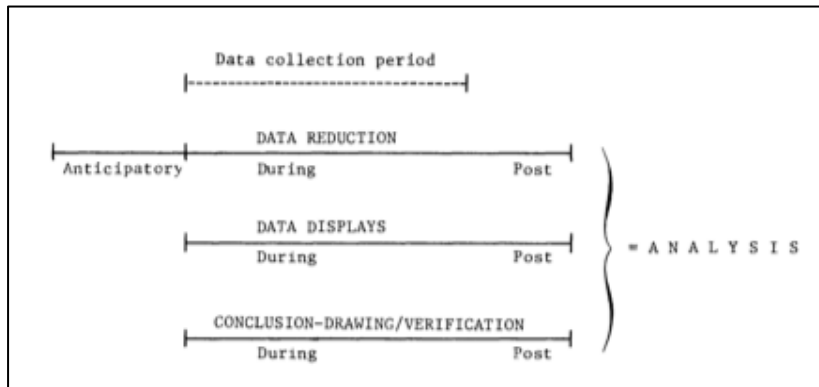
Figure 5: Components of data analysis: flow model



Source: Miles and Huberman (1984, p.23)

Data reduction can occur before, during and after data collection (Miles & Huberman, 1984) as illustrated in Figure 6. In the anticipatory stage, the conceptual frameworks drawn from the literature, the research questions, the purposive sampling and the interviews all formed methods of focusing the data (Miles & Huberman, 1984).

Figure 6: Components of data analysis: interactive model



Source: Miles and Huberman (1984, p.24)

Atlas.ti, qualitative data analysis software, was used to help identify and group key themes. This required coding for key words and themes, of which a large volume were identified that were then reduced and grouped into the key findings tabulated in Chapter 5. Key issues, commonalities and divergences were noted and the content analysed for research findings.

In a cross-case situation it was key to look for cross-case patterns, while at the same time remaining aware of the risk of jumping to conclusions based on limited data (Eisenhardt, 1989). In order to overcome this, the analysis involved selecting categories (organisational, community and relational contexts) and looking for similarities within the group coupled with intergroup differences (Eisenhardt, 1989).

4.7 Research ethics

Each respondent was given an informed consent letter (Appendix III) that included a concise and clear description of the purpose, scope and intended outcomes of the research. The type of information required for the research was clearly stated, as was the policy for anonymity and confidentiality (Saunders & Lewis, 2012, p. 224). All participants were also guaranteed anonymity and as such, no individual has been named in the research project.

4.8 Assumptions

Some assumptions made in this research study were related to the interviewees themselves. The research assumed that all interviewees understood the potential for transformational engagement and could comment on the areas that were hindering it or could enable it, and provide feedback with limited bias. The research assumes that the researcher was provided access to the most relevant people and sources of information from the companies. Choosing companies that have been listed on the JSE SRI index ensures that there is a higher likelihood of better management of the aspects being investigated, and thus that the relevant people to interview were chosen; however, this also causes potential bias in the sample group. There is a further assumption of the researcher that needs to be identified; namely that there is a need for transformational engagement and that it leads to development.

4.9 Limitations

All the findings in this study are gathered through qualitative research around specific cases chosen through non-probability purpose sampling, and thus cannot be scientifically generalised across the population (Yin, 2003). As the researcher in this study has limited experience in qualitative research, there was a risk of researcher bias, where the researcher influences the results causing the research to be subjective.

Other limitations are that the study was limited to the perspectives and information of a limited sample consisting of 16 interviewees across the three case companies as well as three experts with only four respondents for the metals and mining company and six for each of the others. However, by interviewing CSI specialists, community representatives and external interested parties, the research aims to minimise interviewee bias and obtain a more balanced view of current practices. The fact that the population was limited to South African companies that have a community impact may have prejudiced findings and limited generalisability. It would have been preferable to include more sectors across countries and a greater number of respondents across levels of engagement in each of these to enhance the sectoral comparison.

Community members interviewed were at times limited in their responses through language and perhaps full understanding of the questions, and in two cases a translator needed to be utilised, whereby interpreter bias may have occurred.

4.10 Data validity and reliability

The quality of the data collected is determined by the validity of the research design and data collection. Validity is concerned with credibility of the research findings and conclusions and is defined as the extent to which data collection methods accurately measure what they were intended to measure and that the research findings are really what they profess to be about (Saunders & Lewis, 2012). In order to improve validity, a consistency matrix (Appendix IV) as well as an interview matrix was devised. To address external validity, the extent to which conclusions are generalisable to other research settings (Saunders & Lewis, 2012; Yin, 2003), the research was conducted across three sectors.

Data reliability refers to the extent to which the data collection and analysis methods described can be repeated to produce consistent findings (Saunders & Lewis, 2012; Yin, 2003). To improve the reliability of the data collection and analysis used in this study, the following elements were incorporated into the research design:

- an interview matrix to establish a degree of consistency in the data collection even though the interviews were semi-structured;
- triangulation of data for question one;
- analysis via tabulation and consistent structure for the presentation of findings (Yin, 2003).

CHAPTER 5: RESULTS

5.1 Introduction

The following chapter is a presentation of the findings collected during qualitative interviews with a heterogeneous group of 19 stakeholders involved in community engagement across three companies in three different sectors (Table 6). The interviews were designed to collect data that would answer the three questions presented in chapter three. Content and frequency analysis was used to extract key elements from each interview. Similarities within groups, coupled with intergroup differences, are presented for key categories of data. The presentation of data is qualitative in nature. This data is supplemented with secondary data from the annual reports and policy documents of these companies.

Table 6: List of interviewees

Sector: Metals and mining	
MM1	Executive Stakeholder Relations
MM2	SED Practitioner
MM3	Mayor of Local Municipality
MM4	Principal of Local Beneficiary School
Sector: Food production	
FP1	General Manager: Sustainability & Corporate Citizenship
FP2	Marketing and Communications Manager
FP3	General Manager
FP4	Marketing Consultant and Independent Translator/Interpreter
FP5	Administrator of Local Beneficiary School
FP6	Principal of Local Beneficiary Crèche
Sector: Hotels and leisure	
HL1	(Business Unit 1) Corporate Social Investment Manager
HL2	(Business Unit 2) IT Facilities Manager, CSI chairperson
HL3	(Business Unit 3) CSI Coordinator
HL4	(Business Unit 3) Garden Project - External NPO working with company and community
HL5	(Business Unit 3) Garden Project - Community Beneficiaries
HL6	(Business Unit 3) Principal of Local Beneficiary School
Experts	
Exp1	Regional Community Development, Culture Coordinator and Researcher
Exp2	CSI Management Company, Executive: Operations
Exp3	Head of Strategic Communications of a social enterprise providing research, strategic advice and investment opportunities to corporate, non-profit and development agency clients

5.2 Results: Research question 1

What are the community engagement practices that companies are following as part of their CSR strategy?

5.2.1 Company overviews

An overview of the policies, management and drivers for CSR, and the resultant practices across the three companies interviewed are discussed below. These span three sectors with varying internal and external factors influencing practice.

Metals and mining

In the metals and mining sector, stakeholder engagement and CSI is formally legislated. In order to obtain and retain a licence to operate, the Mineral and Petroleum Resources Development Act (MPRDA) of 2002 requires mines to develop, submit and implement Social and Labour Plans (SLPs), and comply with the guidance and funding targets set forth in the Mining Charter (MC) of 2010. As part of international best practice, the company also follows the guidance of the International Council on Mining and Metals (ICMM) Sustainable Development Principles which includes emphasis on contribution to social, economic and institutional development of host communities and talks to transparent engagement, communication and independently verified reporting arrangements with stakeholders.

The Mining Charter comprises nine elements, two of which are fundamental to CSR and community engagement practices. These include 'Procurement and Enterprise Development' and 'Mine Community Development'. As such the company has drafted specific policies whereby stakeholders are identified, the social and legal risks related to lack of engagement are noted, and procedures for ensuring proactive engagement are in place to ensure the company reaches its strategic goals.

The company has a dedicated department that focuses on SED and ensures compliance to the MC, proactively manages stakeholder engagement, and ensures alignment of engagement and projects with the local Integrated Development Plan (IDP). At the local level, with the support of the SED team, the SED manager

assumes the day-to day responsibilities for stakeholder engagement. The principles of stakeholder engagement are outlined to be structured and consistent, informed and proactive, collaborative and transparent and inclusive and multi-layered. With regards to the communities directly impacted by operations, priority areas include poverty alleviation, job creation, education, welfare and healthcare.

Community engagement is listed in the company's report as both a material issue and a risk (Table 8), and takes place primarily through local government or municipalities linked to the local IDP through local economic development (LED) projects implemented via the agreed SLP. Further engagement occurs through CSI initiatives, where more discretionary projects or donations are made, and lastly through the company's B-BBEE Trust.

The nature of this engagement ranges through the three types of engagement, from philanthropic CSI donations and projects, through to collaborating and partnering with local municipalities in a transformational way in the form of joint decision-making on the development of the area (Table 10). The majority of spend is related to infrastructure development.

Barriers relating to this engagement are partly administrative, but mainly relational in nature. Administratively they relate to keeping the SLP updated and identifying the beneficiaries. As the local municipality is a key engagement partner, this relationship and alignment of interests is crucial. Turnover of staff at the municipal level, and members lacking skills necessary for joint project formulation and implementation, are critical barriers to trust development, alignment and successful continuity of efforts. The mine and the municipality both operate with different project management skills and timeframes, further adding a barrier to the ease of transformational engagement through joint partnership.

As the mining company's engagement is promoted through legislation, it is felt that this is an enabler to improved relations and project management as it puts a formal structure in place, especially with communities. Furthermore the IDP document serves as a guide when there is high turnover in the municipality, as it outlines the agreed priority areas. The municipality represents the needs of the

community, however, this can be a problem if the municipality hasn't engaged the community correctly and is not representing their needs and wants accurately.

In order to deal with issues related to 'expectation' the mine trains their SED staff to be upfront in engagement, outlining the processes, priority areas and budgets. It is felt that raising awareness within the engaged community is critical for SED practitioners to avoid misunderstandings and expectations that cannot be met. A large focus of the engagement and the projects chosen through the SLP, CSI and the company Trust are aimed at upliftment and capacity building and are thus developmental in order to improve the socio-economic capacity of the impacted communities and make them less dependent on the mine.

Food production

The food producing company interviewed operates through close relationships with the farming communities that provide the raw crops for processing in the various mills around the country. The communities they impact or that may impact them are the farming community as well as the communities around the mills. Engagement with these communities occurs in three main ways. Firstly, the company proactively engages with the farming community and the Department of Agriculture and the Department of Rural Development and Land Reform, especially in the context of the land restitution process. This engagement relates to security of supply chain and is thus a corporate responsibility to current employees and South Africa's food security. Secondly, proactive engagement occurs with communities in any new areas that the company may enter; and lastly engagement for CSI occurs at a local level in a more transactional manner through requests brought to the company or through marketing initiatives that build the brand.

CSI is overseen from head office, in line with the company's strategic intent which states that it aims to "be welcomed in the communities in which it operates because of what it does, how well it does it and be accepted as a progressive company by all communities; aligning strategies to meet changing circumstances in the various countries in which the group operates," (Food Production Company, 2013, p.16). Smaller CSI donations are managed by HR at the individual operations

in response to requests. It has been noted that it would be more beneficial to have a dedicated CSI person at the various operations with the capacity to manage engagement and projects, however this is currently a resource constraint.

The company attempts not to be paternalistic in its CSI approach and believes that the community knows what they want and will request accordingly. Certain community members interviewed stated that it is difficult to make requests as they either need to go via the local councillor or are unsure of how to get noticed.

Hotels and leisure

The company interviewed invests in and manages businesses in the hotel, resort and gaming industries both in South Africa as well as a few international hotels. The company recognises the symbiotic relationship of their operations with the local economy, where the company enables job creation and local economic multipliers, but relies on the goodwill of the community in order to operate. Engagement with community-based groups centres around ongoing support of enterprise development, charities and social action organisations, and CSI contributions are focused on projects in the areas of health and welfare, education and community development that are aligned to business requirements and empower the community.

Management of community engagement and CSI occurs both centrally and by the specific business unit, with the properties focusing on the immediate communities surrounding their operations. Head office looks after the groups from a governance and standardisation perspective and manages the CSI budget through a trust. In some instances the business units have a dedicated CSI manager, and in others the CSI portfolio is an add-on job.

Legislative requirements of the company's gaming licence require that CSI/SED money is spent within the province of the registering gaming board. This becomes an issue if a business unit is located on the boundary of two provinces and the communities on its doorstep are not in the licence providing province. The defined community that needs to be supported is not the geographic community that is affected by the operation. Relationships therefore need to be developed with

councillors in all geographic communities to ensure that community understands this.

5.2.2 Analysis of company engagement practices

5.2.2.1 Company approach to engagement

The various companies approach community engagement and CSI in differing ways in terms of the presence of industry legislation, and on where CSI is housed in the corporate management structure. As can be seen in Table 7, in the mining company CSI/SED is managed from a dedicated department, as such focus is needed to meet all the legislative requirements of the industry, whereas the food production and hotel and leisure companies position CSI under the HR department, mostly as an add-on job, with a few dedicated CSI professionals in the case of the hotel and leisure company.

Company annual reports were analysed to determine the institutional pressure for community engagement (Table 8); this was determined by whether the company identified the need to engage through listing or discussing community engagement as a material issue, a risk or a strategic imperative. This links to the motivation for engaging in community engagement and CSI and determines the corporate stance (Table 9) to CSI that manifests as a result.

A material issue can be described as an issue of significant economic, environmental or social impact that, if omitted or misstated in the annual report, would significantly misrepresent the organisation to its stakeholders, and thereby influence their conclusions, decisions and actions (AccountAbility, 2008). Risk is “the likelihood of something happening (either positive or negative) that will have a consequence or impact (arising from the event) upon the achievement of objectives” $Risk = Likelihood \times Consequences$ (Ow, 2012).

Table 7: Company approaches to engagement

	Metals & mining	Food production	Hotel & leisure
Company management of engagement	Dedicated CSI and SED department Stakeholder engagement policy	Group Corporate office CSI manager South African office HR manager in charge of CSI Operations level CSI managed by GMs and HR	CSI falls under HR. <i>Head office:</i> governance, standardisation, and a Trust for CSI budget. <i>Business units:</i> CSI committees, in a federal model with high autonomy over projects and funds. Some CSI professionals, mostly an add-on job.
Legislative considerations	Broad-based and inclusive stakeholder consultation is mandated through legislation and regulation and links to licence to operate. > dti Codes of Good Practice > Broad-Based Socio-Economic Empowerment Charter for the South African Mining and Minerals Industry > Mineral and Petroleum Resources Development Act (MPRDA) which requires submission of a Social and Labour Plan (SLP) in accordance with the Mining Charter (MC) guidelines	Restitution of Land Rights Act has an impact on some strategic CSR engagement.	Gaming Licences require CSI-spend to be made in the province of the registered gaming board. BEE scorecard
Priority areas	Poverty alleviation Job creation Education Welfare Healthcare	Healthcare Education Community Infrastructure Development Donations	Health, welfare and HIV/Aids Education Community development Sports, Arts and Culture

Table 8: Institutional pressure for engagement

Institutional pressure for engagement	Metals & mining	Food production	Hotel & leisure
Community engagement identified as a Material Issue	Yes	No *	No *
Community engagement identified as a Risk	Yes	Yes	No
Community engagement identified as a Strategic Imperative	Yes	Yes	Yes

*Material issues not listed

5.2.2.2 Illustrative tactics

The three case companies exhibited a range of engagement practices (Table 9) with all three engaging in transactional projects, all attempting to involve the community in some manner for transitional engagement. There were only a few cases of real transformational engagement, mostly in the mining company through its interaction with the local municipality in relation to its SLP. The detail of how this engagement manifests is outlined in the illustrative tactics listed in Table 10, which includes the types of projects and the types of communication that takes place. From this we can see that although it may happen, none of the companies explicitly listed employee volunteering or joint learning and sense-making as methods of engaging with the community.

Table 9: Corporate stance

Corporate stance	Metals & mining	Food production	Hotel & leisure
Transactional: Community investment/information	X	X	X
Transitional: Community involvement	X	X	X
Transformational: Community integration	X		X

Table 10: Illustrative tactics of engagement

Illustrative tactics	Metals & mining	Food production	Hotel & leisure
Transactional: On transactional basis	X	X	X
Charitable donations (philanthropy - financial)	X	X	X
Building local infrastructure	X	X	X
Employee volunteering (time)			
Information sessions (knowledge)	X	X	X
Training of community members (skills)	X		X
Transitional: Engage in dialogue	X		X
Stakeholder dialogues			X
Public consultations	X	X	X
Town hall meetings		X	
Cause-related marketing		X	
Transformational: Shared sense-making and problem solving	X		
Partnerships with NPOs and others	X	X	X
Joint project management	X	X	X
Joint decision-making	X		X
Co-ownership	X		X
Joint learning and sense-making			
Community leadership and decision-making	X		X

5.2.2.3 Communication methods

As indicated in Table 10, there are various ways of communicating with identified community members during engagement. Respondents provided opinions on whether their company or South African companies in general are in fact engaging transactionally, transitionally or transformationally, as outlined below.

Transactional engagement:

FP3: "It's not done. We have the odd visits by let's say councillors, government organisations ... odd visits. But not proactively be done [sic] as in somebody's responsible to going out [sic] and bring [sic] this thing active."

Transactional projects with transitional consultation:

FP2: "Other things we have thrown about are things like the bus shelters, taxi ranks and stuff like that. And all those things need to be presented to them and they give input and maybe come up with some other ideas, and maybe we will roll out a plan to implement those. So that is another 12-to-18-month project."

HL2: "We have members within our committee that live in the community, so that helps a lot. Also we have a relationship with the counsellors in the community that we also go to for certain requests and information. We also attend some of the community meetings, where we are also able to pick up some [information]."

Transitional consultations:

MM1: "There are also certain operations meetings between the councillor and the company. We will invite them to the plant and have a meeting on community issues. That also has an HR side and an IR side to see what is going on in the community. On the IR side you can always pick up from those meetings. What is going on in IR is normally discussed."

Transformational planning:

MM1: "And also there are meetings with the municipality; they call them Local Economic Development meetings, where they involve the mines. The municipality will invite the mines and talk about general issues in the community."

5.2.2.4 Who are companies engaging with?

Identifying who to engage with is the first step for the company to be able to ensure that they are being correctly informed of the needs of the community and

that the information being taken back to the community correctly represents the intentions of the company. Table 11 lists the most commonly cited community liaisons engaged with in relation to CSI.

Table 11: Community partners engaged

Type of community partners	Metals & mining	Food production	Hotel & leisure
Schools	X	X	X
Department of Education	X	X	X
Other Companies / NPOs		X	X
Elder/Nkosi/Chief	X	X	X
Local Councillor	X	X	X
Municipality	X		X
Government departments		X	

5.2.3 Opinions on the positioning of CSI in South African companies

Interviewees, particularly the ‘experts’, provided an opinion on how they would position the engagement of their company and South African companies in general, according to the transactional, transitional and transformational descriptors. It is felt that there is a range of engagement types that are carried out, with transactional featuring the strongest.

Exp1: “I think that by and large in our experience it’s really the transactional mostly at the moment with a little bit of transitional and very few transformational projects in our view from a corporate point of view.”

Exp2: “I definitely think the majority are in transactional. And a few corporates are sitting in transitional. Just sitting here thinking about transformational, I mean I can’t even think. The most obvious example of transformational for me will actually be community trusts. So like the Royal Bafokeng, where they actually own part of the company that is investing in that community. Whereas I would say CSI sits largely between transactional and transitional.”

Exp3: “I think again it depends on the non-profit. Some are very good at [key decision-making with the people in the community that they are working with] and have a reputation for being very good at that. Others are less so, so others have a more, I would call it, a traditional kind of philanthropic approach.”

It is felt, however that there is a move to become more transformational in approach, with more sustainable support of the community through such things as enterprise development, as expressed in the quotations below. As such, companies have a combination of approaches as they improve their practices.

HL2: "I'm picking up from other organisations as well there's a very serious drive from moving away from just a hand out and charitable needs, to a more sustainable support into the community. Our strategic objective for example is, unless we can make a bigger impact on our own, we would rather go into a partnership and assist with the sustainable project within the community, getting people out of the community, leadership, to help drive this thing when we pull out."

HL1: "A combination, we could get a little bit more, we have a look at the transformational side, more joint project management, joint decision-making. I don't think we're there yet. I would look at a scale from 1 to 10, I would say we [are] in the middle. I think we [are] beginning with the enterprise development there is more interaction and decision-making not necessarily with SED."

Despite opinions that there is a move to be more transitional and then transformational in approach, there is concern that transformational engagement is in fact aspirational, and not necessarily practical. This opinion is given by one of the experts interviewed:

Exp2: "I think transformational is aspirational. I'm not sure how practical it is. I think the more fundamental question is around sustainability. So you might have a transformational approach ... there's complete buy-in, but there's no sustainability."

5.3 Results: Research question 2

What are the barriers to transformational community engagement?

5.3.1 Introduction

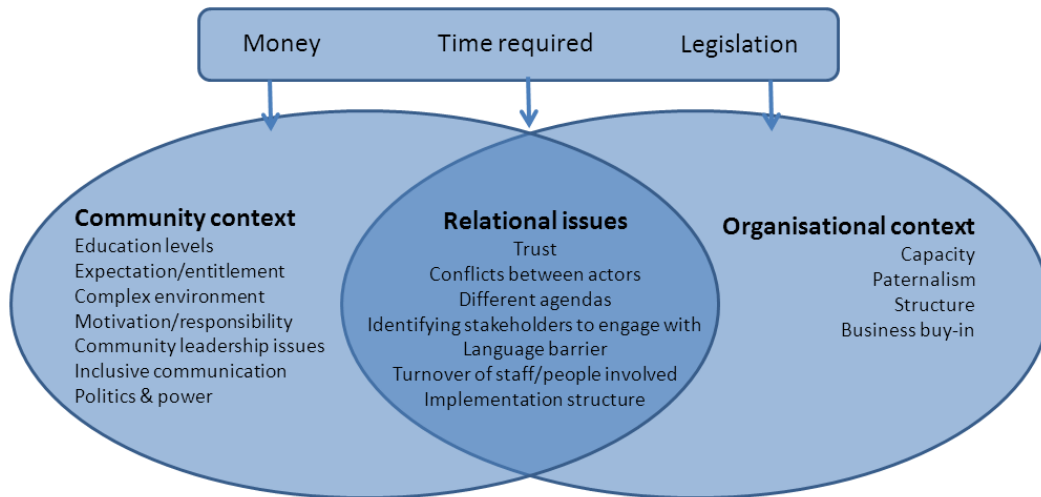
Results from the expert interviews show that various barriers hinder companies attempting to engage with communities in a transformational way. The table below lists the key categories of barriers identified by the respondents, and shows how many interviewees from each company cited each barrier. The commentary following the table provides more detail on each barrier, with particular focus on the most important barriers.

Table 12: Barriers to transformational community engagement

		Number of interviewees				
		(4)	(6)	(6)	(3)	(19)
		Metals & mining	Food production	Hotels & leisure	Expert opinion	Frequency
1	Education levels	2	3	5	2	12
2	Expectation/entitlement	2	4	3	2	11
3	Capacity	1	4	4	1	10
4	Complex environment	1	3	2	2	8
5	Trust	2	1	4	1	8
6	Conflicts between actors	1	2	3	2	8
7	Paternalism	0	2	2	3	7
8	Structure	0	4	2	1	7
9	Motivation/responsibility of community beneficiaries	1	3	2	1	7
10	Legislative efforts a barrier	0	2	1	3	6
11	Money	2	1	2	0	5
12	Community liaison/leader issues	0	3	1	1	5
13	Inclusive communication	0	4	1	0	5
14	Politics and power	1	3	1	0	5
15	Different agendas	2	1	1	1	5
16	Time required	1	2	0	1	4
17	Business buy-in	0	2	1	1	4
18	Identifying stakeholders to engage with	0	3	0	1	4
19	Language barrier	0	2	1	1	4
20	Turnover of staff/people involved	1	0	2	1	4
21	Implementation structure	2	0	1	0	3

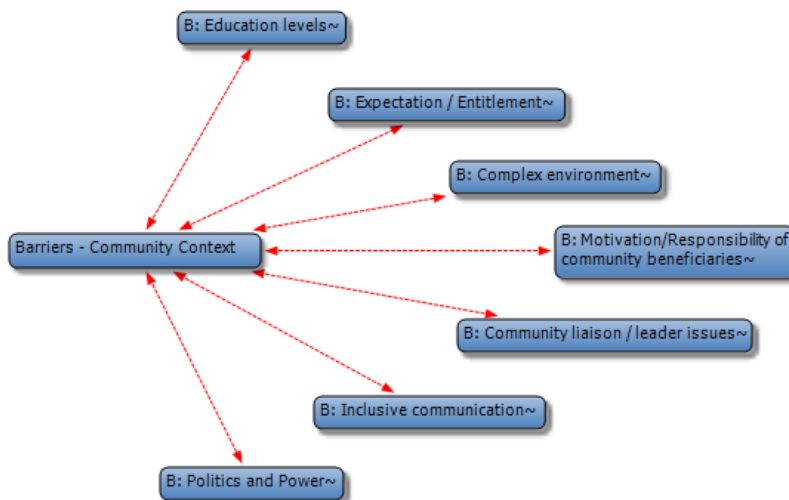
In Figure 7 below, these barriers have been grouped according to the context in which the barrier is found. The contexts include the community context (Figure 8), organisational context (Figure 9) and relational context (Figure 10).

Figure 7: Barriers to transformational community engagement



5.3.2 Community context barriers

Figure 8: Community context barriers to transformational engagement



Educational barriers

The most cited barrier to effective communication between companies and the communities they wish to form transformational partnerships with relates to *educational levels* and ability. Of the 19 people interviewed, across companies and roles, 12 identified educational levels as a key barrier. The educational barriers

cited ranged from the basic levels of illiteracy and lack of formal education, reducing the ability to read instructions or engage with a person with higher levels of understanding, to having the correct skills to carry out projects. Issues related to the educational barriers included a lack of long-term planning, business knowledge and experience. In some cases this can lead to misguided negativity towards the engagement if the community partner is not able to deliver on his/her promises.

MM3: “So you’re trying to share the learning, you’re trying to build them up. It’s a joint venture with that Honey community and yet their skills level prevents them from actually continuing afterwards. It’s about education”.

Exp1: “In terms of our other projects it is the lack of business knowledge and skills. You know you can start a project, as an example a community does not understand the running of a business. So they were given a whole lot of seeds and they planted them and sold the produce and didn't invest it back into the business to buy more seeds. So that kind of understanding, which I think a lot of it [sic] was our fault as well and I do think it was a lot of the fault of people doing projects”.

FP2: “I say this with due respect, but a lot of people have been put in power without the right education or training and it means bring [sic] this matrix together so that it is a functional, working matrix is difficult”.

FP2: “I think it's really important to understand their capabilities and not put too much on them. In some instances, instead of facing embarrassment of not being able to do it, you'll find there's negativity that comes into the project, which is misguided. The negativity will have a face of one aspect, but in reality it's the fact that they can't deliver what they've said they could deliver. And therefore you've got to understand that”.

HL3: “Another thing that comes in, some communities don’t know how to read, so you cannot by all means send them materials and tell them to read them, So you’ve got to be personally, physically training them, those are some of the challenges”.

Expectation/entitlement

In the Southern African context, with a history of developmental aid and social grants, there has arisen a perception that communities expect to be assisted or receive hand-outs. As such, 11 of the 19 interviewees noted that *expectation* or *entitlement* hinders their efforts to develop joint projects. In many cases there is a misguided perception among communities that corporates have unending funds.

Exp3: “I think there is an expectation; I think that is an issue and I think that many NGOs see the corporate as a big sort of pot of money. The reality is

that corporates have a lot less money to spend on CSI than non-profits think they do”.

It has been noted that this barrier is worse in countries with strong social grant systems, where it has been stated that this leads to a reduction in a community’s ability or desire to help themselves. These communities become more dependent, and, linked with a lack of skills, are less able to provide a livelihood for themselves.

Exp1: “It different [sic] in the different countries, because Zambia, Malawi, Zimbabwe [sic] the people are much more keen to get involved and better their communities. But in countries like Namibia or in South Africa, where the government has done a lot of work for people, so [sic] there is less sense of wanting to help themselves, no desire to make lives easier and provide livelihoods; what’s it called, [sic] entitlement”.

In contradiction to this, the expectation could be borne out of desperation, where a community organisation is struggling to survive. Furthermore, one respondent raised the point that the ‘entitlement’ argument is both patronising and paternalistic.

FP6: “We want somebody, who is going to adopt us. Cause [sic] sometimes the government they [sic] didn’t give us the money to buy food. Sometimes three months or over [sic]. No money, no food”.

Exp3: “I mean I have my own personal view is that the entitlement sort of argument around entitlement [sic] is quite a patronising and colonial approach, well, paternalistic approach, to development”.

Motivation/responsibility

In all cases, irrespective of their level of education or sense of entitlement, seven respondents noted that if the beneficiaries are not *motivated and/or take no responsibility* for engagement or any project, then there will be no buy-in and efforts will be subject to failure. Issues related to this lack of motivation and responsibility can stem from ‘project fatigue’ where many NGOs have worked with the community before, drumming up enthusiasm each time and then eventually moving on.

HL4: “Some areas which [sic] we work, it is a problem and we find that when you go there, people are reluctant. People have been there before and they are trying to, they come, they go, they come, they go, ja it's been a problem. But I think that as I alluded to you, what we are doing as an organisation, when we have a project, this project has got a lifespan”.

Other issues relate to the fact that you need a person or a trust to take responsibility, and that all players need to clearly understand their role. Community members do not always want to take responsibility. Secondly, respondents warn against relying too heavily on only having one engagement partner/project leader as people are mobile, and if this person leaves, the project risks falling flat. Rather engage with, or develop a trust.

HL2: “By far the lack of responsibility [has held the company back the most in forming joint ventures or having co-ownership of projects with the community]. A lot of people don’t want to take responsibility. There is always a spending from pillar to post [sic], and reluctance of communities to put ink on paper in terms of a MOU or whatever, and that is one of the biggest challenges”.

FP3: “In terms of trying to support that school, you are dealing with individuals that are responsible to the school that have their own issues like teachers. Are they motivated? Are they motivated enough to want to make that a success? Or are they seeing it as a job? So while we see it that we are helping in the school, we’ve got to go through individuals who are not really motivated to want to do more than anything than [sic] they have to”.

MM1: “We are operating with project management, and there are certain roles that we have to assume and that they have to assume. Sometimes you find that we are doing our part and they are not doing their part”.

Complex environment

In all sectors it was identified that engaging with communities is no easy task, even for the most experienced practitioner. The *complexity of the environment* relates to several issues, and it is important to understand how the community operates. No one community is the same, and in each province and each community there are different needs, demands, challenges and ways of doing things. What is perceived to be a ‘need’ in a community may not be what the community ‘wants’. Issues within and between communities can be ethic, cultural or even political in nature.

MM1: “... if you’re dealing with people in the KZN area there might be a different set of principles or culture compared to people in Mpumalanga or Limpopo. You have to be able to understand those differences. Even in the Northern Cape their challenges are different based on their culture. There are certain protocols that are specific culturally. So you don’t just go and talk to people and assume that these are community people. You need to understand that this is a community in Limpopo, or this is a community in the Northern Cape.”

Respondents noted that they also need to determine who to engage with while taking into account the various other communities surrounding them. Failure to do this can raise issues of fairness and jealousy.

FP2: “Whatever CSI project you are going to get involved in, understand the full dynamic of that project. Don’t think you are doing a service by handing out a T-shirt or a cap or whatever and thinking now that you have CSI brownie points with that community, it doesn’t always work. Sometimes you put that community in a worse off position because now they feel they’ve benefited and somebody else hasn’t benefited, and then it becomes a problem.”

In South Africa in particular there is a history of division, making it a complex environment to do business and interact with the full matrix of players in the community. Getting all players to understand that it is an interconnecting matrix and a symbiotic relationship is equally challenging.

Politics and power

Issues of *political* interference and understanding *power* hierarchies have been identified, mainly by the food production company, where efforts to engage are undermined by politics and power struggles within committees as well as external politics. In many cases engagement occurs through the municipality or local councillors, which brings with it issues between the political party in power and others, such that building a relationship with the municipality is of key importance.

MM1: “...we need to recognise who the players are in the committee and what is their position, and the politics within that committee, else you get a power struggle.”

FP2: “Unfortunately in South Africa, politics plays a big role. It's politics or unions, or empowerment I suppose, there's a lot of hidden agendas in many issues. And you've actually got to almost break it down and say we are doing this for the community. You've got to try and take the politics out of it without disrespecting the political people.”

HL2: “...what happens with a lot of the communities where there’s a lot of political interference, there’s a lot of political promises that’s made [sic], so there’s a whole range of expectations created...”

In certain communities, such as one that the food production company engages with, there are strong cultural hierarchies that have to be understood and

respected. These hinder engagement from a time perspective, as well as being a barrier to community members with less power being able to be involved.

FP6: "You know I think out of the resource communication, I think there are a lot of cultural issues that come in. She's [local councillor] on top, then everyone's got to hlonipha (respect) and respect her and they've got to approach her cause she's ... It's not like a level play field [sic], like we would have open lines of communication. There's certain hierarchal, judicial, customary issues..."

Community liaison/leader issues

The *community liaison* is a critical component for transformational engagement, yet, particularly in the food production company, it has been noted that the community liaison does not always represent the interests of the community and can at times be more interested in protecting their political status. Thus barriers emerge related to hidden agendas and the representivity of the community liaison/leader.

FP2: "...one is trying to protect a political status, and everybody knows that when you're in power it is very easy to pick holes in what you are doing. Once you're up there your actions can be very easily criticised, so staying in power is a primary concern of the people that are in power, and that in itself starts changing your judgement and your perception of what is good for the community."

FP3: "In all my interaction with structures, what comes up very clearly to me is that the leadership that's at meetings, most cases are only there for one person. They do not send out the message back to the community what was discussed [sic]. They do not get mandates. They do not report back. They're there almost in their own right."

Exp1: "... most communities aren't mostly educated people, the average community member in a sense don't want [sic] to question these people because they are very educated."

Inclusive communication

From the community context, the last barrier identified is that of *inclusive communication*. This barrier was primarily identified in the food production company, likely as a result of not having a strongly defined community stakeholder engagement. However it has been noted across a range of respondents and in the hotel and leisure company too.

The key problems identified with regards to internal communication relate to the difficulties of getting all the relevant parties together, and communicating to all relevant stakeholders at all levels of the community. In certain communities this is exacerbated if there is a cultural hierarchy that has to be respected. If the company doesn't have a defined communication process this is even more difficult.

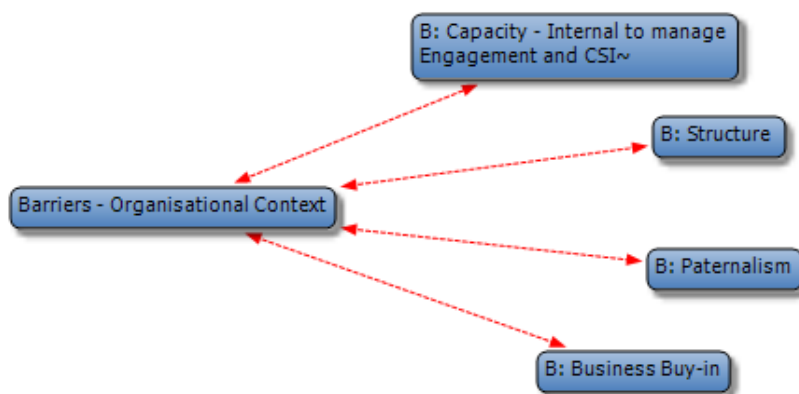
FP2: "Again, to me the biggest thing is communication, one, getting all the parties together, talking the same language, language barrier, [sic] and then interpretation – what I say to one person means something totally different to another person in another ethnic group, so the actual understanding of that communication is so critical."

In some cases the community doesn't have the knowledge or capacity to initiate the engagement with the company, or if they are engaging on a project, are fearful of asking for the process to be formalised in case the perception of asking for commitment pushes the company away. Communication also relates to the community feeding back to the company how effective the partnership is, and if the work is of any value.

HL6: "Maybe it's just the fear that if we bring it up they will run away from us so we have just left it open so that when they are ready they can come on board and help us."

5.3.3 Organisational context barriers

Figure 9: Organisational context barriers to transformational engagement



In order to engage with communities in a transformational manner, an organisation needs to have a purposive approach to the engagement. For this to

occur effectively, the business needs to have its own 'buy-in' to the purpose of the engagement, likely linked to the business case of CSR, and not paternalistic in nature. They then need to build the capacity to ensure that the engagement is effective and house it in their organisation in such a way as to ensure that it gets the best level of focus and skills to ensure a sustainable outcome.

Business buy-in

From the outset, if there is no clarity on the purpose of community engagement, or *business buy-in*, it and CSI will not be integrated into the core purpose of a company and nor will it be prioritised by management. In several cases, businesses see CSI as merely a method of getting BEE points, and don't embrace the overall benefits of the process. One respondent communicated that, although the BEE codes have been lauded in CSI circles globally, it has also made it more of a tick-box exercise that allows companies to get away with the bare minimum. This tick-box attitude also extends to the attitude of driving a PR exercise under the banner of CSI, thus losing the essence of what CSI and CE has the potential to achieve.

Exp3: "I think if we talking [sic] about barriers, I think one of the key ones is that CSI is still not integrated into a business's core purpose, so in other words CSI is the poor relation in the business and so the business looks at its bottom line and goes okay well, it doesn't seem to be a realisation of the effect of the sort of sustainability of business where communities are engaged."

Exp3: "So CSI has seen it [sic] just as something that you do to get your BEE points and to be seen to be doing something. But the link I think, except for in a very few cases, the link between building a functioning healthy community around where your businesses are based has actually key [sic] your businesses success. I think that is missing still in my view."

Structure

Within the company, the *structure* and location of the CSI department has a strong link with how effective it is at being able to implement its targets. With the exception of the metals and mining company, which has a dedicated CSI/SED department, all other companies and experts felt that the location of the CSI department in the company was a hindrance to effectively being able to implement transformational community engagement. One respondent from the hotel and leisure company stated that in their company, from an organisational perspective, CSI has no natural home, therefore, where it is positioned impacts how well it is

done and what focus it is given. They stated that if they had a choice to locate CSI in HR or corporate affairs, corporate affairs would be a better option as this department would look at how CSI links to other aspects of the business, such as enterprise development and skills building.

In some cases the CSI department is run by the marketing manager, the HR department, and in one case the IT manager. In another company, three different people from three different departments would be involved in the same issue. As an add-on job this provides difficulty in terms of time and focus, as well as experience in the field. Externalising CSI through a NGO or other such organisation can fill a capacity gap, but then can diminish the relationship between the company and the community it is trying to impact.

Structure not only relates to where the CSI department is housed, but also to the structure of the strategy. If a clear strategy is not in place and various people are tasked with CSI as an add-on job, the lack of guidance will reduce the effectiveness of the engagement.

FP3: "It's an add-on job. It 'should be' work in the framework of the HR Department. But, it is additional work that nobody wants."

Capacity

Of all the organisational context barriers, *capacity* is the most cited, across all companies and by all three experts. Capacity relates to not having the internal human and/or financial resources with the requisite skills to manage engagement and CSI, as well as to monitor and evaluate the impact of the engagement. A lack of experience of CSI practitioners, or people with the CSI profile, adds to this capacity issue.

MM1: "Yes it can be very difficult if not managed properly, that's why we need specific skills on the portfolios for socio-economic development."

Exp3: "What they might need and what they want are different and so it's quite a complex thing and I think that companies in general are not capacitated to work with communities effectively."

FP4: "It's a lack of experience, of not have done enough projects and worked enough years in that kind of environment. I think particularly in this country I think this CSI thing is a bit of a baby in nappies still people are

feeling their way around. They actually don't have a real formalised plan, so a lot of the time it's a lack of experience to fall back on."

FP1: "Now we've got five operations in this country. Now if we were to get involved like that it would mean creating CSI departments."

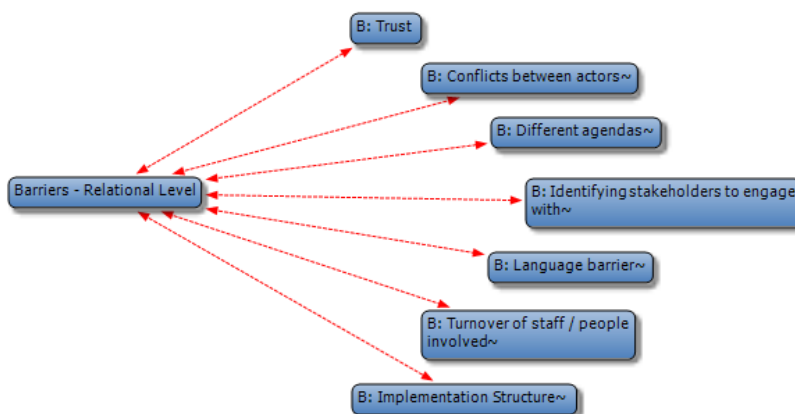
Paternalism

Paternalism is defined by the Merriam-Webster dictionary as the "attitude or actions of a person, organisation, etc., that protects people and gives them what they need but does not give them any responsibility or freedom of choice" ("Paternalism," n.d.). Of the 19 people interviewed, seven identified paternalism as an issue to engaging for transformational change. These paternalistic attitudes are described as a 'we know better' approach and in some cases there are misconceptions around how a community operates and functions. It was also stated that companies can be reluctant to commit to projects and raise expectations that cannot be met, thus restricting a possibly constructive partnership.

Exp3: "... we have perceptions about what works in communities and in development and that isn't often the case and I don't think companies in their CSI departments are engaged enough with what actually works and what doesn't."

5.3.4 Relational context barriers

Figure 10: Relational barriers to transformational engagement



Relational barriers refer to those barriers identified that are associated with how the corporation and the community relate to each other. They include the 'soft'

issues such as trust, conflicts and differing agendas, as well as harder issues such as language and staff turnover that hinder development of building the relationship necessary for transformational engagement.

Identifying stakeholders to engage with

Before a relationship can be built, the company needs to identify the correct *stakeholders to engage with*, and this in itself has been identified as a difficulty. Considerations as to who is the leader: political, religious, elders, tribal leader or the one with the loudest voice versus the most powerful have been raised, as well as the fact that the community doesn't have simply one voice. Issues have been experienced by the food production company where they thought they were engaging with the correct person only to later find that their community liaison was not actually representing the community in its entirety. The risk with regards to engagement relate to the project being capsized if inclusive stakeholder interaction does not take place.

Exp2: "Because often in the community it's trying to understand who is the most powerful stakeholder and not necessarily the loudest voice is the most powerful. So it's trying to navigate that. So a lot of corporates rely on official government plans."

Trust

Once the stakeholders have been identified, respondents across all three companies have identified that *trust* is critical to the success or failure of effective partnerships and relationships between the community representatives and the corporation. Trust takes time to build, through the development of relationships and a proven track record.

HL4: "No, they don't trust you in the first place, the moment when they hear of some of the other stories that you have done in other communities, that's when they will."

Conflicts between actors

In any relationship, if there is more than one actor there is the potential for conflict. Respondents noted that in the complex case of working with community members, one of the biggest barriers is *conflicts between the different actors*, whether they are between the community members themselves, external parties

or the community and the company. If a community becomes divided over these conflicts, the ability to engage is hindered.

In the case of the metals and mining company, conflict previously lay between the mining company and the municipality. The food production company experienced conflict between an external faction which was dissatisfied with the current councillor and reacted through disruption to efforts by the company. The food production company was also witness to conflict between two external government departments, which have differing mandates that conflict with each other and thus hinder the ability of the company to be as effective as they could be around issues of land redistribution. One of the expert interviewees provided an example of when the community trust that was managing the finances abused the faith of the community and then blamed the company.

FP2: "... there was another new group that was using [the company's] new presence in the area, and the lack of employment in the community, to leverage against the ANC. They weren't happy with the ANC representative. So they were using [the company] to vent their frustrations about communication and what was going on in the community."

Different agendas

Not only are there conflicts between different people and groups, but there are *different agendas* that aren't always aligned to the extent they need to be to engage transformationally and build effective partnerships. This becomes particularly difficult when there is turnover of people on projects with different agendas to that which was initially agreed.

FP2: "You may have a traditional leader and a political leader. The traditional leader, generally speaking, has the ears of the older population, and then you've got the political leader who had the ears of the younger generation; and those people themselves have different agendas. The younger people may want a soccer field, the older generation want a church. They are more traditional with more conservative values where [sic] the younger people they [sic] want cellphone towers and those kinds of things, so just in your leadership groups you have different priorities and different mores that are important. And in the different age groups there are different agendas, wishes and desires."

Turnover of people

Turnover of people on projects, whether they be company staff, municipal management or beneficiary community members on the project, becomes a barrier as it reduces the continuity of the project. Each time a key stakeholder is replaced it requires time and effort in repeatedly building new relationships and trying to ensure alignment of goals.

MM1: “Also on the barriers, the fact that municipality staff and structures are changing, you know they change so rapidly sometimes. Sometimes you are working with the mayor or the municipal manager; six months later they have been moved or changed, so it can be a barrier.”

HL2: “The Moretele area which is the majority of our community, we’ve got some of the most impoverished communities around here, and unfortunately the municipality or the local authorities have had turnover of management probably in the past year 3 or 4 times. So there are a lot of continual changes and then there is new relationship [sic] that we need to build and in a couple of months, a year later, that person/those people are gone and we need to try and find who [sic] the right people to talk to. Yes, so there is no continuity as far as that is concerned.”

Implementation structure

The manner in which a project is carried out or *implemented* can determine how sustainable and successful it is. Determining the roles of each of the partnership members is critical to ensuring that people are taking ownership and responsibility. One project beneficiary in the hotel and leisure company expressed the desire to have a set term memorandum of understanding (MOU) to better enable them to plan for the medium term. The company, on the other hand, was reluctant to do this as they felt it increases expectation and restricts the community project’s ability and motivation to source other partners.

Language

Language can be a barrier in a country like South Africa where there are so many languages, cultures and levels of education. When engaging with a community of a different language, there is risk of mistranslation and misinterpretation.

FP4: “If you can’t speak a language and get an interpreter, there’s interpretations of subtleties that you can’t pick up unless [you] understand the language.”

5.3.5 Other barriers

Legislation

Several areas of *legislation*, usually developed with the best of developmental intentions, have actually been found to be a barrier to transformational engagement in practice. The first of these is BEE codes which have been changed to improve the procurement and enterprise development aspect by rewarding companies for including black-owned businesses into their supply chain, yet the same has not been done for the SED element, as described below:

Exp3: “But, they haven’t done the same with socio-economic development so it’s just these organisations that are working in communities just living year to year not knowing where they [are] going to get funding or not and that means that they can’t do the real developmental work that they should be doing. It’s not really rewarding companies for this kind of transformational approach, there’s no – I don’t think there’s any incentives for companies to work in this transformational way.”

One of the other experts interviewed further outlined how social grants become a barrier as they perpetuate a culture of dependency and entitlement and reduce entrepreneurial spirit. Legislation in the hotel and leisure industry states that CSI money needs to be spent in the province in which the licence has been issued. The problem related to this is that the community on the doorstep of certain business units is not necessarily in the same province, and thus the company is unable to create the necessary transformational engagement partnerships with the community they impact the most.

HL2: “How does somebody understand, 7 kilometres from me, you say you can’t help me, yet you’re driving 300 kilometres to ... and helping communities there.”

In the food production business, conflicting legislation of different government departments related to farming results in issues that make CSR in the area more difficult. An example of this is described in the following quotation:

FP2: “Unfortunately with the government it’s almost got an agricultural member of the government who is keen to keep the agriculture going, but you also have a political land claims guy who’s got to hand over so much land – so his objective doesn’t concur or support agriculture’s objective. His objective is to transfer so much land to new owners.”

The only industry that appears to be content with the legislation is metals and mining, who find that having SLP objectives clearly outlined removes conflict and keeps alignment of intent, even in the event of stakeholder turnover.

Money

The issue of *money* as a barrier comes in various guises. In some situations it is a point of conflict when agreeing on budgets and contractor fees, in other cases the issue lies with the community perceiving the company as having endless resources. Discussing money with community members that are not familiar with business transactions can be a sensitive area, especially if the community does not understand the breakdown of payments, or are less interested if the corporate prefers to control the payments.

MM2: “Even if we have done a feasibility study, we are sure that this project is wanted, we tend to disagree on the price.”

HL2: “...and the fact that unless they are able to see money, [they are] very reluctant to go into joint ventures where we will control the funding. It’s easy for them to jump on the project if you say there is the money, the minute you say there’s a project, we will now manage the funds, then there’s a total withdrawal.”

In the metals and mining company, budgets are set for the year and have to be spent in a timeframe, reducing the opportunities to engage in further projects mid-budget period; the community may not understand this process. In some companies, CSI budgets are not spent in full as the people responsible do not know how to spend it effectively:

HL2: And also speaking to a lot of the CSI colleagues from within the forum, one of the biggest challenges is companies holding onto their money. Precisely for that reason, there’s a lot of companies holding onto their money coming end of the financial year, they have got no clue how to spend it, because of the fear of giving it to the wrong people. And it will not end up serving the right purpose. I find there is a lot of fear around.

Time

Engaging transformationally with communities for CSR is a process that is more involved and therefore takes *time*. This becomes a barrier for several reasons including: time taken to consult, different time scales of different actors, and needing to meet legislated times scales. In companies such as the food production company, where CSI is an add-on job, the person responsible doesn’t always have

the time available to give the process the time it requires. In metals and mining companies, there are time frames within certain SLP targets that need to be reached, thus reducing the time available for thorough stakeholder engagement and implementation. Companies also find that their time targets for achieving objectives may not be in alignment with those of community members. Time constraints can also affect the depth and quality of monitoring and evaluation that occurs on a project.

FP2: "... at the end of the day we need to come up with a solution that works for everybody. I think the down side of this is that it actually takes time to get meetings with all these people, to get them all on board"

Exp2: "... maybe people are on different timetables, if the project is in an SLP and the mining company needs to get it done in the next two years. It might be a different time span if it they had to do it transformational [sic]. And maybe transformationally it would take four years because you'd have to first do a socio-economic review the environment [sic], identify the key stakeholders, then spend time actually getting by and then actually start the project. By then you might be violating the conditions of your mining licence."

Exp2: "I think on a very practical level – time. Joint decision-making and joint ownership – it takes time when there's more than one partner involved. You need a lot of stakeholder management to keep transformational momentum."

FP3: "because of time constraints, you don't really go down and do it [monitoring and evaluation] into detail, check the books and things like that."

5.3.6 Conclusion to research question 2 – Barriers for engagement

The respondents from the three companies, as well as the experts interviewed, listed 21 categories of barriers to transformational engagement, each reflecting the complex nature of CSI work. These were grouped according to three contexts in which the barrier lies; these include the community context (seven barriers), the corporate context (four barriers), the relational context (seven barriers) and three other barriers.

Respondents expressed an appreciation of the need for community engagement with a more transformational impact, but expressed that there were several barriers preventing them from succeeding. Of these the top three barriers are

related to educational levels (12 respondents) and attitudes of entitlement (11 respondents) of the community partners and the organisation's capacity (9 respondents) to effectively implement the engagement and projects.

Core barriers varied between the companies interviewed due to their differing CSI departmental structures and legislative requirements. For example, barriers related to paternalism and the location of CSI in the company structure were not raised by the metals and mining company, where they were seen as problematic by both the food production and the hotel and leisure company where CSI is not housed in its own department.

5.4 Results: Research question 3

What are the enablers for transformational community engagement?

5.4.1 Introduction

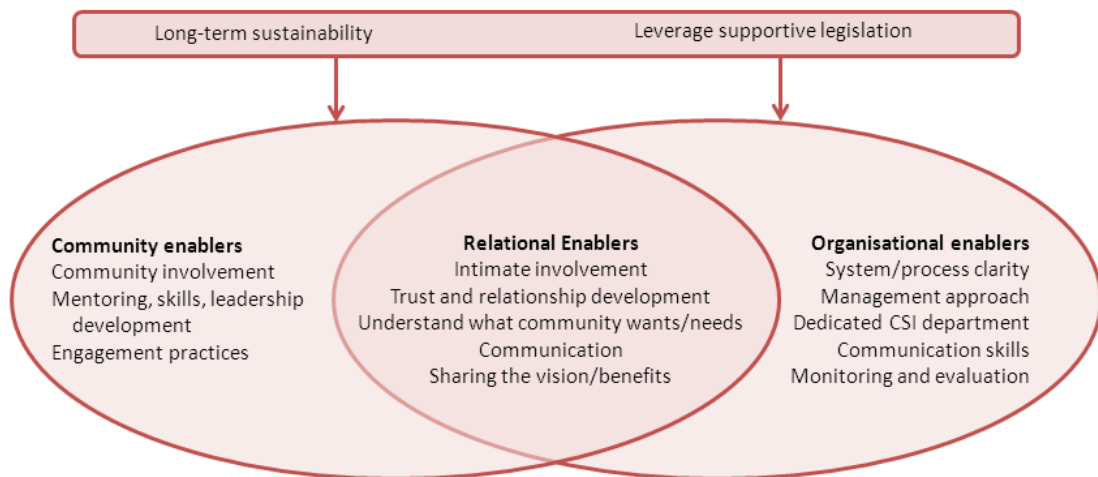
Results from the expert interviews reveal that there are 15 different enablers to overcome the various barriers that hinder companies' transformational engagement with communities. The table below lists the key categories of enablers identified by the respondents, and shows how many interviewees from each company cited each enabler. The commentary following the table will provide more detail on each of these, with particular focus on the most important enablers.

Table 13: Enablers for transformational community engagement

		Number of interviewees				
		Metals & mining (4)	Food production (6)	Hotels & leisure (6)	Expert opinion (3)	Frequency (19)
1	Intimate involvement	4	3	3	3	13
2	Long-term sustainability	2	4	5	2	13
3	Community involvement	3	3	3	3	12
4	System/process clarity	3	2	3	2	10
5	Trust and relationship development	2	1	5	1	9
6	Communication	2	2	4	1	9
7	Understand what community wants/needs	3	1	3	2	9
8	Management approach	1	3	1	3	8
9	Sharing the vision/benefits	2	2	3	1	8
10	Mentoring, skills, leadership development	1	1	4	1	7
11	Engagement practices	2	2	2	1	7
12	Dedicated CSI department	0	1	2	2	5
13	Leverage supportive legislation	2	2	0	1	5
14	Communication skills	1	2	0	1	4
15	Monitoring and evaluation	0	1	1	1	3

Although the enablers have been grouped according to the three contexts of organisational, community and relational (Figure 11), they are almost all primarily driven from an organisational context. This means that most efforts to enable the barriers to be overcome and for engagement to occur in a transformational manner rely on the attitudes, skills and implementation driven from the company.

Figure 11: Enablers for transformational community engagement



In order to have transformational community engagement, 13 respondents across companies state that the engagement has to be designed with a *long-term, sustainable focus*, with several respondents stating the old adage of ‘teach a man to fish’ and thus promoting giving a hand-up rather than a hand-out. Although it is stated that short-term projects are necessary and useful in building community trust and acceptance, once this is achieved, long-term sustainable projects are necessary for developmental impact. In areas such as mining, due to the nature of these operations, there is a long-term commitment of the mine, and thus their corporate profile should support this level of engagement.

Enablers for this to occur start with the company understanding the business case for the engagement; engaging in practices such as enterprise development, where the small business owner is invested in making the enterprise succeed; ensuring partners have responsibility for the success of the project; empowering communities to develop livelihoods; and developing long-standing partnerships. By giving people self-worth rather than a hand-out, the outcome is that of greater sustainability:

HL1: “We also deal with SED and ED so for me ED is a whole new ball game and I think ED ... is where you get that community interaction, you get that sense of just building ... actually, empowering someone.”

In order to drive this in South Africa, the government and various sector bodies have implemented *legislation* related to development. Although this may slow

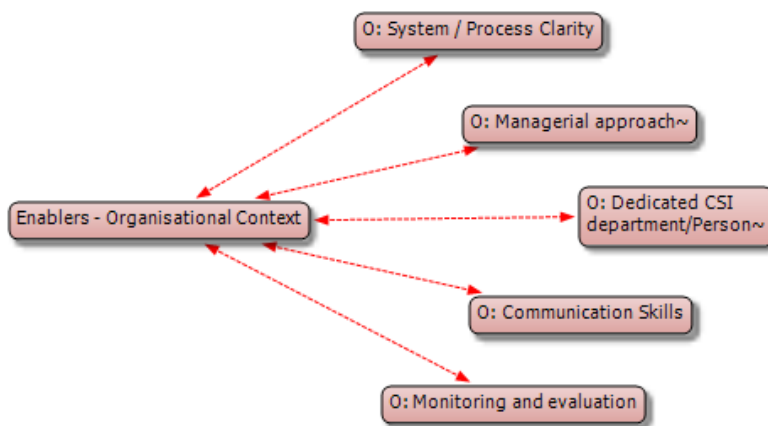
processes down at times and, as in the case of the gaming licence, dictate where the investment should take place, it can also be used as leverage point and a method of keeping alignment as well as drive companies that would otherwise be more complacent. Through using municipal IDPs, companies are given insight into what local priorities are as well as ensuring political buy-in.

MM1: “Yes, and you have to start working with new people, maybe their interests are not as aligned, but the document that helps us of course is the IDP document. Because if it wasn’t for that I think we would really be entertaining the desires of this one, of six months later it is somebody else, so we just stick to that IDP document.”

Exp2: “There’s a high reliance on government’s own plans. So every municipality has an IDP, which is a five-year plan on how that municipality should develop, which socio-economic indicators are most important, and what their priorities are. And so a lot of companies rely on official plans. Because they have political buy-in, they are part of the government plan.”

5.4.2 Organisational context enablers

Figure 12: Organisational context enablers for transformational engagement



The approach to the engagement and to some degree the level of success from the engagement is driven by the company in question. Thus the majority of the enablers are in fact related to the organisation’s approach. In order to do this they need to recognise that CSI is a specialised field; build resources for it accordingly; ideally have a *dedicated CSI department* with the expertise to enable effective engagement; and drive the CSI agenda from the top.

Exp3: “to actually recognise CSI as a specialist field and to train CSI managers properly to understand development and to understand evidence-based development and how to engage with communities. It is a

skill you can learn and then to really put it as part of your practice, at least just to start the ball rolling, the stakeholder-driven approach.”

The personnel chosen for these CSI departments need to have the *communication skills* necessary to engage and fit culturally with the community as well as speak and understand the language. If necessary, a translator must be used, but the interpreter needs to understand the business and cultural perspective so that both language and interpretation are correct.

MM1: “Yes, and also we look at the character of the person also. That they will be able to engage and fit culturally with the people; because that becomes an issue if you don’t understand the culture, if you’re not capable of engaging with that kind of level of people, or you don’t understand how they operate.”

FP2: “You have to have somebody who speaks the language – that is a non-negotiable. I don’t speak Zulu well at all and I have to have [an interpreter] there to talk to the guys. Also, that interpreter has to understand how to say things to the community.”

Respondents identified that the *management approach* taken needs to be clear and decisive. Management needs to take the lead and ensure that consultation is specific and in line with the CSI strategy; if consultation is too broad it is more difficult to get resolution. In order to achieve outcomes the aims need to be clear, policies need to be in place, roles and expectations outlined and resources dedicated. This should ideally be formalised through MOUs and contracts.

Exp2: “... setting up a structure that is functional, efficient and has decision-making processes. I don’t think transformational can be done without quite a lot of set up around MOUs, contracts, decision-making processes, powers of authority. It would have to be quite a formalised process.”

One of the most important organisational enablers identified by ten of the respondents is to have *clarity over the systems/process*. This entails transparently communicating the process to all stakeholders so that expectations can be effectively managed.

Exp2: “And so the companies we deal with are very clear in their mind of what they can do and what they can’t do. What they can’t do they don’t even attempt and there’s no point raising community expectations with things they can’t do.”

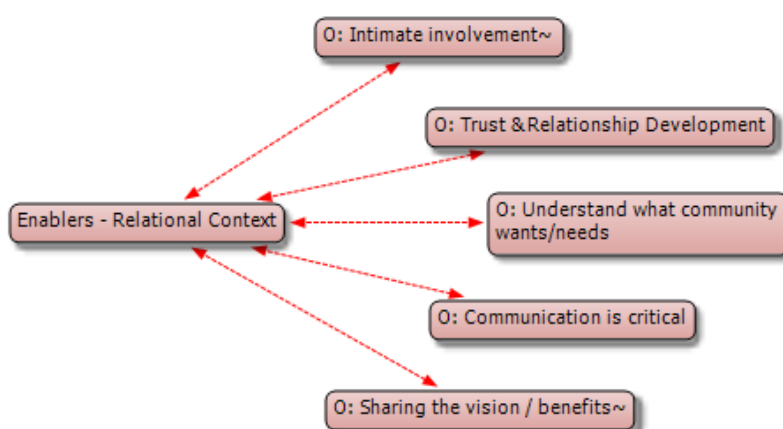
FP2: “... all parties in the community recognise the fact that you need to be involved in the community, but your involvement needs to be very clearly

communicated, to what extent, and they need to understand and that things are limited, and you can't do all things ...”

The organisation can also enable better transformational engagement through improved *monitoring and evaluation* systems that assess the impact of the project and provide data so that feedback can be given to both the community and the company. Reporting systems are also necessary for driving accountability with the stakeholders involved in the partnership.

5.4.3 Relational context enablers

Figure 13: Relational context enablers for transformational engagement



Of all the enablers cited for transformational community engagement, having *intimate involvement* is the joint most common, with 13 respondents emphasising its importance. Intimate involvement is a key enabler for developing the relationships and understanding the complexity of the community. It entails becoming closely involved in the community and project so as to understand the role players, the interconnecting matrix, the context, as well as the personal hierarchies and capabilities of the stakeholders involved. Intimate involvement enables the CSI professional to determine if there is a miss-match between *wants and needs*, and the intentions of different role players. Taking time to understand the *wants and needs* is critical, as this is the step away from our paternalistic attitude of ‘we know best’. Communities can be very good at determining what their needs are.

Exp2: “And so corporates are very aware that all social development projects take place in a context. And in my experience, the wise corporates

take note of that context rather than just using their own ideas of what should be done.”

HL4: “We need to grow up with an idea of helping the communities. I think the best way is to sit down with the grassroots level [sic]. What I mean by grassroots, is the people you want to help, you sit down with them.”

HL2: “We have for example within my committee; we have one of the guys who actually sits in the community committee, as a committee member. We have two other members who are also leaders within their community. It’s just an eye opener that the information they are able to bring in terms of the needs that come from the various communities, it just opens our eyes.”

In order to build *trust and develop relationships*, an enabler that nine of the respondents identified as necessary, the company needs to be genuine in their approach and intentions, attend community committee meetings and ensure that they have a visible presence in the community. The process of winning trust is slow, but necessary for buy-in, as expressed by the hotel and leisure CSI officer as he built visibility and trust when they opened a new hotel in a new area:

HL3: “... it’s out of those committees that I can make them understand why we here. So that’s the first thing, I was moving from one place to another place, so my schedule at those times was really tight, I start in the morning from one meeting to another meeting.”

In order to create buy-in, eight of the respondents have stated that the company needs to effectively *share the vision* and outline the beneficiaries, benefits and common goal to the community leaders. Short-term projects, or even successful pilot projects, are effective at demonstrating outcomes as well as gaining trust and acceptance.

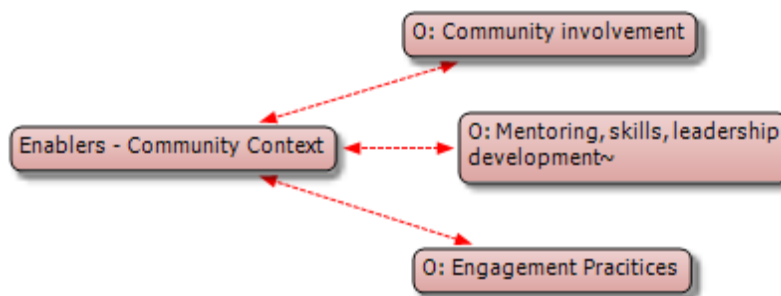
MM1: “you have to motivate according to the benefits – how many households are impacted, how many beneficiaries. At the end of the project you want to go and see that what you said in your motivation is being achieved. For instance, after six months the SED manager in the operations has to go back and evaluate what exactly has happened, follow-up. Don’t just walk away within the first year.”

Exp2: “And often people are drawn to case studies of success. And so sometimes transformational approach [sic] may be more effective if you can show when it’s been done before at a pilot project and say this is what we are talking to you about ... People are very attracted to success, so if a company demonstrates success or a real example of the vision, I think you’ll have more success.”

Communication is a critical element to engagement; it is a means of building trust and ensuring that the level of involvement is understood. This communication needs to move beyond public consultations to joint decision-making on the development opportunities.

5.4.4 Community context enablers

Figure 14: Community context enablers for transformational engagement



In order to address the community context barriers, 12 respondents identified that the organisation needs to ensure that there is *community involvement*. Respondents have expressed that companies need to understand that communities know what they want and what they need to spend their money on, and that we need to respect people’s decision-making about their own lives. Leaders must feel involved, and key stakeholders need to be given ownership and responsibility. If the project does not have this level of community involvement, there is a high risk that it will not succeed.

Exp3: “It’s the community needs [sic] to drive the project themselves, they are engaged else it’s never going to work.”

HL3: “Why do we engage them first? The reason is we want to buy them in, we want them to be the leaders in the project, hence they say they behind [sic] the whole thing. By doing that you find that the project never fails, because they see you, they own it.”

The *engagement practices* employed facilitate more transformational engagement. Respondents state that it is critical that both parties have a vested interest in the success of the engagement, and it is possibly better to engage around a particular project or idea, as opposed to an open forum where expectations could be raised and not realised.

Exp2: “And so the companies we deal with are very clear in their mind of they can do and what they can’t do. What they can’t do they don’t even attempt and there’s no point raising community expectations with things they can’t do. So there’s no point in going to a community and asking what do you want? And they say we want a road and it can’t be delivered. And so community engagement normally takes place around a particular idea or a particular project.”

As educational barriers were cited as the biggest obstacle to a company’s ability to engage in a transformational manner, it comes as no surprise that an enabler cited by seven respondents is that of *mentoring, skills and leadership development*. Respondents expressed that companies must not assume any level of competence, and should determine capabilities for themselves. In order to avoid creating dependence, programmes are in place to provide mentoring to small business owners, skills development to NGOs or community members to run projects, and leadership development. In some cases, communities have become used to philanthropic hand-outs and need to be ‘re-educated’ to a more responsible and accountable way of engaging.

Exp1: “Planning doesn’t generally happen in a community. There are so many risks. Give them the skills understand [sic]. That is why people need skills training.”

HL3: “The strategy that we have come up with is my workers or my assistants are the community, because we don’t own those projects, I just coordinate them, so we make sure that the community is well trained, I make sure that they are well trained to be able to take care”

5.4.5 Conclusion to research question 3 – Enablers for engagement

The respondents from the three companies, as well as the experts interviewed, listed 15 categories of enablers to transformational engagement. These were grouped according to three contexts in which the barriers lay, which include three enablers to community barriers, five enablers from the organisational context, seven relational context enablers and two other enablers.

Of these, the top three enablers are related to CSI professionals being intimately involved in the process of engagement and project formulation in order to properly understand the full dynamics of the engagement (13 respondents), having a long-term approach to the project designed to be sustainable (12

respondents), and ensuring that the community is involved in the process (11 respondents) to ensure buy-in and accountability.

5.5 Conclusion

In conclusion, South African companies that have a community impact are engaging in various forms of community engagement practices across the continuum of transactional, transitional and transformational. The approach they follow is strongly influenced by legislation, perceived risk related to community relationships and corporate level perceptions of community engagement. The developmental impact and effectiveness of the engagement is further driven by the capacity the organisation allocates to CSR. Where CSR and SED is legislated in the mining industry, the company has a dedicated team of skilled practitioners and a set budget that enables greater time allocated to developing intimate involvement and understanding of the needs of the community. This would promote greater opportunity for transformational community engagement practices. Where CSR is an add-on job and policies are less clear, the engagement becomes more ad-hoc and less strategically aligned to business risk and developmental impact.

In chapter two, Lee's 2011 framework of how companies choose their CSR strategy and the institutional and stakeholder pressures that drive this can be directly applied to each of the three companies studied, and relate to their individual approaches. This is further interrogated and interpreted in chapter six.

Across the three sectors, 16 company and community representatives, as well as three CSR experts, outlined 21 barriers and 15 enablers for transformational community engagement. These are not distinct from each other and have an inter-related relationship. Ultimately any opportunity for transformational community engagement starts with buy-in from the senior levels of the organisation who understand the business case and benefits of the process. Once this has been realised, policies can be developed and capacity can be built in an organisation such that dedicated and skilled CSR professionals with the mandate, time and ability are able to engage with and manage role players. This leads to intimate involvement in CSR, where relevant stakeholders can be identified and included in

decision-making to ensure understanding of the communities' wants and needs. Furthermore, having dedicated CSR practitioners allows for visible and transparent engagement that leads to the development of trust.

Where educational barriers in communities hinder the ability to engage effectively, mentoring, skills development and leadership training can be implemented, further improving engagement and relationship building. Other issues such as power differentials, hidden agendas, and aspects of the complex environment will still be difficult to overcome, but will be better managed with dedicated professionals intimately involved in the community and the application of supportive legislation where appropriate.

The literature review in chapter two highlights that there have been several studies into the business case for CSR and community engagement, and some case studies have been conducted on the manner in which CSR and community engagement has been effectively carried out in differing contexts. Each of these note key barriers and enablers that need to be overcome and considered when engaging in these contexts. Bowen et al. (2010) provide a comprehensive framework for classifying and determining what comprises transitional, transactional and transformational engagement.

Using the framework provided by Bowen et al. (2010) and the individual findings of various case studies in various different contexts, the extent to which each of the barriers and enablers identified in this research is covered by the literature is analysed. From this the implications for our understanding of the barriers and enablers to better promote transformational engagement is discussed in chapter six.

CHAPTER 6: DISCUSSION OF RESULTS

6.1 Introduction

The previous chapter presented the results from the research process, in which three questions related to a gap found in the literature on the barriers and enablers for transformational community engagement for CSR were answered. This was done through analysis of the annual reports, policy documents and interviews of a heterogeneous sample of stakeholders from three companies in three sectors in South Africa with a community impact. This chapter will discuss the findings in relation to the previous research outlined in the literature review in chapter 2 on community engagement, CSR and the potential for developmental impact, and will follow the format of the research questions in chapter three.

6.2 Discussion of research question 1

In line with the typology of three forms of community engagement: transactional, transitional and transformational, presented by Bowen et al. (2010), research question one was aimed at developing an understanding of the forms of community engagement South African companies are employing and the antecedents for these choices. The question was specifically interested in transformational engagement methods, such as collaboration and partnership that require and develop community leadership/empowerment.

General opinion provided by the experts interviewed, as well as the company representatives, state that they feel community engagement by South African companies is still primarily transactional in nature, although there is a legislative push to become more involved and aspirations to be more transformational in practice.

Through studying three companies that are situated in three different sectors, there are conclusions that can be drawn with regards to what motivates them to engage communities in the first place, what their approach is and the tactics employed that illustrate this.

6.2.1 CSR strategy motivating factors

The motivations for business to engage in CSR are largely grouped under three categories previously illustrated in Table 2, these include: those that are socially driven, those that are morally motivated and the 'business-case' for CSR. Lee (2011) provides a theoretical framework to explain how firms choose their CSR strategy, illustrated in Figure 2 in chapter two, which includes the combined effects of institutional and stakeholder pressures and results in either obstructionist, defensive, accommodative or proactive approaches to CSR. The three companies' practices are analysed below according to these motivations and approaches.

As a requirement for their licence to operate, the metals and mining company is strongly legislated to contribute to socio-economic development and local economic development through the MPRDA. They are therefore subject to intense stakeholder pressure to implement CSR activities. Furthermore, as noted in Table 8, the mining company recognises community engagement as a material issue, a risk and a strategic imperative, thus creating strong institutional pressure for engagement. Interviews with company representatives from the mine demonstrated that the internal stance for CSR is partly an 'accommodative' response to external institutional pressure as well as being 'proactively' linked to the business case and promoted from within the organisation. The business-case approach is complemented by external stakeholder pressure and the relational approach (Aguilera et al., 2007) which relates to keeping sound relations with communities. The combined effect of these motivations is to ensure community support, legitimacy and continuity of operations. The mining approach is thus situated between an accommodative to a proactive approach, in line with Lee's (2011) framework.

Although not as strongly legislated in the hotel and leisure sector, external institutional pressure for CSI is a requirement for retention of gaming licences when there is a casino on the property, as well as to the B-BBEE charter. The stakeholder pressure for CSI is linked to being accepted by the community, as outlined in the internal policy documents, and community engagement is a strategic imperative (Table 8). Community engagement has not, however, been

listed as a material issue or a risk, therefore the internal motivation for community engagement and CSI is less intense than in the metals and mining sector. As such, in business units where there is no casino, or business units outside of South Africa and not subject to B-BBEE requirements, the organisation has a 'defensive' approach to CSI linked to the business case and internal policy targets set by the South African head office. The respondents further expressed a moral obligation to tackling aspects of poverty around their operations. In South African operations with casinos, the external stakeholder pressure for CSI is greater, however this is matched by company pressure to engage in CSI, and thus there is a 'proactive' approach to CSI (Lee, 2011).

The food production sector appears to lack external sectoral pressure for CSI, and therefore institutional legislative pressure only comes in conformance with the B-BBEE requirements. Despite community engagement being described in the annual report as a risk and strategic imperative, internal company policies for community engagement and CSI are still being developed. Therefore, as this weak external stakeholder pressure is met with internal policies that are still being implemented, this would classify the company as being 'obstructionist' in their approach according to Lee's typology, meaning that their approach is not motivated by external pressure. However, through interviews it appears to be more of an 'accommodative' approach, which is described as firms accepting some ethical responsibility towards their stakeholders and complying to legal requirements; however, their approach is generally passive (Lee, 2011).

Thus, one can deduce that external influences, especially in the form of institutional pressure via legislation, have a far greater impact on the approach that the company takes to CSR and community engagement, than internal motivation. The greater the legislation for CSR and external stakeholder pressure, the greater the internal acceptance of CSR as a material and strategic imperative that needs to be managed to ensure legitimacy and the uninterrupted continuity of operations. This means that if the South African government wants development goals to partly be driven through the efforts of corporates, it should consider the manner in which legislation influences this in order to avoid tick-boxing and

superficial efforts, and to drive engagement that has greater impact and sustainability.

6.2.2 Illustrative tactics

As a result of the different motivating factors and approaches discussed above, the illustrative tactics for the three companies vary. Due to less institutional and stakeholder pressure to engage, the food production company currently does not proactively engage communities, unless entering a new area, and provides support in the form of donations in response to requests (Table 10). Their ability to engage more transformationally will also be hindered due to the fact that there is no dedicated CSI department with full-time practitioners. Although some partnerships and joint ventures are listed in Table 10, this is mainly linked to forming a partnership to facilitate a project with other companies or external providers. At this stage there is little evidence of joint decision-making or co-ownership with the community itself. They therefore fall into the category of providing more transactional engagement with regards to CSI and transitional consultation when CSR is linked to their operations or supply chain.

As illustrated in Table 10, the hotel and leisure company has a variety of engagement methods covering each of the engagement types on the continuum of transactional, transitional and transformational (Bowen et al., 2010). Due to the requirements of their gaming licence, they are compelled to engage and invest in their communities, and in some business units dedicated CSI professionals are able to drive this agenda in a more transformational manner. In other units, however, the CSI role is an add-on job, limiting time and expertise for the engagement. Although the legislation is a driver for CSI, it is also a barrier to deepening relationships with the local community in certain areas, as it requires CSI spend to be invested in the issuing province of the gaming licence. This means that a community that is geographically relevant in terms of proximity may not be entitled to the investment, therefore causing complications regarding relationship building with these material communities.

The metals and mining company exhibits the greatest variety of illustrative tactics for engagement, and were the most entrenched in the transactional and

transitional approaches. The level of transformational engagement can largely be attributed to the legislated SLPs that are agreed with municipalities to be in line with their local IDP. In this case the legislation forces the engagement to be a transformational relationship and decision-making commitment with the local municipality, with the intended outcome of greater developmental impact and social upliftment. This approach links to Edward and Tallontire's description of the pragmatic approach of business to development, which is aiming to "extend the role of business in development without making the notion of development unduly problematic for business" (Edward & Tallontire, 2009, p. 824).

Thus one can deduce that the approach taken by the company manifests in the manner in which the organisation allocates resources and manpower to CSI, which is then illustrated through various engagement tactics that demonstrate the level of engagement and developmental impact. If the motivation for CSI and engagement is weak, the approach will be reduced and the quality of the engagement will be more transactional. The motivation for CSI can, however, be increased through legislation, which can increase understanding and corporate buy-in of the need for CSI and engagement; however, legislation needs to be restrictive and counterproductive, as in the case of the gaming licences. Secondly, the motivation for CSI can be increased through the right leadership that understands the broader societal issues.

Overall, South African companies primarily engage in a transactional manner, with increasing appreciation for the need to consult and engage with the communities they impact. There is a general appreciation of the benefits for transformational engagement, however, without legislative motivation, whether this can and will be implemented effectively will be determined by the companies' appreciation of the need for such engagement, the structure of the CSI department, the budget and skills of the CSI practitioners allocated to the task, combined with an acknowledgement of the barriers discussed in question two below.

6.3 Discussion of research question 2

6.3.1 Introduction

Research question two is concerned with the barriers that prevent companies from developing transformational engagement as part of their community CSR efforts. Table 14 outlines which of the barriers identified through interviews with 19 CSR practitioners and community members are aligned with the barriers found in the CSR, community engagement and development literature discussed in chapter two. Some of the literature provides evidence from several case studies of specific transformational engagement practices, such as community enterprises and partnerships. The specific barriers they encountered in these cases have been considered. General community engagement literature has also been reviewed.

Table 14: Alignment of barriers found in research and literature

Barrier	#	Literature reference	Barrier identified in the literature
Education levels	12	N/A	N/A
Expectation/entitlement	11	Bowen et al. (2010) Littlewood (2013) Verbeke and Tung (2010)	Expectation Challenges of dependence
Capacity	9	Bowen et al. (2010) Esteves and Barclay (2011) Frynas (2008) Gordon et al. (2013) Tracey et al. (2005)	Resources available Skill/competency of CSI professional Capacity for partnership
Complex environment	8	Bowen et al. (2010) Jeppesen and Lund-Thompson (2010) Littlewood (2013) Tracey et al. (2005)	Developing world community character Parallel informal settlements Western style CSR does not account for local context Recognising the interdependence/interactions Communities not homogenous
Trust	8	Bowen et al. (2010) Gordon et al. (2013) Choi and Wang (2007)	Frequent engagement leads to trust Lack of trust is tokenistic engagement
Motivation/responsibility of community beneficiaries	7	Jeppesen and Lund-Thompson (2010) Tracey et al. (2005)	Accountability
paternalism	7	Gordon et al. (2013) Tracey et al. (2005)	Paternalism
Structure	7	Bowen et al. (2010) Sharp (2006)	N/A
Conflicts between actors	6	Jeppesen and Lund-Thompson (2010) Verbeke and Tung (2010)	Western CSR doesn't take into account conflicts between local actors Salience changes over time

Barrier	#	Literature reference	Barrier identified in the literature
Community liaison/leader Issues	5	N/A	N/A
Inclusive communication	5	Gordon et al. (2013)	Lack of inclusivity = scepticism
Politics and power	5	Jeppesen and Lund-Thompson (2010) Tracey et al. (2005) Mitchell et al. (1997)	Power differentials Power relations Stakeholder salience (power, legitimacy, urgency)
Money	5	N/A	N/A
Different agendas	5	Bowen et al. (2010)	Diverging views on priorities
Legislative efforts a barrier	4	Hamann (2006) Hinson and Ndlovu (2011) Patel and Graham (2012) Ponte et al. (2007)	BEE tickbox
Business buy-in	4	Gordon (2012)	Not understanding the benefits
Time required	4	Gordon (2013)	Lack of time reduces ability to engage
Identifying stakeholders to engage with	4	Freeman (1984), cited in Mitchell et al. (1997) Verbeke and Tung (2010)	Stakeholder definition Salience changes over time
Language barrier	4	N/A	N/A
Turnover of staff / people involved	4	N/A	N/A
Implementation structure	3	Frynas (2008)	Managerial approach

From the table above, it can be seen that many of the barriers identified in the interviews have previously been noted in various other case studies, some more strongly than others. Some areas have, however, not been explicitly mentioned, although they may have been experienced or reported in a slightly altered form.

The barriers not directly or prominently discussed in other literature relate to educational barriers, language barriers, money, turnover of people involved and issues related to the effectiveness of the community leader/liaison. Although these are unlikely to be unique to South Africa, they are likely exacerbated by our developing world context, cultural diversity, high Gini coefficient and history of segregated education. Of interest is that fact that the majority of the barriers not prominently discussed in the literature are those from a community context, suggesting that there is an opportunity for more research on engaging geographic communities in a developing world context.

Although not covered in the literature, as *educational barriers* were the most cited barrier to forming collaborative joint ventures and other forms of transformational engagement. It is important that CSR practitioners are well aware of the levels of illiteracy, lack of formal education and skills related to business or project management among the people they are working with and note that this will both be a barrier to engagement but can also be a developmental goal that they are addressing. This means that in many cases the ability to develop transformational engagement ventures in developing world geographical communities will be hindered unless the corporate actually provides skills training or mentorship at the outset of the engagement to increase the chances of sustainability and success.

6.3.2 Organisational context barriers

Although not the most cited barrier for transformational engagement, *business buy-in* is probably the first step to ensuring that the need for community engagement and the business case is realised so that it can be approached in the best manner possible with the requisite level of resources allocated to it. Many studies have been conducted outlining the business case, as well as the moral or ethical case for community engagement and CSR. Bowen et al. (2010) note that there are many cases where it is not clear what community engagement strategies are appropriate or what net benefits it may provide, and Gordon (2012) states that buy-in is made difficult due to the fact that many of the benefits of community engagement can be long-term and intangible:

“Not clearly understanding the benefits to CE can be a limitation to ensuring that adoption of CE is effective and occurs to the extent necessary to achieve [goals]”. (Gordon, 2012, p. 18)

Provided there is business buy-in to engagement, the manner in which it is *structured within the organisation* has been raised by respondents as a barrier to the degree to which it is carried out. Respondents stated that attempts to engage in a transformational manner will be less likely to succeed if CSR is an add-on job, and not conducted by a dedicated CSR department that has the time, skill and resources. Frynas (2008) questions whether private firms have the innate capacity to learn how to engage in international development, stating that engineers and accountants that manage these firms may have the managerial skills for the

engagement, but lack the necessary soft skills. In his study of corporate social responsibility and development, Sharp (2006) states that CSR is too new in its present form for a cadre of experts to have emerged and be able to circulate among business corporations. He further states that:

“In many instances, one gathers, company employees who were trained in totally different fields find themselves press-ganged into taking responsibility for CSR, and they bring many diverse kinds of competence to bear on their new tasks”. (Sharp, 2006, p. 218)

The barrier of companies having a *paternalistic* attitude is not limited to the developing world context. Gordon et al. (2013) noted that paternalism was raised as an issue by indigenous informants when discussing engagement with forest companies in Australia, and Tracey et al. (2005) noted that paternalism has traditionally characterised the relationship between corporations and voluntary sector organisations, and state that this can be avoided by developing partnerships between corporations and community enterprises that build capacity and enfranchise communities.

Case study research into transformational engagements in the form of community enterprises in the UK by Tracey et al. (2005), and corporate-community partnerships in the Australian minerals sector by Esteves and Barclay, show several similar barriers to engagement as those identified by respondents in the research. As expressed in the quotation below, these include the need for the company engaging to ensure that they have the skills, competency, *capacity* and resources to engage in a partnership:

“In particular, the skills and expertise required to deliver CSR objectives effectively, especially those that involve community capacity-building, are beyond the scope of most corporations” (Tracey et al., 2005, p. 334).

One skill that a CSR practitioner would need would be to *identify which stakeholders* to engage with. This has been noted as a barrier as well as a risk related to not getting the desired developmental and community acceptance results from the engagement. Although not explicitly identified as a barrier in other research, in their paper on the future of stakeholder management theory, Verbeke and Tung state that “devoting appropriate attention to all legitimate stakeholders is important to achieving superior performance” (2013, p. 529).

Through comparing the barriers noted by the different companies, it can be observed that the metals and mining company only cited one organisational barrier, capacity, whereas all of the other companies and the experts identified each of the other organisational barriers. This indicates that having business buy-in and a dedicated CSI department enables the company to better manage CSI and transformational engagement. CSI needs to be driven from the top, with the business understanding its importance. CSI practitioners need to have the requisite technical and soft skills, as well as capacity, to identify the correct stakeholders and engage accordingly.

6.3.3 Relational context barriers

Once stakeholders are identified, barriers related to engaging them effectively come to the fore. In their study related to community engagement on an industry wide scale, Gordon et al. (2013) noted three key barriers as being trust, inclusivity and community engagement skills, which relate to barriers expressed by the respondents in this research. They state that the lack of *trust* presents a significant barrier and that community engagement needs to be undertaken in a way that engenders trust and meaningfully takes into account a range of stakeholder interests, otherwise it could be considered tokenistic and unconstructive. Bowen et al. (2010) identify the difference in the nature of trust between transitional and transformational engagement types, stating that in transitional engagement, trust is cognitive and based on repeated interactions, whereas in transformational engagement trust is based on personal relationships, and thus relies on greater depth of relationship.

The *complexity* of the CSR and community environment is acknowledged by a number of researchers; in their study of CSR in the developing world Jeppesen and Lund-Thomsen (2010) identify that pressures to adopt Western-style CSR initiatives in developing countries fail to take into account local *power* differentials, and *conflicts* between local actors and other aspects related to local context. Littlewood notes that, in developing world environments, communities have unique character and challenges, and cites parallel informal settlements in

communities as an example of an aspect that increases the complexity of decision-making and planning. Bowen et al. (2010) add to this list of complex environment challenges through stating that companies intending on engaging in CSR need to understand that the interdependence and interactions between community groups are likely to be a challenge when designing engagement processes, supporting the issues raised primarily by the food production company. One cannot assume that communities are homogenous, and as such Tracey et al (2005) note that this leads to an issue of accountability and community participation, which also supports this research's finding that lack of *motivation and responsibility* on the side of the community is a barrier to overcome.

Of the seven relational barriers listed, with the exception of trust and conflicts between actors, the other five ranked as some of the weakest cited barriers, yet later we will see that the most cited enablers relate to relationships. Perhaps this is due to the fact that if community context and organisational context barriers are not addressed first, then the relational barrier does not even have the chance to emerge in prominence. Nevertheless, transformational engagement hinges on the development of trust and relationships between key partners, therefore barriers related to these complex relationships, power differentials and conflicts between actors need to be understood and addressed.

6.3.4 Community context barriers

The research stated that a sense of *entitlement or expectation* is one of the biggest barriers to engaging transformationally with communities for CSR; this is supported by the research conducted by Littlewood (2013) on the company towns that have developed around the mining industry in Namibia, where a challenge of economic reliance and a mindset of dependency on the mines has arisen which fosters complacency. Verbeke and Tung (2013) also note that stakeholder salience and views change over the time, and that managers need to be mindful of the fact that what may have initially been agreed acceptance of an intervention may turn to desensitisation and expectation at a later stage. Although these do not directly mirror the attitude of 'expecting a hand-out' that was expressed in the research, they do support the fact that attitudes of expectation and entitlement are barriers

that need to be overcome when attempting to enter into transformational partnership-based CSR engagements with communities.

The research noted that entitlement is worse in countries with strong social grant systems, where it has been stated that this leads to a reduction in a community's ability or desire to help themselves. This is of importance in the South African context where 31%, a significant proportion, of our population is dependent on social grants (South African Institute of Race Relations, 2012). The implication of this is that entitlement is a more of a structural barrier that is more deeply ingrained in the population, and as such any practitioner needs to understand this and incorporate it into their engagement practices, discussions and training so that people are empowered to take greater responsibility and break this mindset.

Three of the top five barriers identified by the respondents relate to community context issues, of which as noted earlier, education is the greatest followed by entitlement. Community barriers will vary from country to country, as well as from city to city, as cultures and histories play their roles. Practitioners need to be wary of all of these factors, including local power differentials, and ensure that communication is inclusive; otherwise they risk scepticism from other stakeholders.

6.3.5 Other barriers

Gordon et al. (2013) confirmed that *time* can be a barrier to meaningful engagement, noting that it is a challenge to engage those in the community who lacked the time or interest to be engaged by the forest plantation industry. This relates to stakeholders being engaged on an industry-wide basis, whereas our research extends this to the time needed by both the CSR team and the relevant community stakeholders for the development of relationships, understanding needs, and developing joint projects.

In an effort to expedite the development agenda in South Africa, government has implemented certain *legislation* designed to give business a role in uplifting society. Certain of the respondents interviewed felt that legislation such as the

B-BBEE codes are in fact a barrier to engagement, resulting in some companies now merely ticking the legislative box and meeting minimum requirements, as opposed to engaging in transformational engagement in a meaningful manner. This sentiment has been reflected by Ponte et al. (2007) who raise concern that through measuring compliance via the dti scorecard, in certain cases the SED aspect is merely becoming a tick-box exercise to simply meet measurement targets and thus loses the 'spirit' of the certification (Ponte et al., 2007). Therefore despite the fact that South Africa's legislation of corporate entities' social responsibility through such acts as the dti's B-BBEE Codes of Good Practice has been both hailed as proactive and forward thinking; it has also been criticised for only benefiting a certain elite (Hamann, 2006; Patel & Graham, 2012; Ponte et al., 2007).

6.3.6 Conclusion – Barriers

Previous research into transformational engagement is predominantly from a developed world context and as such, certain of the barriers encountered in this developing world study are not supported by the literature, thus this research adds to the body of knowledge. This is largely related to barriers in the community context, such as education, language and effectiveness of the community leaders to enable successful transformational engagement attempts. As such, CSR professionals in developing countries need to be cognisant of these community barriers and implement strategies to overcome them in order to be successful in implementing transformational community engagement practices.

The most prominent barriers are from the community context, thus indicating that if a CSR practitioner does not understand and address all the intricacies of the complex community environment, success will be limited. These include the structural issues of social grants and lack of education that lead to attitudes of expectation and entitlement and a lack of motivation and desire to take responsibility. The practitioner also needs to approach communities in a manner that takes into account the relational aspects of power differentials so as not to cause conflict amongst stakeholders, and dedicate the time needed to build trust through actions.

The research shows that none of this can be achieved without organisational buy-in and dedicated resources, financial and human, to build these relationships and projects. Business buy-in will be influenced by the motivations for CSR, discussed in research question one. If business buy-in is lacking, only superficial efforts will be made to engage with communities, and there may not be dedicated departments. Having CSR as an add-on job given to a member of HR or marketing diminishes the time that will be dedicated to the work and the resultant outcomes. Furthermore, if CSR professionals lack experience or only have managerial skills without soft skills, they will be limited in their ability to manage and relate to community stakeholders.

6.4 Discussion of research question 3

6.4.1 Introduction

Research question three is interested in the enablers that better allow companies to develop transformational engagement as part of their community CSR efforts. Table 15 outlines which of the enablers identified through interviews with 19 CSR practitioners and community members are aligned with the enablers discussed in the CSR, community engagement and development literature outlined in chapter two. Some of the literature provides evidence from several case studies of specific transformational engagement practices, such as community enterprises and partnerships, and the specific enablers that they suggested from their observations.

Table 15: Alignment of enablers found in research and literature

Enabler	#	Literature reference	Enablers identified in the literature
System/process clarity	10	Esteves and Barclay (2011)	Formal agreements
Management approach	8	Frynas (2008)	Consultation approach Capacity of Firm
Dedicated CSI department	5	Esteves and Barclay (2011) Frynas (2006), Sharp (2006)	Competence Capacity of the Firm
Communication skills	4	Gordon et al. (2013)	Skills (hard and soft) – by training or personal experience
Monitoring and evaluation	3	Esteves and Barclay (2011)	Measure investment performance
Community involvement	11	Jeppesen & Lund-Thompson (2010), Littlewood (2013) Tracey et al. (2005)	Engage stakeholders – incorporate views into strategic decision-making

Enabler	#	Literature reference	Enablers identified in the literature
Mentoring, skills, leadership development	7	Esteves and Barclay (2011)	Capacity building
Engagement practices	7	Bowen et al (2010) Tracey et al (2005)	Partnership approach – joint learning Mutual advantage
Long-term sustainability	12	Esteves and Barclay (2011), Littlewood (2013), Tracey et al. (2005)	Move from short-term to long-term partnerships Long-term solutions
Leverage supportive legislation	5	Bowen et al. (2010) Littlewood (2013)	Public policy influence Voluntary CSR – can it be effective enough?
Intimate involvement	13	Littlewood (2013)	In-depth understanding needed for interventions
Trust and relationship development	9	Gordon et al. (2013)	Community engagement skills for trust building Relationships for legitimacy
Understand what community wants/needs	9	Littlewood (2013)	In-depth understanding needed for interventions
Communication	8	Esteves and Barclay (2011)	Communication a key factor for partnership.
Sharing the vision/benefits	8	Esteves and Barclay (2011) Gordon et al. (2013) Littlewood (2013)	Capacity for partnership Clearly articulated vision

6.4.2 Organisational context enablers

As identified in the discussion around the barriers to engagement, the attitude and approach that the organisation takes to engagement is key to its success. Therefore, in order for any transformational engagement to take place, the respondents stated that there needs to be buy-in from the organisation and the development of a *dedicated CSI/CSR department* with the necessary human and resource capacity to enable effective engagement in the complex community environment. As discussed in the section above, Sharp (2006) notes that we need more experts and fewer staff members with varied portfolios, who have CSI as an add-on job, to enable this to happen.

In their study of corporate-community partnerships Esteves and Barclay (2011) highlight several of the enablers listed by the respondents. These include having a formal partnership agreement in place and the capacity for partnering, and that if you do not measure or evaluate the impact of the partnership programmes, you will be unable to demonstrate the difference the programmes are making in local communities. Esteves and Barclay's study supports the enablers identified by the

respondents that organisations need to *have system/process clarity*, including formalised processes that are clearly and transparently explained, and memorandums of understanding so as to manage expectations, to enable transformational community engagement. It further supports the finding that *monitoring and evaluation* is a useful enabler as it provides a reporting system to keep partners accountable, assesses project impact and offers feedback and reporting on the success of the engagement to motivate continued support.

CSI specialists need to have *communication skills* in order to effectively express themselves to the community and correctly understand what the community needs are. Although the literature doesn't specifically discuss aspects such as language and interpretation, Gordon et al. (2013) state that community engagement skills are needed for industry-wide community engagement, outlining that some skills can be enhanced through training, whereas other skills such as the ability to empathise (an important trait for effective community engagement) can be an individual characteristic that may be influenced by personal experiences. In the context that communication skills related to language, culture and interpretation were identified by the respondents, there would also be an element of training that could be utilised; however language and interpretation would require a specialist who is familiar with the culture of the communities in the area.

The *management approach* utilised will have an impact on the outcomes of the engagement. The respondents stated that in order to enable transformational engagement, consultation needs to be specific, follow a CSI strategy, outline expectations and responsibilities and be organisation led. This practice is supported by Frynas (2008) who states that the limitations of technical/managerial approaches can be seen in the manner in which local communities are consulted:

“Treating consultation from a technical/managerial perspective has led firms to speed up discussions with the local people and to try to achieve an immediate objective (such as a written list of local demands) rather than trying to build bridges with the local people and spending lengthy periods discussing the causes of developmental challenges. This managerial approach helps to account for the frequent failure to involve the beneficiaries of company-funded local community development projects”. (Frynas, 2005 cited in Frynas, 2008, p. 277)

Therefore, although organisational enablers are not the most cited, without the correct skills, management approach, system clarity and commitment of a dedicated CSI professional or team, no engagement would occur in the first place.

6.4.3 Community context enablers

From the community context, the respondents identified that it is absolutely necessary to have genuine *community involvement* where the community gains buy-in and alignment with company or local economic development goals by having responsibility and ownership of the engagement and identifying needs. Littlewood supports this view by stating that:

“...planning and decision-making should be transparent and participatory going beyond consultation, with scope for community and stakeholder accountability. There should be community and stakeholder buy-in and ownership of interventions and the encouragement of civic responsibility”. (Littlewood, 2013, p. 17).

For the community to be genuinely involved in transformational joint projects that are sustainable, respondents stated that *engagement practices* need to ideally be around a project versus an open forum and both parties should have a vested interest in the success of the engagement. Tracey et al. (2005) noted in their study of community enterprises that partnerships between corporations and community enterprises move corporates from philanthropic to more long-term, sustainable engagements, that build capacity in the community enterprise and promote the partnership approach of joint learning.

Where the community is lacking the education or skills to engage at a transformational level, respondents recommend that the organisation invests in community *mentoring, skills and leadership development* in order to reduce dependence, change mindsets, and address incorrect assumptions. This enabler is not comprehensively covered in the literature, however, Esteves and Barclay (2011) note that in corporate-community partnerships, where the partners indicated varying levels of ambition and capacity for partnering and programme implementation, participatory capacity-building exercises can enable communities to make informed choices and take control of their development needs.

To summarise, if the community is not involved in the process, then engagement returns to that of transactional paternalism. Engaging around a project with a community forum is necessary for continuity and inclusion and in order to ensure sustainability both parties should have a vested interest. Where skills are lacking, mentoring and leadership development could be built into the engagement.

6.4.4 Relational context enablers

In developing the relational context of transformational community engagement, the most promoted enabler by the respondents was that of having *intimate involvement* in community engagement. This enabler relates to the skill of the CSI practitioner in having the time and expertise to understand every aspect of the complex community landscape that the business is trying to have an impact upon, including understanding the interconnecting matrix of all stakeholders, all role-players, hierarchies, capabilities and the context of the project. Although each of these elements is not explicitly stated in the literature, they are covered under other umbrella constructs such as Gordon's "CE skills" (2013). Littlewood asserts that "Interventions should be knowledge based, undertaken with an in-depth understanding of communities and the particular challenges they face" (Littlewood, 2013, p. 18). This sentiment also supports the enabler that states that it is necessary to *understand what a community wants and needs*.

Trust and relationship development are both outcomes of other enablers, as well as necessary aspects for effective transformational engagement. To achieve this, the respondents suggested that CSI practitioners need to have a community *presence, be visible*, attend meetings, and be genuine in their approach. The literature states that in order to do this, the persons implementing community engagement need to have the required skills (Gordon et al., 2013). The relational approach to CSR provides a motivation for engaging in this manner as being the opportunity to create good relations with these stakeholders and increase legitimacy (Aguilera et al., 2007).

Communication is critical, as it ensures clarity over the level of company involvement and builds trust. In measuring the organisational capacity for partnership, Esteves and Barclay (2011) outline that key factors include communication and the ability to agree on negotiable positions and identify obstacles.

Another method of developing trust and generating buy-in is through *sharing the vision and benefits* with the community members. This can be accomplished through actions, demonstrating case studies of success, and even starting with short term projects to gain trust and acceptance. Esteves and Barclay (2011) state that establishing a partnership requires articulating partner goals and expectations and arriving at some consensus on expected outcomes. Littlewood states that:

“Interventions should occur as part of a long-term strategy and clearly articulated vision for community sustainability. This vision and strategy should be developed collaboratively with broad stakeholder input ...” (Littlewood, 2013, p. 18).

To summarise, the critical success factor of transformational engagement is the trust between the company and the community members involved, thus relational enablers are the most cited by the respondents. It is for this reason that it is critical that the organisation can dedicate persons to the engagement, especially with the requisite soft skills to build relationships, communicate and be intimately involved in order to understand what it is that the community truly wants and needs. This way projects that the community will have a vested interest in the success thereof can be developed and thus increase the sustainability.

6.4.5 Other enablers

Underlying all of these enablers for transformational community engagement is the understanding that these efforts are designed to be *long-term and sustainable* in their outcome. The respondents interviewed state that this is obtained through empowerment, economic development and long-term projects that are designed to be sustainable. The need for a change in momentum from short-term to long-term projects for sustainable development is expressed by Esteves and Barclay (2011) and Tracey et al. (2005), who state that:

“Where possible we believe that CSR should involve dialogue with local stakeholders, look for long-term solutions that build capacity rather than offer a ‘quick-fix’, and be responsive to local needs and priorities.” (Tracey et al., 2005, p. 331)

Lastly, corporations should consider how they can *leverage supportive legislation* such as the Mining Charter, government plans or local IDPs to keep projects on track and company-community objectives aligned. Bowen et al. (2010) propose that public policy can have the ability to guide the process of community engagement, as well as identifying functional priority areas for including community concerns in organisational processes.

6.4.6 Conclusion – Enablers

In order to enable sustainable transformational community engagement with a developmental impact, it is imperative that relationships are developed with the community – this is achieved through the CSI practitioner becoming intimately involved in the project, sharing the vision of the intended engagement and project ideas and building trust. In order to do this there needs to be business buy-in and a dedicated department with skilled professionals who have an understanding of the community context and are able to inclusively engage and mentor community members to ensure long-term success.

6.5 In-case similarities and cross-case differences

In-case similarities and between-case differences provide insight into the manner in which motivations and management of CSR affect the perceived barriers as well as enablers proposed. The metals and mining company, with its dedicated CSI department, listed far fewer barriers than the other companies and the experts, with only one organisational barrier listed and the following barriers not noted at all: paternalism, structure, community liaison issues, inclusive communication, business buy-in, legislative efforts, identifying stakeholders to engage with and language barriers. This is likely due to the fact that, as their team has been involved in this process, these issues have been overcome or are mitigated through policies and procedures that the department follows. On the other hand, the food production company, that doesn’t have a dedicated department and is still

formalising their CSI/community engagement policies, has identified issues with inclusive communication and the effectiveness of the community liaison.

With regards to the enablers, the types of enablers identified by the different companies are also a reflection of their motivation and approach to CSR. The hotel and leisure company appears to base its CSR on community trust and relationship building with the most cited enablers being long-term sustainability, trust, relationships and skills development. On the other hand, the metals and mining company's approach is more technical and community-needs focused, with the most cited enablers being the need for intimate involvement, community involvement, understanding what the community wants and needs and system and process clarity. The hotel does not necessarily employ directly from the community and therefore is more disengaged, whereas the mining company is more deeply engaged, hiring from the community.

Another interesting finding is that what may be a barrier for one sector can be an enabler for another sector, such as in the case of legislation. The hotel and leisure company cited that the requirements of their gaming licence is a barrier as it restricts the area of their CSI expenditure to the province of issue, not to the most salient geographical communities affected by the operations due to proximity and necessity to engage with to build legitimacy. The metals and mining company lists legislation, such as the requirements of the mining charter, as an enabler as it clarifies the expectations of how the mine should contribute to the local community and thus reduces issues such business buy-in and stakeholder identification.

6.6 Conclusion

In conclusion, South African companies are engaging in the full range of community engagement practices, from mostly transactional, to attempts at transformational. The motivation to engage transformationally is largely influenced by external pressure of legislation, and less so by stakeholder pressure and internal motivation related to the business case or moral drivers. Although companies can identify that transformational engagement is beneficial, without

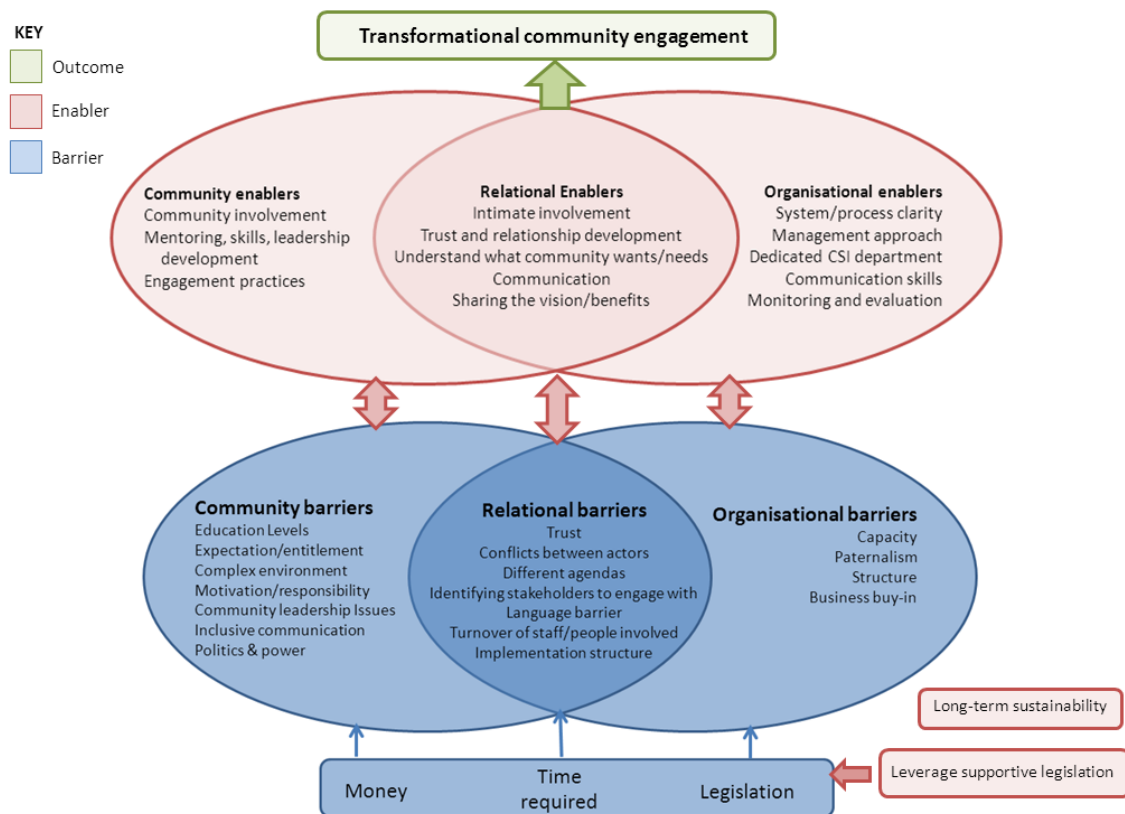
external pressure to do so, their motivation and approach to invest extensively is diminished. These findings are supported by Lee's (2011) theoretical framework that combines institutional and stakeholder theories to explain how firms choose their CSR strategy. The motivation for CSR then manifests in the way that a company structures the CSR role/department within the organisation and the resultant engagement that it undertakes. As such, if government or civil society would like to see business play a greater role in the development of the country, it needs to consider how best to legislate for CSR, without it becoming a tick-box exercise and without letting the legislation actually hinder efforts for companies to engage with geographic communities to increase their legitimacy.

Figure 15 provides a descriptive overview, illustrating the key barriers and enablers identified in the research and the context in which they are found. The majority of the barriers and enablers to transformational community engagement that were identified by the research respondents were supported to some degree by previous literature and case studies, however not all from the same developing world context or to the same extent. Additional barriers were identified that relate mainly to difficulties arising from the community context, that need to be understood and managed if a company intends to embark on transformational engagement for development in a geographical community in a developing world context. These include educational, language, community leadership, people turnover and barriers related to discussions and management of money. Thus understanding the specific community context is incredibly important as well as knowing the structural barriers that will need to be overcome to develop the relationships and skills necessary for transformational engagement.

Interestingly, relational context barriers were the least frequently cited of the barriers, yet relational context enablers were the most frequently cited of the enablers. This implies that it is through intimate involvement with the community that many of the community barriers can better be understood and overcome. This takes time and requires the commitment of skilled CSR practitioners who clearly understand the motivation to engage in this way, and thus, the driver to build these relationships rests with the company's motivation to engage in the first place.

Practically, for companies wanting to increase their legitimacy and invest in CSR that is sustainable and has a developmental impact, there needs to be a dedicated effort and both the company and the community need to have a vested interest in its success. To develop projects like this requires time, expertise, understanding of needs and wants, trust and the development of skills and relationships. Community work is complex, especially where legacies of poor education, social grants and cultural issues have to be overcome, thus increasing the need for companies to build CSR teams that can dedicate the time to understanding these aspects as well as investing the effort to overcome them.

Figure 15: Relationship between barriers and enablers for transformational community engagement



CHAPTER 7: CONCLUSION

7.1 Introduction

The previous chapter discussed the research findings in the context of existing literature on community engagement, CSR and case studies of various types of transformational engagement. This chapter will provide a brief review of the background to the research problem and the objectives outlined at the onset of the research, followed by an overview of the key findings and recommendations to business, CSR practitioners and institutions. Limitations of the research will be outlined and implications for future research presented.

7.2 Research background and objectives

Due to increasing levels of inequality and the inability of nation states to support the developmental needs of their citizens, there is a growing call by government and civil society for business to play a more active role in the development objectives of the countries in which they are operating (Edward & Tallontire, 2009; Halme & Laurila, 2009). This is further complemented by companies now recognising the 'business case' to engage where business aims to mitigate risks (Jeppesen & Lund-Thomsen, 2010; Frynas, 2008) related to community unrest and dissatisfaction; develop legitimacy (Bowen et al., 2010); meet the 'social licence' demands of impacted communities (Esteves & Barclay, 2011; Gordon, 2012); as well as support the development needs of the community in which they are operating so that they are less dependent of the company's operations – especially in the resource sectors such as mining (Esteves & Barclay, 2011; Littlewood, 2013).

Currently many South African corporations are investing in community CSR as a mechanism to increase legitimacy, meet expectations of the 'social licence' to operate and support national development objectives. However, they are challenged with ensuring the level of engagement is adequate to ensure change that it is both transformational and sustainable.

The purpose of this study was thus to determine the current practices, barriers and enablers that South African corporations with a geographical community impact are facing when attempting to engage in more *transformational community engagement* to enable sustainable CSR investment that will drive socio-economic development in these communities.

7.3 Main findings

The manner in which a company engages with its geographical community is largely determined by institutional legislation of the industry that the company is in, as well as the company's buy-in for community engagement. If there is well defined legislative requirements and strong community stakeholder pressure, such as in the mining industry, the company is more likely to have a dedicated department with skilled practitioners committed to meeting developmental and social licence to operate objectives. Stakeholder pressure is likely to be higher in companies that hire directly from their geographic communities and thus have a more proximal impact. If the company is hindered by legislative requirements, or not required to meet any standards, the manner in which CSI is managed and prioritised in the company will be less, and this will be reflected in the illustrative outcomes of the engagement. Less skilled practitioners with less time are less able or likely to be able to develop the understanding of their communities and the relationships needed for truly transformational engagement.

The barriers encountered and enablers identified also vary from sector to sector and can also be linked to the motivations that the company has for CSR and community engagement as well as the skills and time they dedicate to the job. Whether the company has a dedicated department or not affects how the barriers to transformational engagement are perceived. Furthermore, what one company perceives as a barrier may be considered an enabler in another, as in the case of legislation in the mining versus the hotel and leisure sectors.

The findings show that difficulties related to the *community context* are new findings that add to the body of knowledge in this area. Furthermore, the findings show that the most cited of the enablers for transformational engagement are

those that are *relational* in nature, meaning that companies need to buy-in to CSR, and then capacitate a department to be able to spend the time building the relationships needed for successful transformational engagement.

The 21 barriers and 15 enablers identified were grouped according to the three contexts – organisational, community and relational – in chapter five. How these relate to each other and drive the resultant type of engagement is depicted in the model below (Figure 16). If the organisational approach to engagement is weak, with CSR not designated as more than an add-on job, the engagement will be transactional if the community is not involved and transitional if the community is merely consulted. If the organisation buys-in to the need for CSR with a view that it is a tool for branding and/or managing stakeholder expectations, the result could be either transactional or transitional. If, however, business embraces CSR and dedicates resources and personnel to it so that time and skills can be used to include community stakeholders, then the trust and relationships that are necessary for the development of joint ventures or co-ownership of projects can be developed and transformational community engagement can occur.

Figure 16: Relationship between organisational approach, community involvement & relationships in community engagement

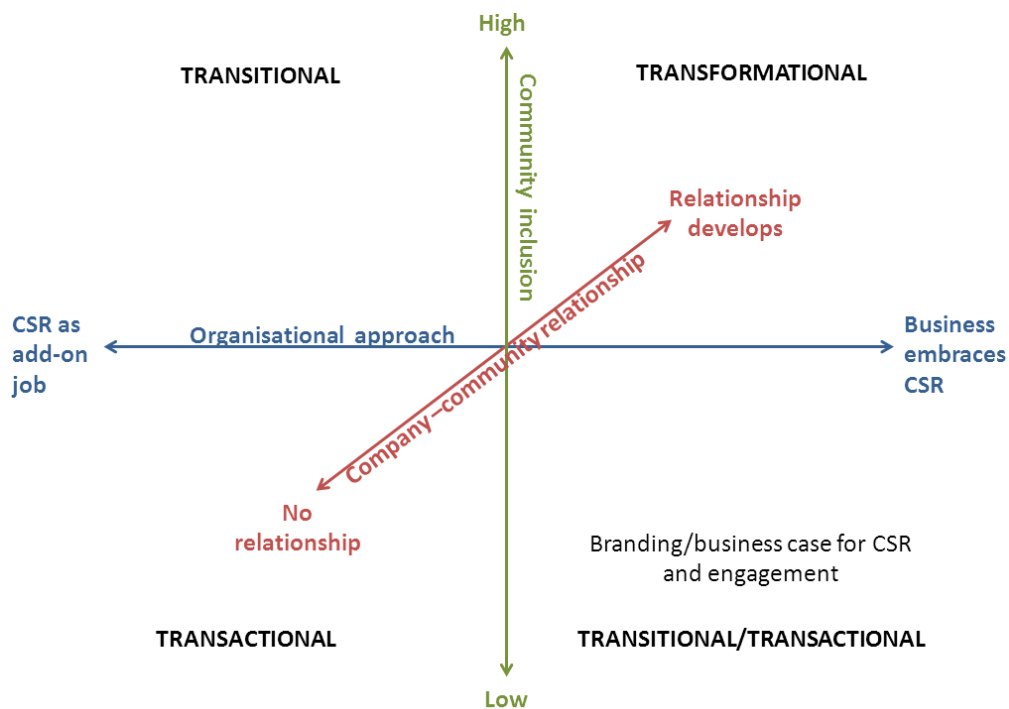
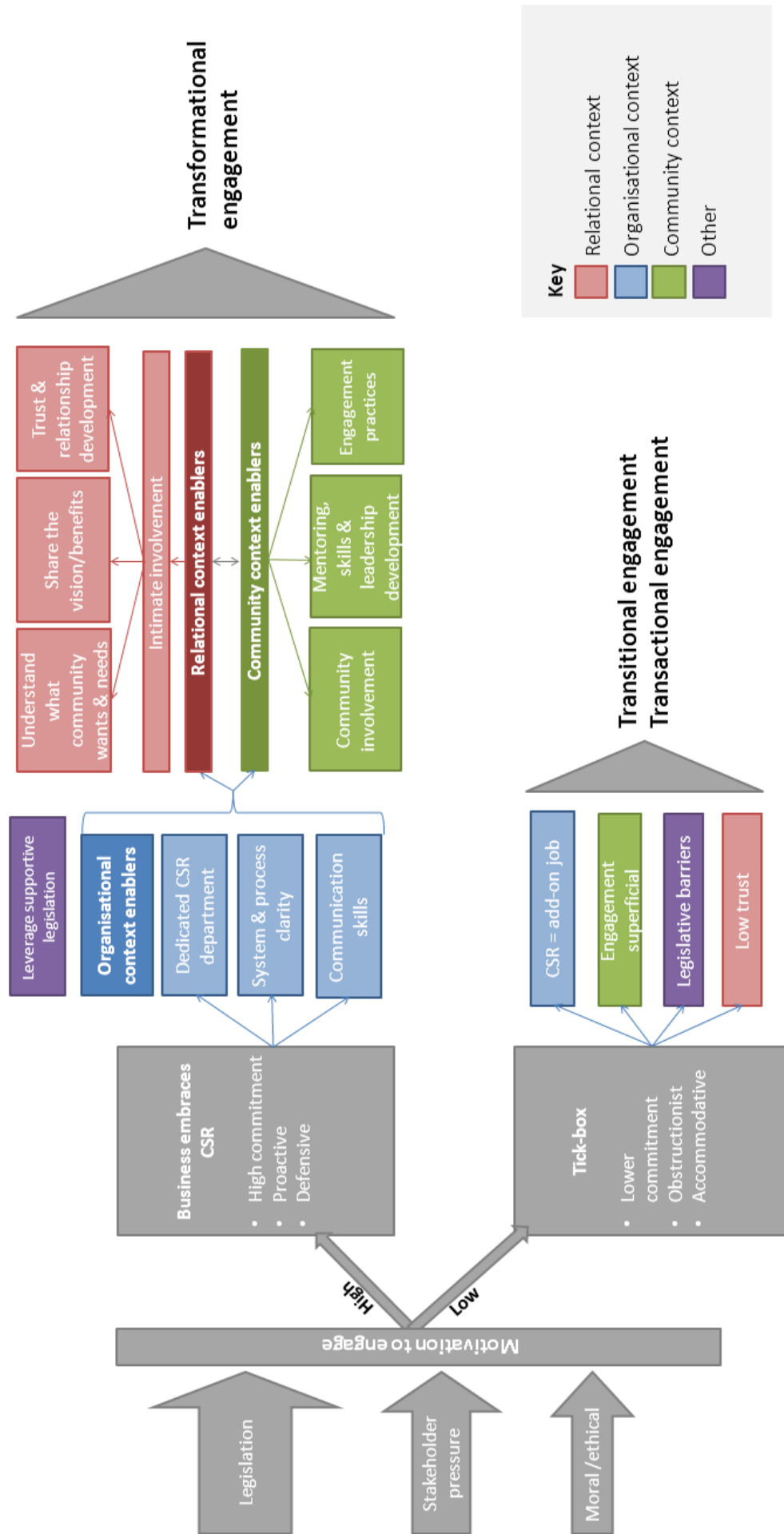


Figure 17: Motivators & enablers for transformational community engagement



As a summation of the findings of this research, a model (Figure 17) has been developed in order to illustrate how transformational engagement is driven and the factors that influence its success. The model has been designed from the insights gathered through this research, primarily using the motivators identified through the investigation of the practices for CSR and community engagement (Question one), and the enablers for transformational engagement (Question three), as these have implications for the way in which CSI is being implemented.

The model first proposes that the initial step for successful transformational engagement starts with an organisation's motivation for engaging in CSR. The model proposes that the motivations are from institutional pressure (legislation), which appears to have the most influence; from salient stakeholder pressure, with a fair amount of influence; and from the organisation's own moral or ethical motives to engage, the weakest motivator at present. Although all respondents identify the moral reasons for engaging and appreciate that transformational engagement is the most sustainable and developmental in outcome, without the external pressure of legislation or the fear of losing legitimacy with community stakeholders, the organisation is unlikely to dedicate the resources to developing a fully functional department to manage CSR and community engagement.

If there is no company buy-in, as illustrated in the bottom half of the model, CSR is likely to be an add-on job, resulting in superficial engagement, low community trust, increased perception of barriers and resulting in transactional or transitional engagement. If, on the other hand, the company has buy-in, as illustrated in the top half of the model, it will develop the organisational resources to manage engagement, such as a dedicated CSR department, with systems and processes and the necessary skills for community communication and relationship building to drive the CSR agenda.

Through these structures, time and skills will be dedicated to ensuring that community members are involved in decision-making, and mentorship and training are provided where educational barriers are an issue. Intimate involvement with the community will allow for the development of relationships

and trust as well as to share the vision of what is possible and understand more clearly what the community wants and needs. In this way the company and community can develop joint projects where both parties have a vested interest in the success, thus creating sustainable, transformational projects that will add to the country's developmental objectives, as well as ensuring legitimacy for the company in the community in which it operates.

7.4 Recommendations

The findings from all three questions provide useful insights for business, CSR practitioners, government and civil society organisations trying to drive a more sustainable and developmental CSR approach. The descriptive overview model (Figure 15) provides CSR practitioners with an overview of the key barriers that they may encounter when engaging with communities in a developing world context, and provides a list of enablers for consideration when developing their CSR strategy.

A key recommendation for business is that in order to invest in any CSR that is linked to the company brand for increased legitimacy, as well as having a sustainable developmental impact, dedicated and skilled practitioners need to be assigned. Transformational engagement requires good relationships and takes time and investment, and the results are proportional to the time and effort expended on understanding the needs of the community, building trust and relationships and identifying projects where both parties will have a vested interest in the success. A key precondition for this is company buy-in, which relies on the understanding of management of the importance of transformational engagement. Company buy-in can be increased by moral motivation, but more so by stakeholder pressure and mostly through legislative requirements.

The findings with relation to the manner in which legislation can be a barrier, enabler and a tick-box exercise can be useful for government and civil society as they try to frame institutional measures and regulations for driving the country's development agenda and framing the role of business in this. The effectiveness of current legislation needs to be considered and amendments made accordingly as it

appears that well designed legislation can be a very effective motivator for the uptake in impactful CSR in organisations.

7.5 Limitations of the research

This research provides important findings for policy and strategy formulation, as well as useful pointers for CSI professionals; however, certain methodological limitations need to be noted. All the findings in this study are gathered through qualitative research and thus cannot be generalised across the population. This study was aimed at building theory and an understanding of the problem, not testing theory. The models for understanding how to better enable transformational engagement are based on the perspectives and information given by the 16 interviewees across the three case companies, as well as three experts.

The population was defined as South African companies that have a community impact and that identify the community as stakeholders of the company, due to the researcher's location. While these South African findings may be useful to other developing world contexts, a broader sample from the developing world would have provided a greater generalisability. The location of the sample may have prejudiced certain findings, such as issues with lack of education and entitlement as a result of South Africa's history of divided education and social grant policies, and may not necessarily be issues in other contexts.

Another limitation is the number of respondents per company, with six each for food production and hotels and leisure, but only four respondents in the metals and mining company, potentially limiting the learnings from this sector. The community projects visited per company were also limited to availability. It would have been preferable to include more sectors and a greater number of respondents across levels of engagement in each of these to enhance the sectoral comparison.

Community members interviewed were at times limited in their responses through language and perhaps a full understanding of the questions, and in two cases a translator needed to be utilised, whereby interpreter bias may have occurred.

7.6 Implications for future research

This research added value by identifying additional barriers to transformational community engagement than has previously been identified in the literature. The barriers and enablers however do have limitations, as listed above. To reduce these limitations and increase the robustness of the model presented in Figure 17, further research will need to be conducted across additional sectors, as well as in a developed world environment. In addition, the research could be extended by identifying key barriers and opportunities to test and assigning weightings to them, as well as researching causal links between different elements to determine which barriers are the greatest obstacles and how best to directly overcome each of these.

This study has noted that a pre-condition for effective transformational engagement is company buy-in which stems from the right leadership and commitment from senior management, boards and shareholders. Future research could be to determine the extent to which leadership and senior management have an adequate understanding of and commitment to the importance of transformational engagement in light of increasing external stakeholder pressure, or how to strengthen this business buy-in.

The cross-case differences noted in this study highlighted that some sectors found that legislation was a barrier and others found it to be an enabler. This raises the opportunity for valuable research into policy and strategy formulation, comparing the various legislative/regulatory drivers for CSR and potentially looking at methods by which legislation can drive the moral commitment to transformational engagement and decrease tick-boxing.

Another area of research that could be conducted in this CSR discipline could be on the potential and effectiveness of collaborative transformational engagement for greater developmental impact. This relates to testing the potential of several companies/industries operating in an area to collaboratively engage with the

community and leverage their joint skills and resources to enable a greater impact as opposed to a piece-meal and silo approach.

7.7 Conclusion

The developmental agenda in South Africa requires attention from both government and business. In order to ensure that efforts to engage with communities rise above philanthropy to a level where developmental goals and legitimacy are being addressed, companies need to understand the complex nature of the communities they are engaging with and recognise the need to dedicate the correct time and resources to ensuring that efforts have the desired impact.

The manner in which companies engage is largely determined by the external forces, including institutional legislative pressure and more proximal stakeholder pressure. The stakeholder pressure will be related to the nature of the operations and the impact on the affected community, and is increasing all the time. The greater this external pressure, the greater the motivation by the company to dedicate the resources to developing an effective CSR department that can manage this agenda. Understanding the impact of these external pressures is of use to government and civil society as they attempt to develop the case and regulations for businesses' role in development.

Through taking cognisance of the barriers that they are likely to encounter when engaging with communities, as well as the enablers to overcome CSR practitioners, companies will be better able to develop their approach to engagement with a developmental outcome in mind. Transformational engagement by its nature requires dedication, commitment, trust, relationships, and a level of skill from the parties involved to make it successful.

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APPENDICES

Appendix I: Sample selection – Analysis of JSE SRI companies

2012 SRI index constituents sector	Operations affect a 'geographic' community	Community listed as stakeholder	Community engagement discussed in CSI/CSR/SED reporting	Notes	Report reviewed
Food production	Yes	p. 60 – 61 Communities, Traditional and civil society	p. 57	p. 61 Strong identification and communication with communities surrounding operations relating to [crop] development, community/company projects of mutual interest; support of community-based social investment requirements; provision of community infrastructure and advocacy of community issues. p. 57 Pro-active engagement with, and support of, growers. Pro-active engagement with government/ local communities. Active social investment programmes.	IAR 2012
Mining	Yes	p. 30 (SR) Civil society, communities, NGOs	p. 101 – 105 (SR) LED and CSI projects p. 95 – 98 (SR) Corporate social responsibility – "Partnering to promote community upliftment"	[Company] sets up specialised discussions/ meetings to engage with communities about their specific concerns. Attendance registers and minutes of these meetings are kept. Sharing information and building relationships with communities through CODs. p. 25 (SR) "Stakeholder and community engagement is part of the agenda of operational, divisional and Board meetings." p. 31 (SR) "[Company] monitors projects to ensure alignment and uses shared experiences, including outcomes from community engagement sessions, to guide/inform local government strategies."	IAR and SDR 2012

2012 SRI index constituents sector	Operations affect a 'geographic' community	Community listed as stakeholder	Community engagement discussed in CSI/CSR/SED reporting	Notes	Report reviewed
Travel and Leisure	Yes	p. 86 Community-based groups	p. 61 Empowerment partners	<p>p. 50 Impact positively on the communities that surround our properties</p> <p>p. 52 Within communities, our CSI contributions are focused on a number of projects in the areas of health and welfare, education and community development.</p> <p>p. 53 Our operations have profound implications for local economies through job creation and local economic multipliers. We recognise that this is a symbiotic relationship as we depend heavily on the goodwill and stability of the communities in which we operate.</p> <p>We select projects that are viable and sustainable in the long term. This means aligning our SED spend with our business requirements, focusing on projects that empower local communities through education, health and welfare, and development via sports, arts and culture.</p>	IAR 2012

Appendix II: Interview questionnaire matrix

Community engagement - Interview matrix

Name of Respondent: _____ Role: Company CSR representative
 Company: _____ Beneficiary community representative
 Position: _____ External interested third party

Research question	Prompts			
1. What are the community engagement practices that companies are following as part of their CSR strategy?	Transactional Community investment/information “Giving back” - Charitable donations (philanthropy - financial) - Building local infrastructure - Employee volunteering (time) - Information sessions (knowledge) - Training of community members (skills)	Transitional Community involvement “Building bridges” - Stakeholder dialogues - Public consultations - Town hall meetings - Cause-related marketing	Transformational Community integration “Changing society” (most proactive) - Joint project management - Joint decision-making - Co-ownership - Joint learning and sense-making - Community leadership and decision-making	- Frequency of interaction? - Number of community partners? - How would you describe the dialogue process? - How would you describe the learning process? (one way, two way, collaborative) - What is the level of trust? limited, evolutionary, relational? - Where are the benefits realised? (distinct benefits to firm and community vs. joint benefits)
2. What are the barriers to transformational community engagement?	If primarily transactional What is preventing you from involving the community in these activities? If primarily transitional What is preventing you from forming collaborative community partnerships? If primarily transformational - What barriers did you have to overcome in forming these joint, collaborative committees /projects/partnerships? - What issues are you continually having to deal with to ensure the success of these efforts?	Listen out for key words such as those listed below and ask: Are there any issues with regards to ... Please expand on the following ... - Trust - Skill of the CSR professionals (competencies) – varying backgrounds of persons involved - Turnover of people on projects - Language - Inclusivity - Educational barriers - Balance of power	Verbeke and Tung Stakeholder salience – changes Issues change For company respondent and external interested party: How do organisations stay aware and respond to changing issues and salient stakeholders? Does the method of engagement remain suitable?	The following could be barriers or enablers: Managerial context - Managerial intuition and values - Managerial cognition National context - Regulations - Public policy – priority areas - Organisational structure Institutional factors/context - Structure of community groups - Community expectations - Diverging views on priorities - Resources available Organisational context - Previous interactions with

Research question	Prompts			
		<ul style="list-style-type: none"> - Transfer of resources - Interdependencies - Accountability - Internal company constraints - Conflicts between actors - Managerial approach - Lack of human resources - Contractual? quasi-contractual ... length of commitment - Alignment of intentions <p>CE and developmental impact a consequence of:</p> <ul style="list-style-type: none"> - Size of company? - Culture of Company? - Industry sector? 	<p>For community member:</p> <p>Does the company engage with you in a way that meets your needs?</p>	<p>community</p> <ul style="list-style-type: none"> - CE to fit firm's strategic positioning, resources - CE to match firm's identity <p>(see Bowen: antecedents)</p>
<p>3. What are the enablers for transformational community engagement?</p> <p>Discussion of Benefits</p>	<p>Dependant on the issues raised in the question 2 phase of questioning ... ask:</p> <p>What do you think the benefits to the COMMUNITY are from this engagement?</p> <p>How could these be improved further?</p> <ul style="list-style-type: none"> - Substantive social improvement (housing, health, training) - Develop local capacity & voice; - Gain information and knowledge; - Cash & Employee Volunteer time; <p>Negative consequences</p> <ul style="list-style-type: none"> - Are the benefits sustainable? - Danger of developing a level of dependency 	<ul style="list-style-type: none"> - How do you think this could be overcome? - How was this overcome? <p>What do you think the benefits to the FIRM are from this engagement?</p> <p>How could these be improved further?</p> <ul style="list-style-type: none"> - Improved risk management - Gain/enhance societal legitimacy - Increased employer attractiveness - Improved competitiveness - More effective promotion of services in the community - Increased trust within the community - Learning benefits through reflection 	<p>Do you feel there are any JOINT BENEFITS to firm and community from this engagement?</p> <p>How could these be improved further?</p> <ul style="list-style-type: none"> - Shared accountability and ownership of solution; - Goal setting and measurement; - Transformation of problem domain; - Joint learning & sense-making; - Mutual understanding about firm's responsibilities in addressing social problems - Shared vision of solutions 	<p>How is the engagement evaluated? Does this lead to better engagement?</p> <p>How could evaluation be improved?</p> <p>Research points to four broad dimensions of the partnering relationship that need to be considered in any evaluation process:</p> <ul style="list-style-type: none"> - The way in which value is created through the form of partnering relationship; - The capacity of partners to establish and implement the partnership; - The outcomes of partnership activities; - Its portfolio performance. (Esteves & Barclay, 2011)

Appendix III: Informed consent letter



Informed consent letter

Practices, barriers and enablers for transformational community engagement for socio-economic development.

I am an MBA student conducting research on community engagement and am trying to establish the current practices, barriers and enablers for transformational community engagement for socio-economic development.

The research aims to establish the following: firstly what forms of community engagement practices companies are practising and the antecedents for these choices, with specific interest in transformational engagement methods, such as collaboration and partnership that require and develop community leadership/empowerment. Secondly, what are the barriers and enablers for companies attempting to employ transformational community engagement in an attempt to meet developmental CSR goals of a company in communities?

To this end, you are requested to participate in an interview that should last approximately one hour. Your participation is voluntarily and you can withdraw at any time without penalty. In addition, all data will be treated with the strictest of confidence. The results of this study will be presented in the aggregate and individuals will not be associated with findings or views expressed. If you have any concerns, please contact me or my supervisor at the details provided below:

Researcher name: Lauren Stirling Email: lauren@iras.co.za Phone: 079 745 3913	Supervisor Name: Dr Johan Olivier Email: fish eagle@imagnet.co.za Phone: 083 452 5539
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Signature of participant: _____

Date: _____

Signature of researcher: _____

Date: _____

Appendix IV: Consistency matrix

Title: Stakeholder engagement as a determinant of socio-economic development

Propositions / Questions / Hypotheses	Literature Review	Data Collection Tool	Analysis
Question 1: What are the community engagement practices that the companies are following as part of their CSR strategy?	Bowen et al., 2010 Esteves and Barclay, 2011 Tracey et al., 2005	<ul style="list-style-type: none"> • In-depth, semi-structured interviews • Interview guide • Secondary data from publically available company information such as annual reports 	<ul style="list-style-type: none"> • Content analysis on open-ended questions • Content analysis on published community engagement practices
Question 2: What are the barriers to transformational community engagement?	Gordon et al., 2013 Sharp, 2006	<ul style="list-style-type: none"> • In-depth, semi-structured interviews • Interview guide 	<ul style="list-style-type: none"> • Content analysis on open-ended questions
Question 3: What are the enablers for transformational community engagement?	Frynas, 2008 Hamann, 2004 Menkel-Meadow, 2006	<ul style="list-style-type: none"> • In-depth, semi-structured interviews • Interview guide 	<ul style="list-style-type: none"> • Content analysis on open-ended questions