

More than just *money*

Community development through sustainable socio-economic investment is a way business can contribute meaningfully, writes Sizile Mabaso



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It is estimated that corporate South Africa contributes some R3 billion per annum to socio-economic development (SED). This is a substantial amount and, invested strategically, could make a visible impact in the fight against poverty and unemployment. This investment can also aid in addressing the shortage of basic facilities in previously disadvantaged communities.

However, SED should not only be about the financial contribution but should stretch further to include the impartment of business skills to social-sector entities. In order to understand how SED has evolved to this stage, it's necessary to briefly look at how it was viewed in the past and also to flag the

possible danger areas of the new SED structure.

Community development – then and now

For many years, community development was viewed as charity, a politically correct thing to do and as something that has no visible direct benefits for the business. But the landscape has changed, and companies now need to demonstrate a much more structured approach to developing the communities within which they operate and from which they draw their employees.

While the underlying philosophy to community development by the corporate sector has always been that of giving back, the emphasis today is on the role that corporate South Africa could and should play in addressing the socio-economic disparities that are still very much evident in South Africa.

Industry charters and codes have created a very strong link between the role of the company in SED and its core business. For instance, the renewal of mining licences depends on the company fulfilling its socio-economic obligations in each operation. While this ensures that companies will continue to set aside funds targeted towards SED, it does not guarantee that these funds will be invested in a way and in initiatives that deliver value for targeted communities.

Moreover, there is a danger that companies will view community involvement as a compliance issue. If that happens, the intended outcomes of the charters and the codes will not be met.

Charity vs sustainable socio-economic investment

Companies need to differentiate between charity and sustainable SED. What is expected from the corporate sector are holistic strategies aimed at facilitating sustainable economic participation by targeted communities and previously disadvantaged groups. The focus is on the empowerment and strengthening of previously

disadvantaged groups to enable them to achieve greater economic independence. Such an outcome cannot be achieved unless there is a clear, achievable, and measureable SED strategy in place. The strategy should be aligned with the company's business strategy and values as well as with the development priorities and strategies of targeted communities. The individual at the helm of the company's SED programme, therefore, needs to be business- and strategically minded and should have an in-depth understanding of the broader development issues and challenges facing South African communities.

Given this kind of approach, the relevance and practicality of initiatives supported become critical. The identification, choice and implementation of these initiatives should be informed by the identified and felt local needs and priorities.

Partnerships with other stakeholders are critical to optimise impact. These partnerships provide good opportunities for leveraging funding and resources to ultimately ensure the ongoing sustainability of the initiatives supported. Engaging with other stakeholders also provides opportunities for sharing lessons and experiences.

Through SED, corporates have an opportunity of not only contributing funds to various entities, but of also transferring to social-sector entities business skills that are critical in building the institutional capacity of these entities. Also, managed and invested properly, SED funds can assist the company in building a positive image with its key stakeholders, employees and consumer base and in improving its competitiveness.

Companies should view their involvement in SED as a business imperative and a vehicle through which they can contribute meaningfully to the strengthening of communities and creation of better economic opportunities for millions of people still living in poverty. ■