Demonstrating the business value of investing in social development

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Mining & social development: current focus areas

- Competencies – local skills development, local employment, local enterprise
- Wellbeing & quality of life
- Community connectedness
- Autonomy & engagement in issues that affect people’s lives
Perspectives of community investment decision-makers

- Understanding the issues
  - 21 DM’s, 12 business units, 7 mining companies
  - Australia, Mozambique and South Africa

- Building and applying a MCDA model
  - 26 DM’s, 16 business units, 4 companies
  - Australia
Significant change

- Depth rather than breadth
  - Less philanthropy
  - Stronger links to business drivers
  - Treating the cause rather than the symptoms

- More capacity, less bricks and mortar
  - Promote local people to find solutions to their own problems
Significant change

- Social competencies
- More measurement - less intuition
- Integration with other parts of the business
Integrated, strategic commitment?

or

Arms-length, self-contained, PR?
WBCSD : Business Case

‘Savings to bottom line through eco-efficiency &
Earning the license to operate in society’

‘Business cannot succeed in a society that fails’

‘Our major contribution to society will come through our core business, rather than through our philanthropic programs.’
TBL  Quality of life
Corporate citizenship  Wellbeing
Social license  Reputation
CSR  Social Sustainability
Rights-based development
Practical dilemmas

Who should benefit?
- Those most impacted?
- Those most at risk?
- Those with capacity to benefit?
- Those within a geographical boundary?
Practical dilemmas

- Which are the appropriate issues to address?
- Which are the legitimate external viewpoints to be heard?
- Who owns the issue?
- The headaches of partnerships
- How much control to hand over?
Practical dilemmas

- How to convince others in company?
- Good Community Relations practitioners are hard to find
- Conflicting demands e.g. immediate workforce needs vs long term participation
- M&A
At the heart

- How to frame social problems faced by local communities so as to gain commitment from the mine GM?
- How to measure value creation for the business?
SIDAT (Social Investment Decision Analysis Tool)

- Integrated MCDA: SIA with strategic planning
- Priority areas of focus
- Project evaluation as a learning process
Value drivers

Access to land

Minimise risk

Social Investment

Human capital

Reduce cost

Community Insights PTY LTD
Linking business with development
Results 1. Importance of engagement

- Willingness to engage is associated with the history of company engagement.
- No evidence that ‘$’ or ‘numbers’ led to more positive disposition towards the mine.
Results 2. Limitations of traditional SIA

- Effectiveness requires adaptive organisational response to changes in the social context
  - ongoing engagement and monitoring
Results 3. Need for integration

- HR: skills development & health for job-readiness
- Mine project development teams: housing, services and infrastructure
- Procurement: local enterprise development
In summary,
2 key themes
Weakness of SD & CCI debate in dealing with implementation challenges

- Companies need help in integrating community investment into mainstream business planning

The potential of SIA remains under-developed and under-recognised within the mining industry

- SIA should underpin a social management system that plans the life-cycle of mines in ways that contribute to social development and sustainability during the life of the mine and post-closure
Good intentions don’t count

“To do something out of social responsibility which is economically irrational and untenable is therefore never responsible. It is sentimental.”

Drucker (1973)