

Forward-thinking companies take strategic and ethical approach

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The recent murder of an anti-mining activist has thrown into the spotlight the critical need for business to understand societal expectations if it wants to be sustainable.

The assassination of Wild Coast local community leader and environmental activist, Sikhosphi Rhadebe, is the latest warning sign that business is on a collision course with groups and individuals affected by their organisations' operations, unless managers and professionals learn to understand the social and environmental context of their organisations better.

Elspeth Donovan, Deputy Director of the South Africa Office of the Cambridge Institute for Sustainability Leadership, who convenes a course on Strategic Social Engagement Practice at the UCT Graduate School of Business (GSB) said: "The context of mining has changed. Natural resources are becoming increasingly scarce and harder to get at. At the same time, a growing population means there are more demands on these resources. Better access to information and the legacy of a trust deficit between business and local communities, particularly in the extractive sector, is translating into more instances of communities in conflict with businesses whose operations put still greater strain on the environment on which they depend."

Rhadebe had for more than a decade opposed an Australian developer's bid to mine titanium on 22kms of pristine Wild Coast mineral sand beaches and dunes close to the Xolobeni settlement, as well as plans to build a limited-access freeway by the South African government. The mining company denies any involvement in Rhadebe's killing, but this has done nothing to dampen speculation that his activism was the cause of his death.

Donovan said the most effective way for business to manage conflict and avoid such situations from developing in the first place, is to develop a strategy for early, regular and extensive stakeholder engagement that allows managers to communicate more transparently with communities affected by their operations.

"Organisations that choose to 'short circuit' the social and environmental context of their operations do so at their own risk. This is not acceptable globally, regionally or locally and especially in a country like South African already facing a water crisis and the impacts of climate change," Donovan said.

An EU funded Atlas of 600 international mining and oil companies published last year, identified more than 1,500 ongoing conflicts raging over water, land, spills, pollution, ill-health, relocations, waste, land grabs, floods and falling water levels.

According to the Shared Value Initiative, a global community of leaders who find business opportunities in addressing societal challenges, oil and gas and mining companies operate in some of the most underdeveloped regions on earth and are losing billions each year to community strife. As a result, forward thinking mining companies are changing their strategy.

Speaking at the World Economic Forum in Davos earlier this year, Mark Cutifani, CEO of Anglo American said: "As miners we need to make sure that what we do makes a positive difference to the people affected by our operations and help them maintain a meaningful existence."

Keith Slack, global programme manager for Oxfam America's extractive industries team commented: "Mining companies do not have a choice – their continued ability to get access to resources depends on their having positive and constructive relationships with local communities. The more progressive international mining companies now understand this."

Cutifani recommends that when a miner goes into a community they should start by asking the locals what they want for their children in 10 to 20 years down the line.

Donovan said this engagement needs to happen at the highest level of an organisation; it is not something that can be outsourced.

“The industry needs more voices like Cutifani and Slack who lead from the front in developing a strategic and ethical response to this situation. Industry leaders must have foresight by paying attention to what is emerging and develop appropriate responses by engaging with diverse perspectives,” she said.

“The world needs mining. World demand for the minerals used in electronic devices such as smartphones and laptops alone is not going to slow down any time soon. But the industry urgently needs a more strategic understanding of what is required to contribute to human development and avoid further environmental degradation.

“What is key for the planet’s sustainable future is an understanding that the economy (business) is dependent on a flourishing society which are both in turn dependent on a functioning ecosystem and not the other way round,” Donovan said.

For more information about the [Strategic Social Engagement Practice](#) course at the University of Cape Town (UCT) Graduate School of Business (GSB), contact the Executive Education department at the UCT GSB on 0860 UCT GSB or email execed@gsb.uct.ac.za. The course will run from 20 to 24 June 2016.

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