



COMMUNITIES

Man is a social animal, hardwired to want to join groups. It is at the community level that most people experience everyday connections. Community is about local impact: while policymakers are concerned with the big international trends, individual day-to-day concerns surface at the community level. At a time when there is much public commentary about globalization, there is a flipside concern about keeping communities resilient.

Many factors are at play. More and more, mobile populations mean that multiculturalism has become a big issue around the world, redefining local communities. The shape of the family and the structure of households are changing, as are patterns of economic activity and jobs. Governments are encouraging new types of community-based solutions, experimenting with new commissioning and financing models, and introducing different types of organizations to the “public service” mix. People have recognized the necessity of investing in communities to make them work. We all benefit by keeping the fabric of society functional and resilient. Meanwhile, for many people, online networks are dramatically reframing the idea of community, empowering people to join together wherever they live in the world on the basis of shared interest.

Where’s the heat?

- / Multiculturalism
- / Unemployment
- / Public/private structures
- / Social enterprise
- / Community financing
- / Volunteering

/ Multiculturalism

Across the world, different cultures rub shoulders in our big cities. The big debate is the age-old one of assimilation versus amalgamation: whether it is better to absorb new arrivals into the existing culture, or to allow various cultures to live in their own way side by side. At the moment, fears of extremism lend weight to the former view.

/ Unemployment

This can be deeply toxic and corrosive, causing communities to collapse. It is not just about money, but the lack of opportunities and the erosion of a community’s aspiration. Tackling the issue requires innovative approaches involving both government and business.

/ Public/private structures

Asking private companies to deliver public services can be controversial. They need to overcome the suspicion that profit will come before fully delivering the service. In the UK, at least a third of public services are already provided by private and other non-government sectors.

/ Social enterprise

At the heart of social enterprise is making a positive impact on communities. It is an area of great creativity and innovation and includes looking for positive ways businesses can address social problems.

/ Community financing

Innovative funding approaches, such as microcredit, help the less empowered to get their ideas off the ground – though some argue that this can become just



another way for vulnerable individuals to fall into a poverty trap.


/ Volunteering

In the US, 26.5 per cent of people say they volunteer; in the UK, 40 per cent. The challenge is often getting them active: organizations report they have many unused volunteer hours, suggesting that red tape and limited resources can get in the way.

What's the context?

Local communities have become a force to be reckoned with. They have become well organized and better connected than ever before. Communications technologies make it easier and cheaper for communities to take concerted action. Thousands of civil society networks have sprung up around the world, enabling local communities to share information and experiences.

Increasingly, local communities are supported by better resourced and more focused global NGOs.

All of this means that, whereas in the past shareholder value dominated the agenda at the expense of these communities, in today's environment, companies cannot afford to ignore the expectations of local stakeholders – especially the people in whose communities their operations are based. 

28%

A study found that the average daily saving in US prisons operating private partnerships was 28 per cent

80m

Microfinance is believed to have helped around 80m women in the poorest areas of the world

Many companies have already felt the sting of community activism at a grassroots level. In parts of the US, for example, local communities have organized opposition to the opening of “big box” stores such as Walmart. In the UK, locals have protested against the opening of coffee chains such as Starbucks on their high streets. So a number of large retail brands had to become sophisticated at engaging people at a local level, to avoid being rejected by the communities they wish to enter.

Increasingly, large companies deal with communities across the world – and this raises the stakes. Sometimes, mismanaging issues with the local community can damage relations with a host government, putting at risk a company’s license to operate. In extreme cases, there have been violent incidents. Social media tools mean that an egregious local story can very quickly become a damaging global issue – with negative effects on a company’s reputation.

Good relationships with local communities are especially important for the extractive industries – mining, oil and gas. Getting it wrong can be very costly: an analysis of delays associated with a sample of 190 of the world’s largest oil and gas projects found that only 21 per cent were due to technical risk, while 73 per cent of project delays were for non-technical reasons, such as community resistance. As the search for scarce resources intensifies, it will become more important to satisfy global demand in ways that benefit local communities.



You know, there is no such thing as society. There are individual men and women, and there are families

— MARGARET THATCHER, FORMER BRITISH PRIME MINISTER

Americans are right that the bonds of our communities have withered, and we are right to fear that this transformation has very real costs

— ROBERT PUTNAM, HARVARD PUBLIC POLICY PROFESSOR



CYNTHIA CARROLL
CEO, Anglo American

Local communities around the world are becoming increasingly organized and empowered by new media – and have greater expectations than ever about what inward investment should bring to their lives. Even a small community can influence the progress of a big project. In the mining industry, it is absolutely imperative that companies get local communities on board. The care of the environment and the safety of mineworkers can be make-or-break issues for mining projects. Cynthia Carroll of Anglo American, a geologist by training, made headlines soon after she became CEO in 2007 by dealing head on with safety issues. Here she tells Brunswick’s Lucy Parker how companies must create outcomes that work for everyone.

What is different about the way local communities interact with big mining companies, such as Anglo American, compared with 10 years ago?

Communities are better informed. They have clear expectations; they understand their issues and the company’s issues, and how to support their interests better than they used to. They know how to make their views heard. Even the term “local community” now has a different meaning. It is playing into the local-global dimension, because today “local” communities can communicate with each other all over the world. For example, whatever happens in the

communities where we operate in South Africa, you can be sure that stakeholders in Alaska will know about it. And people look over the fence to see how other communities are dealing with the same concerns that they have.

So what's different about the way Anglo American interacts with local communities?

It has become a valuable competitive advantage for Anglo American. For example, what we are doing in Barro Alto, in Brazil, really illustrates what is involved. In that community, dairy farming is vital so we have been working with CARE International, the non-governmental organization, to help increase the milk and honey yields of local farmers. We have introduced technical expertise to improve milking rotation, hygiene and farm management techniques. That is just one aspect of a \$5m social investment we have committed to that community so far.

What's the most important thing that host communities can get out of having you there?

Backing enterprise development is one of the most powerful ways of creating lasting benefits for host communities. Zimele is a program that's been active in South Africa for 20 years – it's a Zulu word that means to be independent, to stand on one's own two feet. Zimele's Community Fund gives an average of two loans a day to local entrepreneurs. But it is not just the money. We provide training in business planning and accountancy to embryonic businesses that have skills and ideas, but no assets or credit record that would help them get financing from traditional lending organizations. We know the model works because we're seeing a 90 per cent loan recovery rate. In 2011, those small businesses employed nearly 20,000 people, with a turnover of almost \$80m, while globally our enterprise-development initiatives support close to 50,000 jobs. The cost of creating and sustaining a job via Zimele is \$3,400, compared to a national average in South Africa of \$50,000.

How do you set up your activities so that everyone involved reaps the benefits?

This might sound strange because we're a mining company rather than an infrastructure company, but we often build infrastructure for our operations – such as roads and water supplies – and we choose to do that in a way that also creates benefits for local people. The water reclamation plant we designed and built at eMalahleni in South Africa to clean mine water now treats up to 30m liters of water every day and supplies 12 per cent of the water for the local municipality. The waste from that plant also produces 200 tonnes of gypsum a day, which we use to make bricks for the home building project we are committed to. These details are a reminder that in our dealings with communities, companies should do as we do elsewhere in our businesses – be innovative and creative.

Is there still a place for the traditional areas of Corporate Social Responsibility, such as health and education?

Yes – but, for me, this goes to the heart of understanding Corporate Responsibility as going beyond philanthropy. Ten years ago, in South Africa, we were the first big employer to announce the provision of free anti-retroviral treatment to HIV-positive employees. Today we have the largest workplace VCT (voluntary counselling and testing) treatment program in the world, with more than 11,000 HIV-positive employees on health support programs. And in South Africa, where the incidence is at its highest, working with the unions, we've achieved more than 90 per cent participation in testing, and in 2011 more than 110,000 of our people in the country were tested for HIV. That program costs us about \$18m a year, and we are spending another \$12m on other healthcare initiatives, but we're beginning to see this pay for itself through reduced absenteeism and the fact that we're able to keep skilled people healthy and at work. Everyone in the business is truly proud of what we do there. It is saving lives – and the livelihoods of families.

What happens when the mine closes? Isn't there a danger that those communities will have become completely dependent on you?

Because we are so aware that a mine can become the core of a whole community for decades, right from the outset we plan how to make the community self-sustaining. Giving people portable skills is a big part of that: the SENAI partnership in Brazil is one instance where we are investing in vocational qualifications in trade skills – such as plumbing, carpentry, bricklaying, welding and electrical skills – which are useful in the community and applicable beyond the mining industry. So the community can become economically independent.

In the past, mining companies haven't exactly been known for how well they treat the communities they work in. Have things changed?

I would say that, as an industry, we have not always been thoughtful enough about the social and political dynamics created by our activities. But over the last 10 or 15 years a leadership group has emerged in the mining industry that has been successful at re-engaging with wider society. We have become much more proactive and systematic in Anglo American about how to leverage our core business to create better outcomes for everybody involved. Our host communities have to want us there. It is an essential element of securing and retaining our license to operate.

And will expectations that communities have of any contribution from the mining industry continue to increase?

There's no advantage today in not being proactive and transparent. Communities are proactive. NGOs want to be involved and everyone is linked around the world. What we are doing is highly visible and we need to be engaged. It has become the norm and people expect more from us all the time. Companies that think they can afford not to engage are deluding themselves. I am a fervent believer that mining is an industry with the power to exert significant positive change. We have to work together as an industry to raise standards across the board. 🌐

