# Why Corporate Community Engagement is failing in Africa

(*and what Civil Society Organizations can do to change the tide)*

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*Summary*

*Corporate community engagement is on the increase in Africa-but for all the wrong reasons. Statistics show that while corporate philanthropy is decreasing in America and Europe, it is dramatically rising across Africa, with companies committing big budgets and senior management to this area.*

*Yet there is nothing much to show for this increased corporate benevolence except unfinished schools and hospitals, broken sewers and abandoned boreholes.*
*In this article I offer the reasons for this disconnect and how NGOs can take advantage of the heightened increase in Corporate Community engagement to not only refocus how companies make and spend their profits, but how they ( NGOs) can tap into the private sector for increased funding.*

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Corporate Community Engagement (CCE) is on the increase in Africa, but for all the wrong reasons.
In East Africa alone corporate giving in 2007 was estimated at over US$ 100 million in material and financial assistance, an increase of nearly 50% from 2004 figures.
Across the continent more companies are increasing their corporate giving, with the latest trend being the formation of corporate foundations whose sole dedication is to dispense corporate philanthropy budgets capped at between 1%-2% of the company's gross profits.
Companies such as Shell, Barclays, Coca Cola and Google have set up strong Corporate Social Responsibility teams driven at senior management or board levels.
The Coca Cola Africa, East Africa Breweries and Safaricom ( owned partly by Vodafone UK) Foundations have become major players in social development, giving between them almost 19 % of the entire corporate donations in their countries of operation.

This at a time when corporate giving in the United States and Europe has fallen by nearly 15%.

Sadly, though, there is little to show for the increased interest in community welfare by companies. Most companies' community engagement have left in their trail run down boreholes, rusty water tanks, incomplete schools and hospital buildings, partially fed children in homes, insufficient mosquito nets and medicines and students whose dreams have collapsed after a generous scholarship was discontinued because of changes in management or in favor of a more visible philanthropic venture disguised as CCE.

Interestingly the failed community projects are well documented in expensive documentaries, extensive media clippings and corporate awards as success stories.
The United States, through its funding agency USAID, came up with a private sector partnership program known as the Global Development Alliance (GDA).
And while it seems to have attracted interest in Europe and North America, it is still largely a theoretical concept in Africa.

Even the much publicized UN Global Compact and UNDP's Growing Sustainable Business (GSB) are still trying to find a footing in the corporate world across Africa, several years after they were launched.

Is Corporate Community Engagement failing in Africa?

The answer to this question is not as easy as we may believe.

Let me begin by recognizing that there are exceptional CCE success stories.
Coca Cola Africa has set the pace for sustainable water catchments and environmental protection programs.
Google is using its search engine to generate millions of dollars for charities in Africa.
Lafarge has one of the most successful community eco systems programs in the world.
Tetra Pak has an excellent value-chain support programs for milk farmers across several countries in Africa.
Microsoft Corporation and UUNET have brought ICT closer to communities and schools across Africa.
And then there is the famous US$ 100 Laptop that is meant to put a computer in the hands of every student in Africa.

Yet, for all their efforts, companies with sustainable and real transforming CCE initiatives in Africa are still in the minority, and are in fact the exception rather than standard practice.
It appears as though companies across Africa are slow to give up the pure philanthropic 'pamper-the-community-to-sell-more' approach.
Even multinationals with strong community programs in their host countries find themselves caught up in one-off philanthropic engagements in Africa.

Companies that spend three dollars to publicize a one dollar community engagement project is still fronted by its peers, media and society as success stories.

This begs two questions:
Why do companies get away with so much tokenism in the name of working with the community; and is there a place for a more effective Civil Society sector engagement that will refocus CCE to sustainable initiatives that will not only complement ongoing development efforts but help scale up civil society programs?

In order to help companies and Civil Society Organizations (CSOs) engage more actively and meaningfully beyond making profit sharing demands we must take a holistic view of the history and practice of Corporate Community Engagement, and the role that NGOs and Development agencies can play in refocusing corporate attitude to development.

There are three issues that need consideration and redress if we are to realize private sector involvement as outlined in the Millennium development Goals.

These are clarity in defining parameters for corporate community engagement; historical concepts surrounding the practice of Corporate Community Engagement in Africa; and refocusing the role and place of civil society in corporate partnership.

Let us take a closer look at these three issues.

## Philanthropy or Corporate Social Responsibility

The first issue is the thin line between philanthropy and corporate social responsibility in Africa.
For a continent that is portrayed as forever wallowing in poverty it is not surprising that philanthropy is easily mistaken for Corporate Social Responsibility (CSR).
So for the benefit of all of us it is important that we set the record straight in three confusing terminologies-corporate philanthropy, social responsibility and corporate social responsibility.

For over twenty years companies across the world have been practicing corporate social responsibility; yet it was not until Prof. Michael Porter of Harvard University and Mark Kramer clearly defined CSR (in 2002 and later in 2006) that companies started seeing CSR beyond the triple bottom-line concept that had defined CSR for years.

In two land mark articles in the Harvard Business Review *Completive Advantage of Corporate Philanthropy (Harvard Business Review December 2002)* and *Strategy and Society (*Harvard Business Review, December 2006) Porter and Kramer gave a clear case of why short term philanthropic actions are bad for both a company and society, and why corporate social responsibility is a strategic rather than acts of benevolence, Executive ego trips or after-profit engagements.
The two authors put forward a case for strategic CSR- sustainable engagements that are aligned to corporate strategy, its mission, long term community needs (not wants or demands) and impact.

At about the same period the International Committee on Standardization begun to work on the ISO 26000 Standards on Social Responsibility.
ISO 26000 puts into perspective an aspect of corporate community engagement driven by law, ethical practice, morality, societal values, respect for human rights and environmental context within which an Organization works.
It applies in equal measure to companies, Development agencies and the rest of Civil Society.
In an article I wrote two years ago I argued that a company, like other citizens, is a legal entity that can sue and be sued. It thus has responsibility over its own missions and the overall missions and aspirations of society.

This is what is called Social Responsibility.

Corporate philanthropy on the other hand is recognition that communities will in many instances have both short term and long term needs. We are told that the poor will always be with us, and we must therefore make provisions to help them continue to live today even as we work with them to help them take charge of their lives tomorrow.

Philanthropy therefore focuses on helping society survive the perils of today so that it can have breathing space to plan for tomorrow.
A company that confuses philanthropy with Social Responsibility or Corporate Social Responsibility is not only destroying society, it is killing itself like the proverbial frog in a boiling pot.

Philanthropy alone is cheap and attractive in the short run, but it does not take into consideration the fact that philanthropy is addictive and profits that accrue to one section of society causes resentment that soon leads to unrealistic demands.
In extreme cases it can lead to consumer boycott or revenge actions by a community that feels short changed through handouts.

A company that is not philanthropic will be perceived as insensitive and uncaring.
A company that is not socially responsible will be seen as exploitative, unethical and short term.

In short if it is philanthropic and not corporate (strategic), organizational and not social, destructive and not responsible then it is not CSR.

The second issue is the historical challenge that I prefer to call the benevolence syndrome.
It did not begin with the private sector.
In fact the roots and watering of the benevolence syndrome across Africa owes its genesis and revelation to Civil Society Organizations and more specifically Development agencies (NGOs and Donors).
In Kenya, for example, NGOs and Donors started becoming more active in the late 1980s.
But they were visible for short term work that was strongly rooted in welfare, non sustainable projects that ingrained the missionary culture of needs and handouts rather than community capability to produce for itself.
Everywhere governments incapacitated the community through corruption and mismanagement of resources NGOs and Donors pitched tent and offered everything from basic food to infrastructure.
They ran schools, supplied water, gave drugs, provided food.
In short they not only took over the role of governments in these areas, they took over the power of the community to produce for itself.
Over the years these 'external players' were increasingly seen not just as the saviors of society, but as richer, more endowed and benevolent than the government.
By the time agencies such as Action Aid and Oxfam came up with community empowering and holistic development concepts to development known as *Rights Based Approach* and *Programmatic Approach* respectively communities had come to accept the power of the external donor.
Companies, who know little about dynamics of community empowerment and capacity driven development, found it easier to act benevolent rather than change these ingrained attitudes by having strategic engagements to address needs that do not directly contribute to the bottomline.
In short, they had to give in order to sell.
Thus corporate community engagement has largely remained philanthropic at best and exploitative at worst.
That is why across Africa it is still seen as *after profit* rather than *strategic* decisions-if a company does not make profit it does not see the need to engage in community work!
And while most of the world has moved beyond the triple bottom line concept that drives most *after profit* community engagement programs, Corporations across Africa are increasing their philanthropy budgets!
It is a bait to allow them to continue exploiting the community or expand their market share.

The third issue revolves around the role and place of Civil Society in encouraging strong positive corporate community engagement.

A recent study by the Institute for Development Studies (IDS) revealed that NGOs in Africa still rely largely on Donors and membership for funding their programs.
This has had the effect of both reducing NGOs accountability to its society and its engagement with local partners such as the private sector.
In many cases private sector engagement is still viewed suspiciously and in almost cases it is an after thought considered only when there is crisis of funding.
NGOs, long trained to rely on proposals that cost a few dollars to prepare and yet bring in millions of dollars in funds have not found it necessary to invest in dialogue and processes that will nurture corporate partnership.
At SISA™ Centre for Corporate Partnership, for example, 90% of NGOs from across Africa that come to us to seek private sector partnership are in fact seeking handouts to offset their budgets.
When they are stable and do not need handouts NGOs across Africa prefer to have companies as punching bags-asking them to reduce their profits and focus on what they traditionally call the 'human face' of profit-making.
While these has helped in making companies more responsible, it has made them less responsive to the softer needs of NGOs-partnership for social development.
NGOs are thus largely seen by the private sector as social policemen rather than strong partners for economic, political and social development.

What therefore, is the road map to strong corporate community engagement and effective NGO participation?

First companies and NGOs must know their place in development.

It is true that philanthropic needs across Africa are overwhelming.
There is an increasing dilemma on how to prioritize needs-hunger in Sudan and Somalia, floods in Mozambique, displaced persons in Kenya, Cholera outbreak in Zimbabwe, HIV/AIDS Orphans in Uganda, strategic approaches such as helping communities scale up their businesses, working with children through school mentoring programs or providing IT solutions to rural poverty.
Added to this is the increased pressure by society for companies to ensure that their processes, not just profits, take into consideration the overall good of society.

But companies need to appreciate the fact that NGOs are better placed to deal with philanthropic and welfare issues.
In many cases NGOs have a longer shelf life in communities, bigger budgets and can manage to work with the community from its lowest point of need to a strong empowerment program.
Companies do not have the knowledge, capacity and resources to do this.
If companies and NGOs are to strengthen CSR then much of the philanthropic intervention should be left to NGOs.
If a company is to engage in philanthropy (and it should), it must be specific and the funds channeled through an NGO rather than delivered directly to a community.
This way the company is freed from the greatest danger of philanthropy-being held to ransom by a community on account of their profits.
But most importantly it allows the company to focus on a more strategic engagement with the community that makes use of its competencies, strategic focus and product or service line.

For example, a mobile company has no business digging bore holes in the name of corporate social responsibility. While it is social and responsible, it is not corporate at all and the company will find it hard sustaining such initiatives.
If it must dig boreholes as a philanthropic response, then it needs to partner with an NGO whose core business is digging boreholes.
The advantage of such partnerships is that the NGO will not just dig the borehole.
It will also work with the community to help them use it to water their cattle and farms, generate income streams and ensure the water is available long after the company's funds have run out.

A bank working with the poor in financial management and preparing proposals for loans will achieve more than trying to respond to HIV/AIDS.
Does that mean that banks should not get involved in HIV/AIDS Programs?
No.
A strategic CSR program will have a combination of philanthropy and strategic corporate engagement that is directly related to its services and products.
Many companies, in a bid to justify their profits and increase their market share through visibility, adopt the easier option-abandoning the less visible strategic community engagement and indulging in acts of welfare that endears them to the hearts of the community, thus increasing their corporate reputation and hence sales.
It makes them wealthy and loved in the short run; but like lust the relationship does not grow beyond the physical attraction.
As witnessed in Kenya recently, these companies soon realize the wealthy will never enjoy their wealth in peace until the poor have something to eat-not just for today but tomorrow as well.

Finally NGOs must consider more proactive engagements that supports rather than demonizes corporate community engagement.
NGOs forget that all their funding originally comes from the private sector.
Whether it is a retired couple in Europe making donations to a charity in Africa, or a government giving a percentage of its taxes to another country as bilateral aid, the money was originally produced through private sector initiative.
It is true that a majority of companies make several deliberate errors in their CSR engagements.
Some will openly exploit legal loopholes to exploit and then "give back" to society.
But dealing with this issue requires a more proactive approach.

NGOs must also engage companies in knowledge building and development of legal frameworks.
In some cases they need to engage governments, not companies, in developing policies that make it impossible for companies to exploit society.
Where necessary they must mover beyond blanket demonization of corporate profits to specific blacklisting of companies that are selfish and destructive to society.
It is said that left on our own, all human beings are inherently evil and selfish.
NGOs have a critical role of society oversight on behalf of citizens.

But that is only one side of the coin.

NGOs must begin to engage companies in more positive areas such as helping them appreciate the long term economic and social impact of CSR programs.

They must recognize that the core responsibility of a company is to increase shareholder value.
Many private sector staff have no training or knowledge in community projects and sustainability.
Neither do they have the resources to invest in mobilizing or finding out the needs of society.
In Kenya, for example, companies rely on media reports to tell the needs that exist within the community.
But often these are philanthropic or welfare needs that should be the preserve of NGOs.
NGOs should use this window to develop strong partnerships that seeks to both educate and nurture joint relationships aimed at building the community.
After the private sector is well aware that it owes its existence to the community.
Its workers, suppliers, buyers and in many cases owners, are from the community.
Initiative such as joint funding of community programs should be a top priority for NGO-private sector partnerships.
In the case of Kenya companies have expressed a need to finance long term projects that will eventually reduce the burden philanthropy.
Areas such as Social Investments, Social Bonds and private sector-supported social enterprises are better areas of engagement than mere social responsibility or philanthropy.
NGOs should increasingly tap into the corporate strengths of profit focus to develop partnerships that will increase knowledge and technical capacity flow to social areas.

This partnership must be built on a culture of mutual concern, respect for community rights and collective response to long term needs without ignoring the short term demands.

In Conclusion while it is good to be philanthropic, both NGOs and companies must begin a deliberate partnership that is social, responsible and corporate. This continent will only change when we realize that we cannot win in the short run when we are destroying it in the long run. If we are to free ourselves and our children from the yoke of poverty we must enable the individuals to increase their capacity to create wealth so that they will have the power to buy what we are producing

That is the heart of Corporate Community Engagement.